

# **Study Report on SRI and PRI**

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**Prepared by**

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## Foreword

This report has been prepared by the Research Institute for Policies on Pension and Aging, to which Trust Sixty Foundation has entrusted “the Study on the Dissemination of Socially Responsible Investment (SRI) among Pension Plans.”

In recent years, there have been rising concerns about repeated corporate scandals and global warming issues. Under such circumstances, global attention has been focused on an investment approach of SRI (Socially Responsible Investment), in which investors consider the three factors of environmental, social and corporate governance factors in their investment process, with more and more people having adopted such an approach.

In Britain, corporate pension plans have been legally required to disclose whether they have considered environment, social aspects and corporate ethics of their investment target companies in their investment and voting-right exercise policies. In addition, in France and the Nordic countries, public pension plans have aggressively adopted SRI. In 2006, under the leadership of the United Nations Environment Program’s Finance Initiative (UNEP FI), major U.S. and European institutional investors jointly established PRI (Principles for Responsible Investment) as the principles of SRI in order to solicit the institutions supporting and practicing PRI to become signatories.

On the other hand, Japanese people have been traditionally been less interested in SRI than U.S. and European citizens, while the Japanese SRI market, which deals mainly with investment trust products, is also small, meaning there has been little comprehensive research into how the Japanese pension plans perceive SRI and PRI.

Given such past history and current circumstances, we conducted a questionnaire survey to objectively clarify what and how the Japanese pension plans have thought of and addressed such issues. This survey aims to comprehensively study the pension plans’ awareness of SRI and PRI and how they have actually taken the two, and has uncovered many interesting facts in the process. Moreover, based on the findings, the group members and advisers involved in preparing the questionnaire survey and this report have given their implications and honest opinions concerning the issues and future trends of SRI and PRI from their respective professional perspectives.

This report consists of the following chapters. The first chapter explains a summary of the survey findings. In the second chapter, based on such findings, the group members and advisers specify implications and other opinions concerning the future developments and issues of SRI and PRI in the pension sector from their respective standpoints, while the third and fourth chapters show detailed analyses and data of the questionnaire responses. If this report can help everyone understand the current conditions and issues of SRI and PRI, we will be happy.

By the way, we would like to express our deep gratitude to all the people concerned, including Ms. Megumi Suto, the chairperson of the “Survey on SRI and PRI” Study Group, who has given us valuable advice and instructions on this survey and study.

Moreover, we would also like to express our hearty gratitude to the members of the Pension Fund Association and all respondents who have contributed to this survey despite their busy schedules.

January, 2008

The Research Institute for Policies on Pension and Aging

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**Members of the Study Group**

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## Executive Summary

### I. Survey objectives and population

In this study, we conducted a questionnaire survey to objectively clarify in what way Japanese pension plans have perceived and actually addressed SRI and PRI.

The population of the questionnaire survey includes 1,432 organizations falling under any of the following categories: “employee’s pension fund,” “fund-type defined-benefit corporate pension plan,” “contract-type defined-benefit corporate pension plan,” “tax-qualified pension plan” and “public pension plan etc.” Of the above, 465 organizations (the valid response ratio: 32.5%) responded to the survey.

### II. Summary of the findings of the questionnaire survey

- While the awareness of “CSR” and “SRI” is high, awareness of “PRI” is low.
- The ratio of respondents having actually adopted SRI is 6.9%, only a small minority.
- As for the reasons why such respondents have adopted SRI, the ratio of the respondents answering “We, as a pension plan, have supported the idea of SRI.” is the highest. Thus, it has emerged that many of them have taken factors other than investment products into consideration.
- The adoption of SRI has been disseminated over the past two years.
- Most of the respondents having adopted SRI are highly satisfied with the investment process and investment performance.
- The largest number of the respondents who have not currently adopted SRI pointed out that the information about SRI is insufficient.
- The majority of respondents (61.4%) have never received SRI proposals from outsiders.
- Conversely, the satisfaction of respondents who have received outsiders’ proposals is also low.
- Respondents who have never received outsiders’ proposals, likewise, are interested in SRI.
- The majority believe that the mid to long-term influence of SRI will increase in future, but, some respondents remain unconvinced of such prospect.
- Respondents have not particularly considered their investment targets’ corporate governance. However, they have not felt any sense of incongruity in giving equal consideration to ESG components.
- As institutional issues of SRI, many respondents have cited the following needs: the establishment of an appropriate investment process, the disclosure of CSR information and the disclosure of investment policy.
- It has emerged that the awareness, adoption and problem recognition of SRI can vary, depending on each respondent’s “investment asset size,” “mother company’s CSR efforts” and “plan type.”

## **IV. Implications**

### **<To share recognition of the social nature of pension investment>**

In order to establish a public consensus that pension plans significantly influencing society should adopt investment policies contributing to the sustainable development of society, measures covering society as a whole, including the establishment of a legal system like the British model, and disseminating a message saying “Consider the social impact upon monetary investment.” to the general public, should be viewed and discussed.

### **<Future development of SRI as an investment target>**

Many respondents pointed out that, although increasing numbers of pension plans have become interested in the theme of SRI itself, the quality of current SRI products remains insufficient to meet the prerequisites for adoption. Therefore, it is desirable for the parties concerned, including investment institutions, to develop SRI products attractive to many pension plans.

### **<What roles should the sponsor company and asset management firm play? >**

It is clear that asset management firm and research institutions should improve themselves qualitatively and professionally. Like European nations, it is also helpful to commence discussion concerning the preparation of quality guidelines of asset management firms and research institutions under the private initiative. In addition, in order to improve research activities qualitatively, it is also essential for companies to disclose highly-credible information.

### **<SRI investment and governance of corporate pension plans>**

In Britain, when considering social, environmental or ethical factors (i.e. SEE) upon establishing the basics of its investment policy, any pension plan is required to clearly disclose to what degree it has considered such factors. This British example of information disclosure can be very helpful in solving legal and regulatory problems connected to future governance of the Japanese corporate pension plans.

### **<New viewpoints and enterprise spirit needed for pension plans>**

To ensure the payment of future benefits, it is good to seek maximum return. However, it is necessary to discuss what approaches and standards should apply to such investment from multiple and long-term perspectives. Under circumstances where problems facing society have become increasingly serious, an enterprise spirit is needed, rather than a wait-and-see attitude. In addition, we cannot help but get the impression that Japanese laws related to fiduciary duties are lenient. With this in mind, we think that, for the management of pension plans engaged in the investment of huge

amounts of money, a new law must be established to meet the demands of the new era.

**<To disseminate SRI and PRI among pension plans>**

The key factors to disseminate SRI among pension plans are as follows:

1) The role played by “experts” (i.e. investment and research institutions) involved in the design and provision of SRI products; 2) The influence on corporate pension plans exercised by the “mother company;” and 3) The role played by “government” and “market players” in establishing the information infrastructure.

SRI is an investment approach, in which investors voluntarily evaluate and select their investment targets in the market in accordance with social, environmental and ethical standards. Therefore, to successfully disseminate SRI, pension plans’ efforts alone to deepen their understanding of and to collect information concerning SRI fall short. All parties concerned, such as investment institutions, mother companies, governments and securities markets, should strive from their respective standpoints.



# Chapter 1: Summary of the Questionnaire Survey

## I. Survey objectives and population

This questionnaire survey aims to objectively clarify what and how the Japanese pension plans have considered and actually addressed SRI and PRI. The population of this survey includes 1,432 organizations, such as employee's pension funds, fund-type defined-benefit corporate pension plans, contract-type defined-benefit corporate pension plans, tax-qualified pension plans and public pension plans. Of the above, 465 organizations (the valid response ratio: 32.5%) responded to this survey. The composition of the questionnaires' receivers (i.e. the survey population) and that of the respondents are almost the same. Therefore, the respondents can be deemed to represent the survey population.

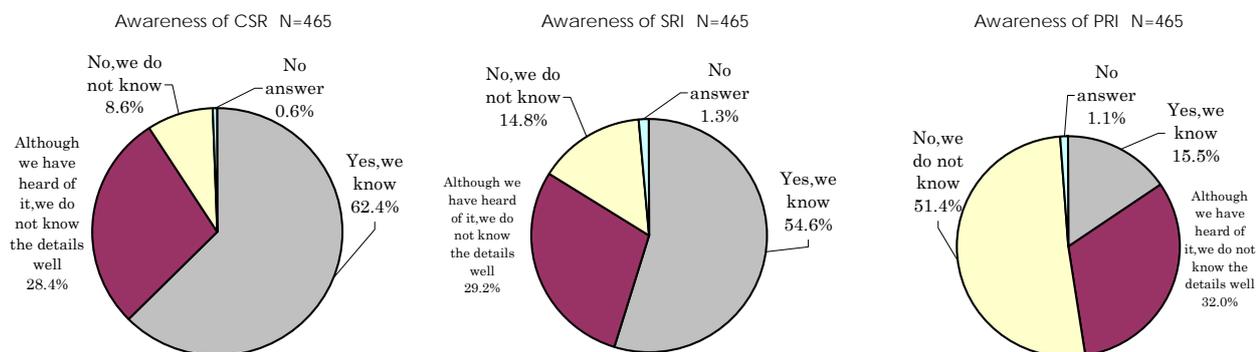
The questionnaire contains 32 questions concerning the following items: 1) the awareness of CSR, SRI and PRI; 2) whether or not each respondent has adopted SRI and why; 3) whether or not each respondent has received outsiders' proposals and the contents of and satisfaction with such proposals; and 4) the mid to long-term influence of SRI and its institutional issues.

## II. Summary of the findings of the questionnaire survey

### 1. Awareness of CSR, SRI and PRI

As for awareness of CSR and SRI, the majority of respondents answered "Yes, we know." And, if the respondents answering "Although we have heard of it, we do not know the details well." are added, it means that the awareness of "CSR" and "SRI" terms is considerably high.

On the other hand, as for the awareness of PRI, the majority of respondents answered "No, we do not know", meaning awareness of PRI is low.

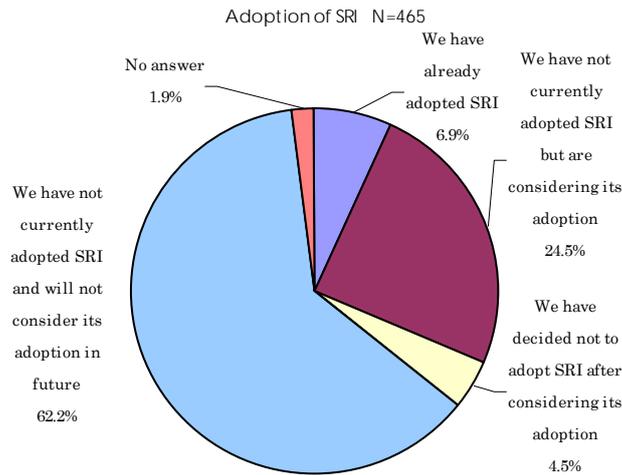


### 2. Adoption of SRI

#### (1) Adoption

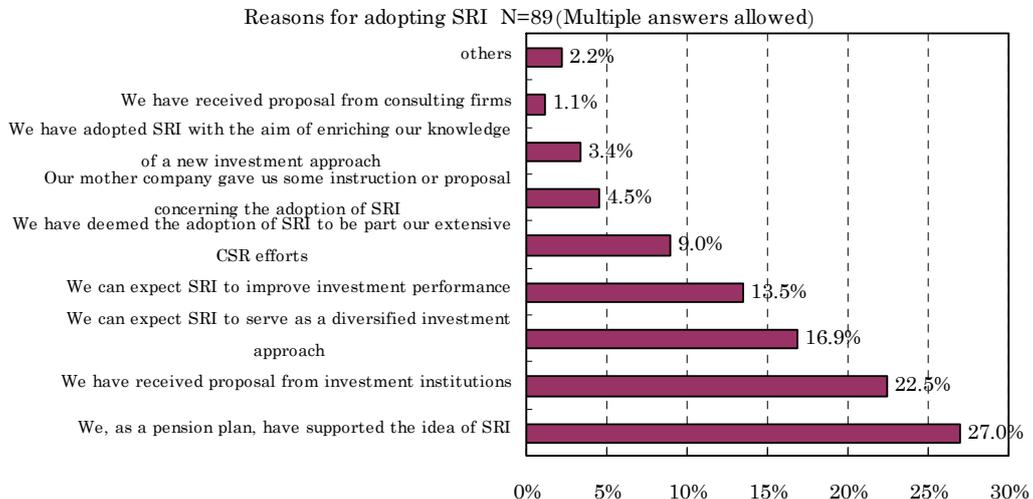
As for the adoption of SRI, 62.2% of respondents, the largest share, answered "We have not

currently adopted SRI and will not consider its adoption in future.” On the other hand, only 6.9% of respondents answered “We have already adopted SRI.” Therefore, even if the respondents saying “We have not currently adopted SRI but are considering its adoption.” are added, the respondents having positive views on the adoption can account for only 31.4%. The above results suggest that SRI has not currently become a mainstream approach among pension plans.

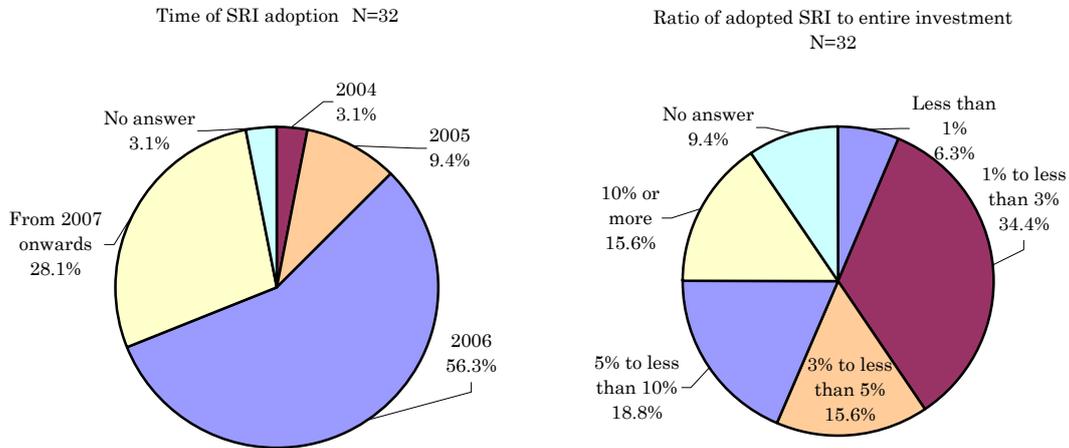


**(2) Reasons for adopting SRI—Reasons why respondents have adopted SRI**

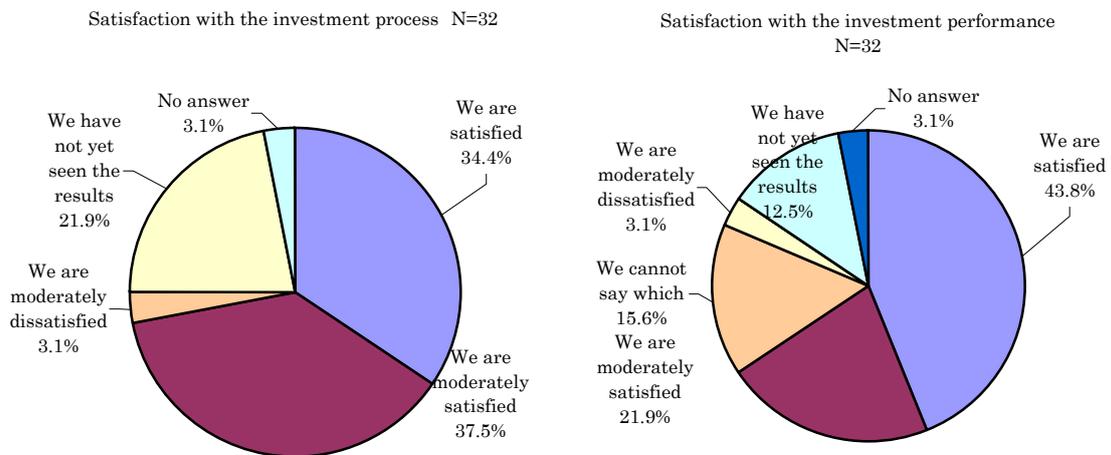
As for the reasons why the 32 respondents have already adopted SRI, the largest number of the respondents answered “We, as a pension plan, have supported the idea of SRI,” which is followed by the reasons focusing on the investment aspect, such as “We can expect SRI to serve as a diversified investment approach,” “We can expect SRI to improve investment performance.” and “We have adopted SRI with the aim of enriching our knowledge of a new investment approach.” Moreover, some respondents cited the reasons focusing on factors other than investment products, such as “We have deemed the adoption of SRI to be part of our extensive CSR efforts.” and “Our mother company gave us some instructions or proposals concerning the adoption of SRI.”



In addition, the adoption of SRI has been disseminated over the past two years. About half of the respondents having already adopted SRI have adopted it for 1 to 5% of their entire investment, while more than 30% of respondents have adopted SRI for 5% or more of their entire investment.



Conversely, the results also show that the 32 respondents having already adopted SRI are highly satisfied with the investment process and performance.

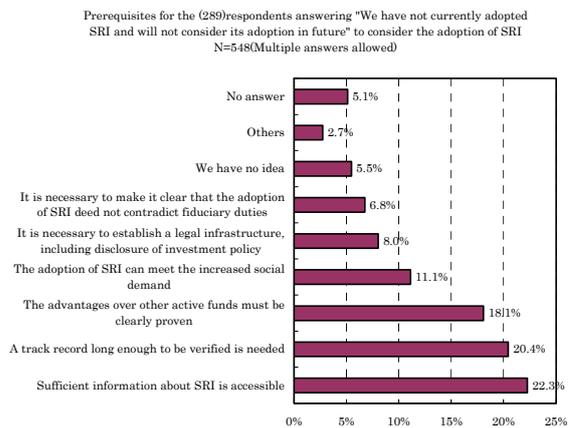
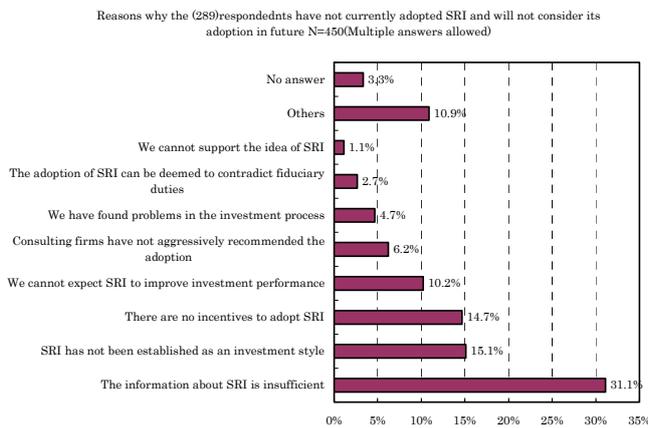
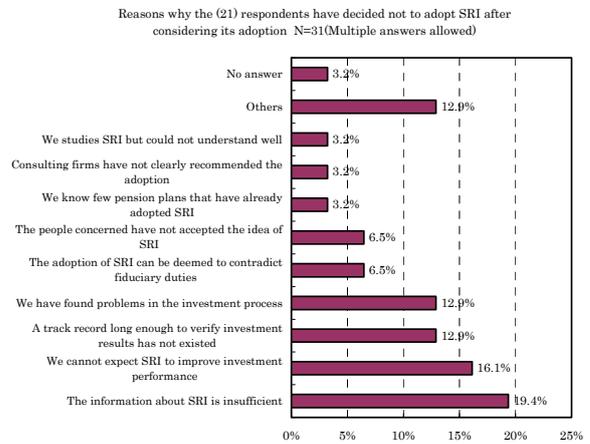
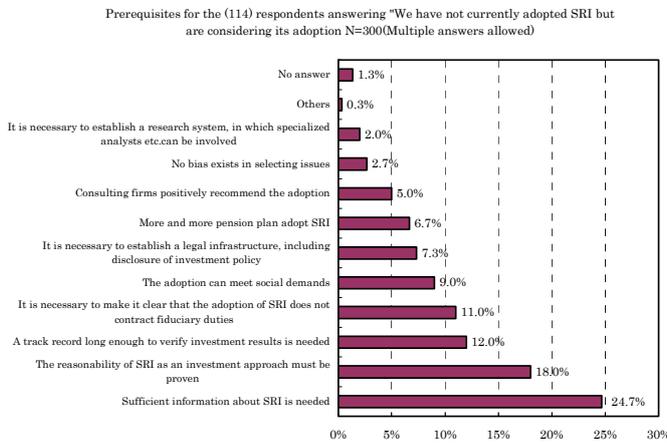


**(3) Reasons for not adopting SRI—Reasons why respondents have not currently adopted SRI.**

The reason commonly cited by both the 114 respondents answering “We have not currently adopted SRI but are considering its adoption.” and the 289 respondents saying “We have not currently adopted SRI and will not consider its adoption in future.” is “The information about SRI is insufficient.”

In addition, many respondents said that issues concerning reliability of the investment approach and process have also remained, while 40 respondents also answered that the track record is poor. It has emerged that most of such respondents deem a verification period of three years and more to be

necessary. On the other hand, results may suggest that the idea of having one prerequisite “not to contradict fiduciary duties.” for SRI adoption is not as common as people say.

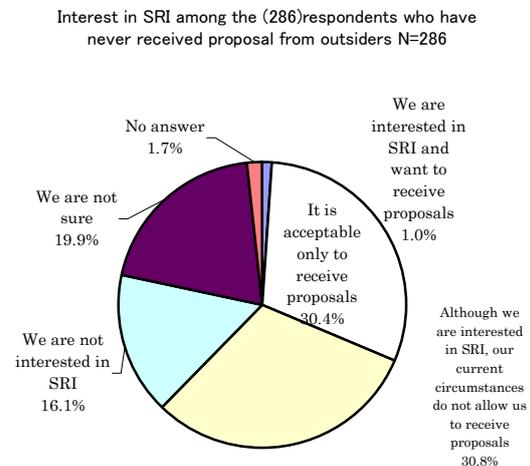
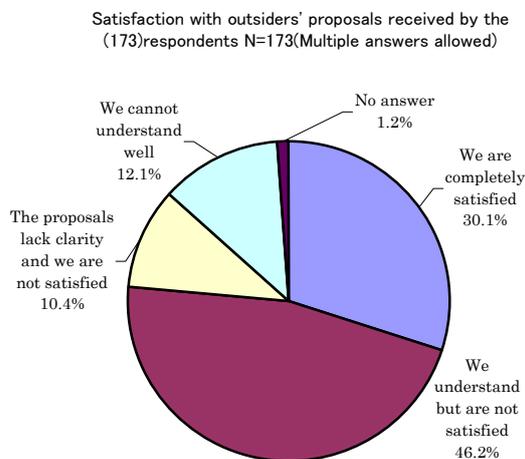
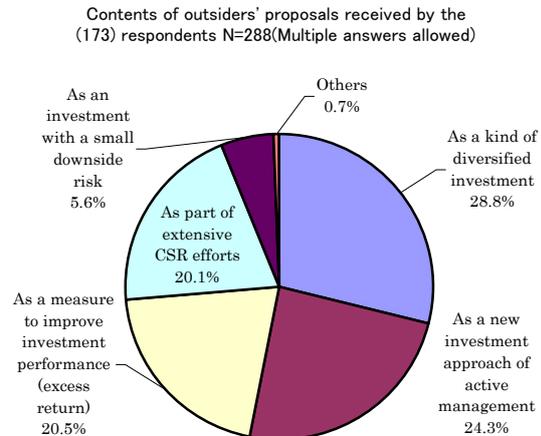
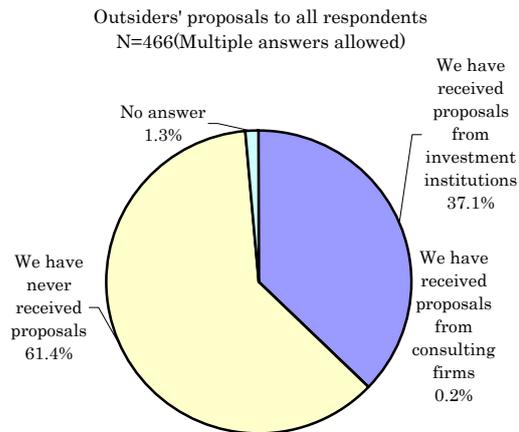


### **3. Proposals from outsiders**

As for proposals for SRI from outsiders, such as investment institutions and consulting firms, 61.4% of respondents answered “We have never received proposals.” While the respondents who have received such proposals from outsiders account for only 37.3%.

On the other hand, as for the concrete contents of such outsiders’ proposals received by the 173 respondents, the ratios of the contents presenting investment advantages, such as “As a kind of diversified investment,” “As a new investment approach of active management.” and “As a measure to improve investment performance (excess return).” are high. However, as for such proposals, 46.2% of respondents, the largest share, answered “We understand but are not satisfied.” This clearly shows that the satisfaction with such proposals is low.

By the way, it has also been revealed that the 286 respondents who have never received proposals from outsiders, too, are interested in SRI.

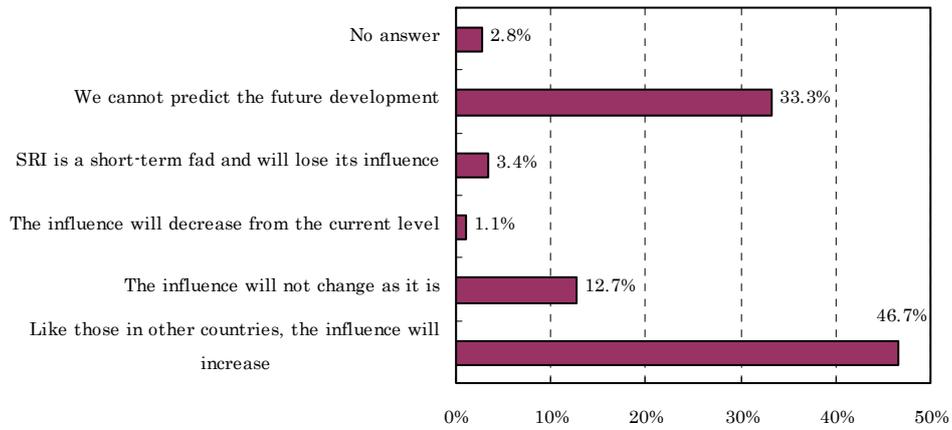


#### **4. Future development and issues of SRI**

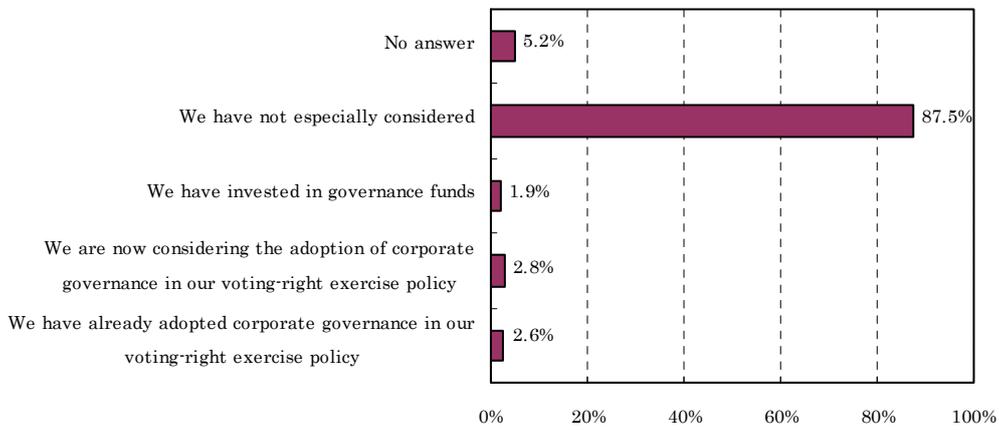
As for the mid to long-term influence of SRI, 46.7% of respondents, the largest share, answered "Like those in other countries, the influence will increase." As for their concrete reasons for choosing this option, some respondents cited "Society will increasingly demand SRI," "The importance of CSR will increase," "SRI will be needed to address environmental issues," etc. On the other hand, 33.3% of respondents said "We cannot predict the future development." Thus, a recognition gap can be found among pension plans.

In addition, as of now, regarding the corporate governance of investment targets, 87.5% of respondents answered "We have not especially considered." However, as for the concept of ESG, in which corporate governance is given equal consideration as an environmental and social issue, 45.8% of respondents, the largest share, answered "We do not feel any sense of incongruity in equally considering the components of ESG."

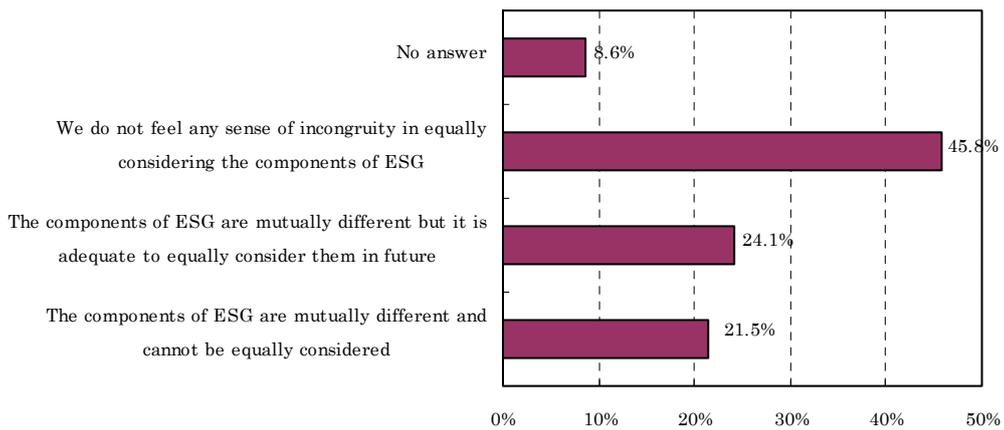
Mid to long-term influence of SRI N=465



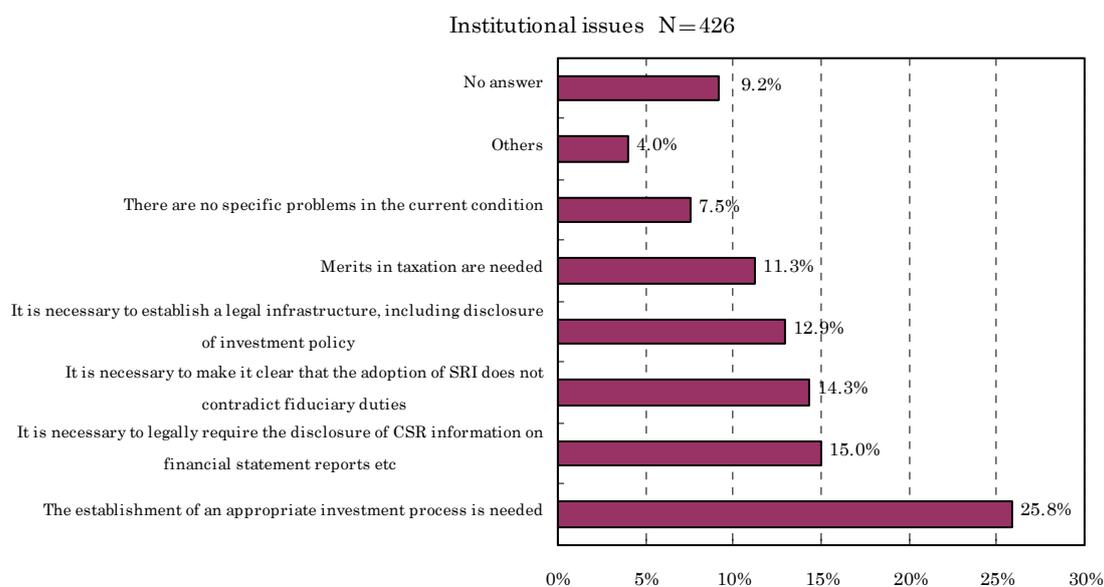
Corporate governance N=465



Should ESG be equally considered? N=465



As for institutional issues, 25.8% of respondents, the largest share, answered “The establishment of an appropriate investment process is needed.” Moreover, many respondents also chose answers related to information disclosure, such as “The disclosure of CSR information on financial statement and reports etc. must be legally required” and “It is necessary to establish a legal infrastructure, including disclosure of investment policy.”



(Note) As for the institutional issues, multiple answers shall be invalid and excluded from the number of responses.

## **5. Differences by investment asset size**

The differences in each item by investment asset size are as follows:

- The larger the investment asset size, the higher the awareness of “CSR,” “SRI” and “PRI”, while the adoption ratio of SRI is also directly proportional to the investment asset size. For example, even among mid and large-sized respondents, the respective majorities answered “We have not currently adopted SRI and will not consider its adoption in future,” but the ratios of such answer are lower than that among small-sized respondents.
- As for the reasons for the adoption of SRI, the largest number of large-sized respondents answered “We have received proposals from investment institutions.” On the other hand, the respective largest numbers of mid and small-sized respondents answered “We, as a pension plan, have supported the idea of SRI.”
- As for the reasons why they have not currently adopted SRI, respondents in any investment asset size pointed out the lack of information about SRI. However, we can presume that the problem recognition of large-sized pension plans in the investment approach of SRI is higher.

- As for outsiders' proposals, among large-sized respondents, the majority have received such proposals. However, there is a tendency whereby the smaller the investment asset size, the higher the ratio of respondents answering "We have never received proposals." However, the larger the pension plan, the lower the satisfaction with such proposals.
- As for institutional issues, the respective largest numbers of mid and large-sized respondents answered "The establishment of an appropriate investment process is needed." On the other hand, a majority of small-sized respondents answered "It is necessary to legally require the disclosure of CSR information on financial statement reports etc."

#### **6. Differences by mother company's CSR efforts**

The differences in each item by the mother company's CSR efforts are as follows:

- There is a tendency whereby the more active the CSR efforts of the mother company, the higher both the awareness of "CSR," "SRI" and "PRI" and the adoption ratio of SRI. In addition, the ratio of adopted SRI to a pension plan's entire investment is directly proportional to its mother company's CSR efforts.
- As for the reasons for the adoption of SRI, many of the respondents whose mother companies have actively made CSR efforts answered "We deemed the adoption of SRI part of our extensive CSR efforts." or "Our mother company gave us certain instructions or proposals concerning the adoption of SRI." This shows that such respondents have adopted SRI as part of their mother companies' efforts.
- As for the reasons why they have not currently adopted SRI, the respondents in any category of mother companies' CSR efforts pointed out the lack of information about SRI. However, the respondents whose mother companies have actively made CSR efforts cited concrete reasons, such as the poor track record and the questionable investment process.
- As for outsiders' proposals, only among respondents whose mother companies have actively made CSR efforts did the majority answer with "We have received proposals."
- Likewise, concerning the mid to long-term influence of SRI, the ratios of respondents answering "We cannot predict the future development." are relatively high in the categories of "Our mother company has neither promulgated nor considered its CSR policy." and "We are not sure."

## **7. Differences by plan type**

A comparison between “employee’s pension funds” and “fund-type defined-benefit corporate pension plans,” under either category of which many respondents fall, shows the following differences:

- There is a tendency whereby both the awareness of “CSR,” “SRI” and “PRI” and the adoption ratio of SRI are higher among fund-type defined-benefit corporate pension plans. In addition, as for SRI, the ratio of the answer of “We have not currently adopted SRI but are considering its adoption.” is also higher among fund-type defined-benefit corporate pension plans.
- As for the reasons for the adoption of SRI, the ratio of the answer of “We have deemed the adoption of SRI to be part of our extensive CSR efforts.” is higher among fund-type defined-benefit corporate pension plans.
- As for the reasons why respondents have not currently adopted SRI, among employee’s pension funds, the ratios of the answers related to “concerns over investment performance” and “acceptance by the people concerned.” are high. On the other hand, among fund-type defined-benefit corporate pension plans, the ratios of the answers related to the “investment process” are high.
- As for outsiders’ proposals, 43% of fund-type defined-benefit corporate pension plans and 32% of employee’s pension funds have received such proposals. However, the satisfaction is lower among fund-type defined-benefit corporate pension plans, while many employee’s pension funds answered “We cannot understand well.”

## **8. Conclusion**

To conclude the above, although awareness of the term of “SRI” is high among pension plans, “SRI” has not been fully recognized as an investment product. Therefore, it has emerged that, as of now, the adoption of SRI has not been disseminated.

As for the investment process and results of SRI, while the respondents having already adopted SRI are satisfied to some extent, it can be inferred that those who have not done so are concerned with both the process and performance. Therefore, it has emerged that the biggest obstacle against the adoption of SRI is the lack of information concerning the investment approach and performance.

As for outsiders’ proposals, certain issues, including insufficient approaches by investment institutions and unsatisfying explanations, have emerged.

On the other hand, it has emerged that a pension plan’s investment asset size, the relationship with its mother company and plan type influence its awareness of the terms of “CSR,” “SRI” and “PRI” and its adoption of SRI to the extent that they cannot be ignored. The larger its size and the more actively its mother company has made CSR efforts, the higher the pension plan’s awareness of SRI

and the ratio of its adopted SRI to its entire investment and the more proposals it has received from investment institutions.

Moreover, the majority of employee's pension funds responding to this survey are of the general-type which have been established with the consensus of several companies. If compared with corporate pension plans whose mother companies shall have clear responsibilities, considerable differences between the former and latter can be found, not only in the awareness of and attitude towards SRI but also outsiders' proposals.

## **Chapter 2: Implications**

### **I. To share recognition of the social nature of pension investment**

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As everyone knows, the adoption of SRI has not been disseminated among the Japanese pension plans. Therefore, upon the implementation of this questionnaire survey, we initially expected a low interest in SRI and a low response ratio. However, the actual response ratio was 32.5%, which is higher than expected, which proves that pension plans' interest in SRI itself is not at all low. In addition, the awareness of SRI is 83.8%, which is also higher than expected. As for the awareness channel, the ratio of "We have learned SRI from seminars etc." is the highest. This shows that the education activities actively carried out by investment institutions have been effective to some extent. The groundwork for the adoption of SRI can be considered virtually laid.

The adoption ratio of SRI is 6.9%, which is the same as expected. However, 30% of all respondents, including 24.5%, which is the ratio of the respondents "under consideration," showed positive attitudes towards SRI. You can deem this 30% either high or low, depending on your sense of value. However, given the fact that the SRI investment for corporate pension plans was launched only four years ago and that public pension plans etc. are negative towards SRI, I would like to acknowledge this ratio as a figure higher than expected.

There is a tendency whereby the more actively its mother company makes CSR efforts, the more positive the pension plan is towards the adoption of SRI. Nevertheless, half the pension plans whose mother companies have actively made CSR efforts answered "We have not currently adopted SRI and will not consider its adoption in future." As the factors behind this, in addition to the lack of information, it can be inferred that such mother companies "do not have the notion that they should consider the adoption of SRI for their investment as part of their CSR efforts." Following the revision of the Environmental Reporting Guideline Issued by the Ministry of the Environment, the inclusion of investment efforts has also been required in the stated items. Therefore, in future, we will be capable of anticipating an improved legal infrastructure in order to change recognition among the people concerned. Moreover, despite the fact that their mother companies have not actively made CSR efforts, some pension plans have adopted SRI, which shows that they can adopt SRI if they are satisfied with it as an investment approach.

However, regarding satisfaction with SRI as an investment approach, it has also emerged that there

remains room for improvement. Among the 289 respondents (62.2% of all respondents) who “will not consider the adoption of SRI in future,” those citing “the lack of information” accounts for the largest share (31%). Moreover, as a prerequisite for their future consideration, it is also “information” that accounts for 22.3%. Among the 31 respondents (4.5% of all respondents) who “have decided not to adopt SRI,” too, those answering “The information about SRI is insufficient.” accounts for the largest share (19.4%), followed by “We cannot expect SRI to improve investment performance.” of 16.1% and “We have found problems in the investment process.” of 12.9%. By the way, the number of pension plans citing “fiduciary duties” as the reason for not adopting SRI is fewer than ten and unexpectedly low, which suggests that the recognition of SRI itself has improved. However, it can be suggested that the information has qualitatively and quantitatively remained insufficient to satisfy pension plans.

On the other hand, only 6.9% of all respondents have already adopted SRI. However, regarding such respondents’ satisfaction with the investment process, 34.4% and 37.5% answered “We are satisfied.” and “We are moderately satisfied,” respectively, meaning the total of satisfied respondents exceeds 70%. As for the investment performance, likewise, two thirds of all respondents answered “satisfied/moderately satisfied.” Thus, the quality of the SRI investment, itself, may unexpectedly satisfy pension plans’ demands, while those who have hesitated in adopting SRI may just hate the idea of SRI without trying it.

Given the above, the following matters can be found: The information is both qualitatively and quantitatively insufficient to meet the prerequisites for pension plans to adopt SRI (or, to successfully persuade them to adopt SRI); the pension plans that have already adopted SRI are satisfied with the results. Therefore, if investment institutions improve approaches in terms of marketing and persuasion methods, a relatively large number of potential needs can emerge.

However, on the other hand, in the U.S. and Europe, an increasing number of asset holders, among others, pension plans, have become signatories to PRI. While the Japanese pension plans’ attitudes are so passive that they consider adoption only after receiving proposals from investment institutions, increasing numbers of U.S. and European pension plans have voluntarily committed to SRI investment. Behind this trend, there is the following idea of socially responsible pension plans: “Pension plans investing huge amounts of money should have favorable impacts on society through their investment activities.” However, sadly, as the low awareness of PRI has already shown, we cannot find positive attitudes toward pension plans in Japan. I think that the biggest reason behind this is not negligence with regard to pension plans but the fact that Japanese society has not shared the recognition that “pension plans should be responsible for considering the possible impact on society of their investment activities.”

The findings of this survey have given me an impression that, in order to disseminate SRI in Japan in the shortest time, we should focus on enhancing the recognition of SRI among all of society rather

than encouraging individual pension plans to adopt SRI. I believe that, based on the recognition that “socially responsible investment can create the best result for all members of society,” there is an urgent need to forge a consensus that “pension plans with a significant impact on society should adopt investment policies contributing to the sustainable development of society.”

To this end, even measures covering society as a whole, including the establishment of legal systems, as seen in the revision of the British Pension Law and in other cases, adopting SRI investment to address the issues of the Japanese society through the establishment of government-affiliated funds, which are currently under discussion, and widely disseminating the message “Consider social impact upon monetary investment.” to the general public, should be viewed and discussed.

## **II. Future development of SRI as an investment target**

Taku Yamamoto  
Equity Group Leader  
Pension Investment Department  
Pension Fund Association

The relatively high response ratio of 32.5% suggests high awareness of themes such as SRI and PRI among pension plans. Here again, I would like to express my sincere gratitude to all the pension plans responding to this survey.

The question is why has such growing interest not led to actual investment activities. To find the answer to the question above, we should focus on the reasons for the SRI adoption of respondents already having adopted SRI. Among such respondents, those answering “We, as a pension plan, have supported the idea of SRI.” account for 27%, the largest share. If the ratios of the answers of “We have deemed the adoption of SRI to be part of our extensive CSR efforts.” and “Our mother company gave us some instruction or proposal concerning the adoption of SRI.” are added to the above, it means that more than 40% of such respondents cited factors other than investment product value as the reasons for their adoption.

Moreover, among respondents currently considering the adoption of SRI, slightly less than 70% cited “Sufficient information about SRI is needed,” “The reasonability of SRI as an investment approach must be proven,” “A track record long enough to verify investment performance is needed.” and “It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties.” as prerequisites to adopt SRI. This suggests that the credibility in the investment approach and process has not reached the extent where pension plans’ demands can be satisfied.

Next, let’s examine respondents who have decided not to adopt SRI after considering its adoption and those who will not consider the adoption of SRI in future. Among such respondents, 19% of those who have decided not to adopt SRI and 31% of those who will not consider the adoption of SRI in future, the respective largest shares answered “The information about SRI is insufficient.” We should focus on the meaning of this “lack of information.” If it simply means that information about SRI is insufficient, the people concerned can strive harder to provide sufficient information and establish an environment in which to disseminate SRI. However, if the “lack of information” suggests not that pension plans simply seek general information about SRI but that evidence is insufficient for investment decision makers to judge whether or not to adopt SRI, this is a quite

deep-rooted problem.

Among the respondents having received proposals from outsiders, 56% answered “We understand but are not satisfied.” or “The proposals lack clarity and we are not satisfied.” This also suggests how deeply rooted the issue has become.

To sum up, it has emerged that, as of now, we have been in a situation where it can be hardly admitted that SRI’s nature as an investment product has been fairly recognized by either the pension plans having already adopted SRI or those having not adopted it yet. In this context, the findings of this survey ask the parties concerned, including investment institutions, the following question: Which is more desirable for the future dissemination of SRI in Japan, to continue the existing approach or to engage in a further discussion on what is needed for the current SRI?

The findings of this survey can be concluded as follows:

Although more and more pension plans have become interested in the theme of SRI itself, the majority opinion is that current SRI products have not qualitatively reached the level where pension plans’ prerequisites for the adoption of SRI can be met. I would like the parties concerned, including investment institutions, to surely take the findings of this survey positively in order to develop SRI products attractive to many pension plans.

### **III. What roles should the sponsor company and asset management firm play?**

Eiichiro Adachi

Researcher Chief

Head of ESG Research Center

Japan Research Institute, Limited.

More than eight years have passed since mutual funds based on the idea of socially responsible investment, named “Eco-funds,” first launched in Japan. Also, more than four years have passed since some defined-benefit corporate pension plans began to adopt the same idea. The findings of this survey present valuable information directly reflecting pension plans’ views and opinions on socially responsible investment. To date, no such comprehensive survey on pension plans has ever been implemented in Japan. Moreover, we can hardly find such examples, even abroad. Based on the findings of this survey, JRI, as an organization engaged in ESG research for socially responsible investment, would like to mention the kind of measures that will be desirable in future.

Among the respondents answering “We have not currently adopted SRI but are considering its adoption.” or “We have not currently adopted SRI and will not consider its adoption in future,” the ratios of the answers of “Sufficient information about SRI is needed.” and “The information about SRI is insufficient.” are high. This is important, because it shows that asset management firms and research institutions have not always striven sufficiently to provide explanations and information, so we should humbly accept this point. As of now, several year-long track records and investment characteristics have also been revealed, which, in my opinion, makes it considerably significant to summarize the actual history of socially responsible investment in Japan at this point.

Moreover, through this survey, it has emerged that corporate pension plans whose sponsor companies have actively made CSR efforts are positively interested in SRI, which is interesting. The idea that a company should regard its pension plan’s adoption of SRI as a part of its CSR efforts is very significant. In the UK, pension members have traditionally selected socially responsible investment as the ideal investment approach for the money they have paid. Although the question of how to forge a consensus among pension members also remains pending in Japan, one approach involves the sponsor company of a pension plan taking the initiative to select socially responsible investment.

In addition, as for the “Contents of and satisfaction with outsiders’ proposals,” the satisfaction of respondents having received proposals “as an investment with a small downside risk” is relatively high. This point is also notable and existing demonstrative research has also uncovered such a tendency. Therefore, if the concept of relative return is disseminated in long-term investment, the acceptance of socially responsible investment can increase.

Moreover, the findings of this survey clearly show that asset management firms and research institutions must improve themselves both qualitatively and professionally. Some respondents voiced the need “to establish an appropriate investment process.” Therefore, like European nations, it is also helpful to commence discussion concerning the voluntary preparation of respective quality guidelines for asset management firms and research institutions under the private initiative.

In addition, in order to improve research activities qualitatively, it is also essential for companies to disclose highly-credible information. Europe has witnessed a trend whereby companies are legally required to disclose information concerning their environmental and social performances in their annual reports (e.g. Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003). I hope that likewise in Japan, similar efforts to establish a legal infrastructure, including the establishment or revision of laws and regulations concerning financial statement reports etc., will be made.

#### **IV. SRI investment and governance of corporate pension plans**

Osamu Yamaguchi

Professor

Graduate School of Social Sciences

Yokohama National University

Advanced nations, including the U.S. and European countries, have witnessed a major trend where corporate pension plans consider social, environmental or ethical issues (SEE) in their investment activities. Moreover, SRI (Socially Responsible Investment) funds, typical investment funds used to implement such ideas, have been established, while PRI (Principles for Responsible Investment) etc. have been established as the principles to be followed by pension plans etc. when making investment decisions.

Through this questionnaire survey, the adoption and recognition of SRI and PRI in Japan have been revealed. I would like to emphasize appreciation of this point. Among others, the useful findings include the fact that more than 30% of the survey population, a high ratio, responded to this questionnaire survey and that the awareness of the “SRI” term stands at a minimum high ratio of more than 80%.

However, even if those who are now considering the adoption of SRI are added, it only means that about 30% of respondents have positive views on the adoption of SRI. This shows that SRI has stopped far short of becoming a major practical approach in corporate pension plans’ investment. On the contrary, more than 60% of respondents negatively answered, choosing “We have not currently adopted SRI and will not consider its adoption in future.” This shows the actual situation where opinions have been divided on SRI among corporate pension plans. Among the respondents who have already adopted SRI, many answered “We, as a pension plan, have supported the idea of SRI.” Moreover, most of those who have not adopted SRI cited issues related to the investment process and performance as reasons for not adopting SRI, which suggests the following: At least for now, SRI has been supported as an idea, but not always fully accepted as an investment approach.

Next, as for the adoption of SRI, the following tendencies have been revealed: Based on the type of pension plan involved, corporate pension plans are relatively positive in terms of investment asset size, the larger the asset size, the more positive the attitude of the pension plan towards the adoption of SRI. Therefore, the responses were analyzed more precisely by plan type (“employee’s pension fund” and “corporate pension plan”). In addition, this analysis revealed the following matters: There is a major difference in awareness of CSR and SRI between these two types; among others, as for CSR efforts, while more than 70% of corporate pension plans answered “We have actively made CSR efforts,” only less than 20% of employee’s pension funds answered the same, which is a major

difference. It can be inferred that, behind such differences, the following difference in actual condition between the above two types has existed: For corporate pension plans established by a company or by group companies, even if an investment risk rebounds on the installment in the form of a burden, it is clear which party should take finally all responsibilities and liabilities for the risk; for employee's pension funds, many of which are of general-type established with the consensus of several companies, the plan sponsors' actual responsibilities and liabilities are vague meaning the final risk tolerance subsequently diminishes, which makes such pension plans' management tight. Therefore, the following can be suggested: Whether or not SRI can be deemed a tolerable investment approach, even if activities such as "promulgating CSR policy and actively making CSR efforts" cannot directly lead to the present performance, depends on the governance structure of a corporate pension plan, including its plan sponsor and attention should be paid to such structure.

Thus, it may also be useful in future SRI development to review what the governance of a corporate pension plan, including the role of plan sponsors as the final risk takers, should be.

In this context, the British example of information disclosure whereby, when considering social, environmental or ethical issues (SEE) upon establishing its basic investment policy, all pension plans are required to disclose to what degree they have considered such issues, can become a great help in solving the legal and regulatory problems associated with future investment of the Japanese corporate pension plans.

## **V. New viewpoints and enterprise spirit needed for pension plans**

Takejiro Sueyoshi

Special Advisor to the UNEP Finance Initiatives in the Asia Pacific region

As many as 465 pension plans responded to this questionnaire survey, which was the first of its kind, while in addition, the questions were diversified. Nevertheless, such a large number of pension plans responded. First and foremost, I would like to greatly appreciate this point. I think that there are various kinds of opinions on the analysis of the results of this survey. However, given that CSR itself, based on which SRI and PRI were established, has a very short history in Japan (although the Japanese indigenous CSR has a reasonably long history), I would like to positively accept the results, based on the premise that likewise in Japan, this theme has been generally accepted. EU nations and the United States, which are the pioneers in this field, have their own histories where, their societies have long digested this difficult issue and accumulated numerous accomplishments. Therefore, we should not expect rapid dissemination in Japan in the first place.

Nonetheless, the progress of globalization has brought more foreign investment to Japan. Under such circumstances, it is not desirable for a gap between home and abroad to remain. To catch up with the above pioneers as soon as possible, reasonable ideas and efforts are needed, hence I would like to request that Japanese pension plans do the following:

Firstly, it is time to begin discussion from a new perspective. To ensure the payment of future pension benefits, it is good to seek maximum financial return. However, is it impossible to engage in discussion from multiple and long-term viewpoints concerning the kinds of approaches and standards that should be adopted for such investment in consideration of social and/or environmental issues?

Secondly, an enterprise spirit is needed. Given the nature of pension plans, it is well understandable that they cannot move without serious consideration. However, the question is as follows: Is it acceptable that pension plans move only after the preparation is completed? In U.S. and European nations, through accumulated discussions, the direction is accepted and many people actively strive to create a new system. Under circumstances where problems facing society have become increasingly serious, an enterprise spirit is required, rather than a wait-and-see attitude.

Thirdly, it is necessary to revise the laws concerning fiduciary duties etc. Upon the promotion of PRI, UNEPFI entrusted a precise analysis of the fiduciary-requirement-related laws of nine countries, including Japan, to a British law firm. However, the results could not help but give the impression of leniency of the Japanese law. For investment by pension plans, dealing with huge amounts of money, new laws to meet the demands of the new era are needed.

The ultimate goal of pension plans is to secure foundations for pension members' future lifestyles. If

so, then on what purpose should pension plans spend their members' valuable money? This is precisely "People's savings meet society's goals." I hope that future discussions will be engaged in from the new viewpoints.

## **VI. To disseminate SRI and PRI among pension plans**

Megumi Suto

Professor

Graduate School of Finance, Accounting & Law

Waseda University

Pension plans are long-term investors supporting the aging society and have now become leading players in the securities market. In future, their presence in the securities market will increase, or, at least, never decrease. It is no exaggeration to say that whether or not SRI can become a mainstream approach in the securities market depends on the dissemination among pension plans. Now that the circumstances surrounding companies have dramatically changed, recognition of and response to the social and environmental impacts of corporate activities are strictly required. Pension plans aiming to realize successful long-term-investment performance on behalf of their beneficiaries have no longer been allowed to ignore the wide-ranging risk management and CSR efforts of their investment targets. In addition, there is a growing expectation that, as the leading institutional investors have a significant influence on the money flow in society, pension plans should be aware of their social influence in order to consider social, environmental and ethical issues (SEE) in their investment policies.

In Japan, with a rapidly aging society, the investment performance of pension plans as investment agents has always been subject to evaluation. Therefore, many pension plans have been said to be passive towards SRI, which may contradict fiduciary duties. The results of this survey again show the following matters: Despite the considerably increased awareness of SRI among pension plans, the adoption of SRI has currently lagged far behind; pension plans having already adopted SRI have remained in a minority. Conversely, increasing numbers of pension plans have become interested in SRI as an investment approach, meaning the potential demand is never small.

It goes without saying that understanding and decision-making of pension plans' investment managers are essential for the dissemination of SRI. However, such understanding and decision-making cannot achieve practical results, unless their supplementary requirements are met. The survey results suggest the existence of several "keys" needed to disseminate SRI among pension plans.

The first "key" is the big role played by "experts" (i.e. investment and research institutions) engaged in the design and provision of SRI products. To many pension plans, the proposals and information provided by such experts are important channels to access SRI. There is room to practice SRI without contradicting fiduciary duties. However, a lack of information about and the suspicion over the SRI's investment process and results have become obstacles against dissemination. SRI

originally aims to influence the money flow into companies to contribute toward solving social issues. The question is whether or not SRI can serve as a fully reasonable investment scheme after such aim is reflected in its investment characteristics. In addition, pension plans' recognition of and attitude towards CSR and SRI vary considerably, depending on their type and business. Therefore, upon designing products and providing proposals and information, it is necessary to take such type and business into consideration. One of the necessary keys to promote SRI is undoubtedly investment institutions' efforts to develop SRI products and the provision of information to their customers.

The second "key" is the influence of the "mother company" on a pension plan. As for the investment of corporate pension assets, it has emerged that a pension plan's awareness and behavior have been strongly influenced by its mother company's recognition of and attitude towards CSR. Mother companies should fully recognize that, while admitting the independence of their pension plans' management, they can influence the investment of their pension assets by showing a recognition of and attitude towards CSR activities to their employees and market players. A mother company's evaluation standard for the investment performance of its pension plan is another factor to influence the investment activities of its pension plan. Whether or not SRI can be disseminated among corporate pension plans depends on how their mother companies recognize and evaluate the significance of SRI in the investment of their pension assets. The relationship between a mother company and its pension plan has highlighted the issue that the location of the responsibilities involved in the investment of the pension assets should be clarified: the issue related to the governance of the pension plan, itself.

The third "key" is the role played by "government" and "market players" in the establishment of information infrastructure. In Britain, pension plans are required to disclose to what extent they have considered social, environmental or ethical issues in their basic investment policies. Such information disclosure can help pension plans deepen their recognition of SRI and share such recognition with more and more general households and individuals as their beneficiaries. Moreover, to promote the disclosure of companies' non-financial information, which explains corporate social and environmental activities, the wide-ranging consideration and information provision, including not only the establishment of the legal infrastructure but also the timely disclosure and practice code's clarification by stock exchanges as market operators and by the securities sector as a whole, are needed. The bottom-line information, which is needed for adopting SRI, should be provided to pension plans. Moreover, pension plans should subsequently decide on this adoption at their own discretion. This is a basic institutional prerequisite to disseminate the original aim of SRI.

SRI is an investment approach, in which investors voluntarily evaluate and select their market investment targets. To promote SRI, not only encouraging investors to voluntarily collect information but also establishing an information infrastructure for CSR and SRI are essential. To

promote the adoption and dissemination of SRI among pension plans, all the parties concerned, including pension plans, investment institutions, mother companies, governments and securities markets, should strive from their respective standpoints.

## Chapter 3: Report on the Questionnaire Survey on SRI and PRI

### I. Survey Outline

The outline of “The Questionnaire Survey on SRI and PRI” is as follows.

Objectives:	To objectively clarify what and how the Japanese pension plans have thought of and addressed SRI and PRI.
Survey period:	Questionnaires sent out on: July 12, 2007 Answer sheets submitted by: August 24, 2007
Survey population:	Employee’s pension funds, fund-type defined-benefit corporate pension plans, contract-type defined-benefit corporate pension plans, tax-qualified pension plans, public pension plans etc.
Number of questionnaires sent out:	1,432
Number of respondents:	465
Valid response ratio:	<u>32.5%</u>
Method:	Questionnaires sent out by mail and submitted by mail, fax and e-mail. Method of filling out the questionnaire

## II. Survey results (General analysis)

### 1. Attributes of respondents

The attributes of respondents to “The Questionnaire Survey on SRI and PRI” are as follows:

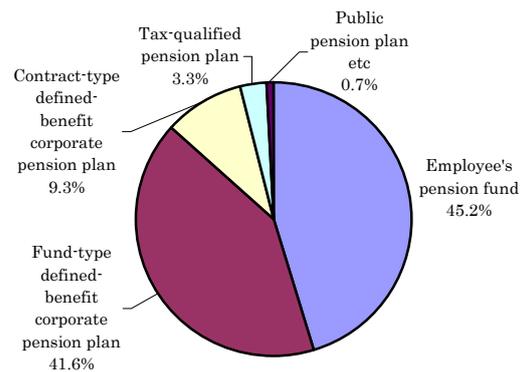
#### (1) Plan Type (Q1-1)

Q1-(1) Which of the following is the type of your pension plan?

The breakdown by type of the pension plans to which the questionnaires were sent out is as follows: 647 “employee’s pension funds” (45.2%), 595 “fund-type defined-benefit corporate pension plans” (41.6%), 133 “contract-type defined-benefit corporate pension plans” (9.3%), 47 “tax-qualified pension plans” (3.3%) and 10 “public pension plans etc.”(0.7%).

[Table and Graph 1] Types of pension plans to which the questionnaires were sent out. N=1432

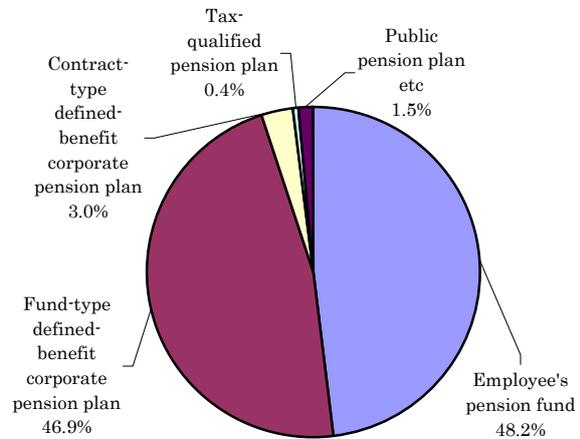
Category	Number of questionnaires sent	Ratio
Employee's pension fund	647	45.2%
Fund-type defined-benefit corporate pension plan	595	41.6%
Contract-type defined-benefit corporate pension plan	133	9.3%
Tax-qualified pension plan	47	3.3%
Public pension plan etc	10	0.7%
Total	1,432	100.0%



Of the above pension plans to which the questionnaires were sent out, the breakdown by type of those responding to the questionnaire is shown in Table and Graph 2. The number of “employee’s pension funds” is 224 (48.2%), which is followed by “fund-type defined-benefit corporate pension plans” of 218 (46.9%), “contract-type defined-benefit corporate pension plans” of 14 (3.0%), “tax-qualified pension plans” of 2 (0.4%) and “public pension plans etc.” of 7(1.5%).

**[Table and Graph 2] Types of respondents to the questionnaire N=465**

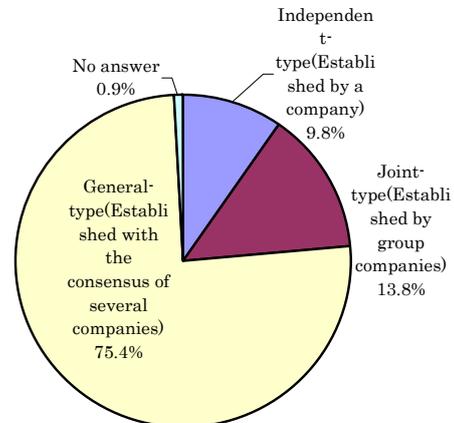
Category	Number of respondents	Ratio
Employee's pension fund	224	48.2%
Fund-type defined-benefit corporate pension plan	218	46.9%
Contract-type defined-benefit corporate pension plan	14	3.0%
Tax-qualified pension plan	2	0.4%
Public pension plan etc	7	1.5%
Total	465	100.0%



As for the 224 respondents falling under the category of employee's pension fund, 75.4% of them have been "established with the consensus of several companies."

**[Table and Graph 3] Breakdown of employee's pension funds N=224**

Category	Number of respondents	Ratio
Independent-type(Established by a company)	22	9.8%
Joint-type(Established by group companies)	31	13.8%
General-type(Established with the consensus of several companies)	169	75.4%
No answer	2	0.9%
Total	224	100.0%



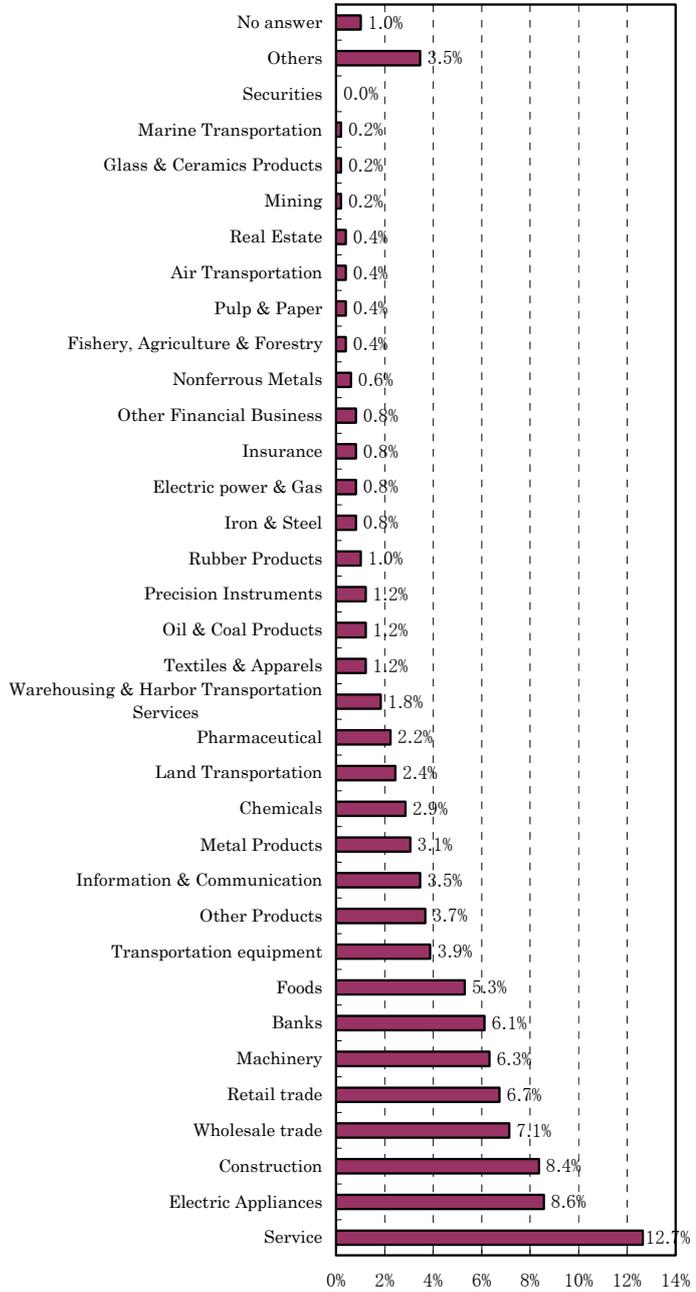
**(2) Mother company's business category (Q1-2)**

**Q1-(2) Which one of the following is your mother company's business category?**

The breakdown of respondents' mother companies by business category is shown in Table and Graph 4. The number of the respondents of "Service" is 62 (14.7%), the largest, which is followed by "Electrical appliances" of 42 (8.6%), "Construction" of 41 (8.4%), "Wholesale trade" of 35 (7.1%) and "Retail trade" of 33 (6.7%).

**[Table and Graph 4] Breakdown of mother companies by business category  
N=490 (Multiple answers allowed.)**

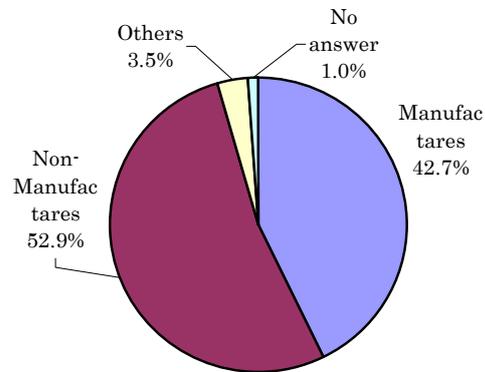
Category	Number of responses	Ratio
Service	62	12.7%
Electric Appliances	42	8.6%
Construction	41	8.4%
Wholesale trade	35	7.1%
Retail trade	33	6.7%
Machinery	31	6.3%
Banks	30	6.1%
Foods	26	5.3%
Transportation equipment	19	3.9%
Other Products	18	3.7%
Information & Communication	17	3.5%
Metal Products	15	3.1%
Chemicals	14	2.9%
Land Transportation	12	2.4%
Pharmaceutical	11	2.2%
Warehousing & Harbor Transportation Services	9	1.8%
Textiles & Apparels	6	1.2%
Oil & Coal Products	6	1.2%
Precision Instruments	6	1.2%
Rubber Products	5	1.0%
Iron & Steel	4	0.8%
Electric power & Gas	4	0.8%
Insurance	4	0.8%
Other Financial Business	4	0.8%
Nonferrous Metals	3	0.6%
Fishery, Agriculture & Forestry	2	0.4%
Pulp & Paper	2	0.4%
Air Transportation	2	0.4%
Real Estate	2	0.4%
Mining	1	0.2%
Glass & Ceramics Products	1	0.2%
Marine Transportation	1	0.2%
Securities	0	0.0%
Others	17	3.5%
No answer	5	1.0%
Total(Multiple answers allowed)	490	100.0%



If mother companies are classified into manufacturers and non-manufacturers, the number of “manufacturers” is 209 (42.7%) and that of “non-manufacturers” is 259 (52.9%). This shows that respondents of non-manufacturers are a little more than those of manufacturers.

**[Table and Graph 5] Breakdown of mother companies by business category-2  
N=490 (Multiple answers allowed.)**

Category	Number of responses	Ratio
Manufactures	209	42.7%
Non-Manufactures	259	52.9%
Others	17	3.5%
No answer	5	1.0%
Total (Multiple answer allowed)	490	100.0%



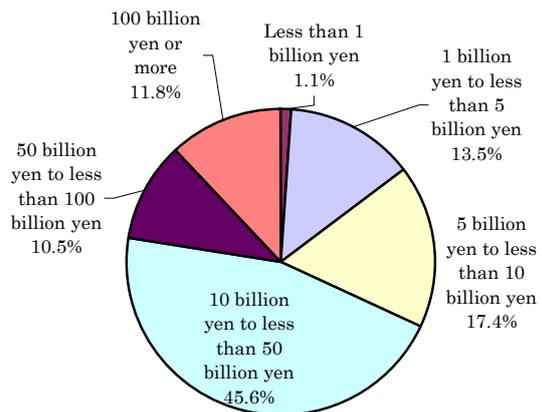
**(3) Investment asset size (Q2)**

Q2. Which one of the following is your investment asset size?

The breakdown of respondents by investment asset size is as follows: The number of the respondents of “10 billion yen to less than 50 billion yen” is 212 (45.6%), the largest, which is followed by “5 billion yen to less than 10 billion yen” of 81 (17.4%) and “1 billion yen to less than 5 billion yen” of 63 (13.7%).

**[Table and Graph 6] Investment asset size N=465**

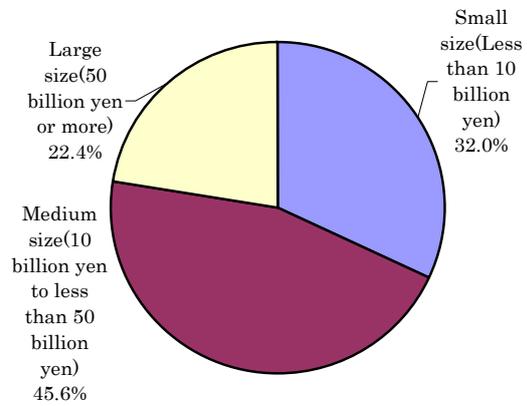
Category	Number of respondents	Ratio
Less than 1 billion yen	5	1.1%
1 billion yen to less than 5 billion yen	63	13.5%
5 billion yen to less than 10 billion yen	81	17.4%
10 billion yen to less than 50 billion yen	212	45.6%
50 billion yen to less than 100 billion yen	49	10.5%
100 billion yen or more	55	11.8%
Total	465	100.0%



The breakdown of respondents reclassified by investment asset size into three groups of “small size (less than 10 billion yen),” “medium size (10 billion yen to less than 50 billion yen)” and “large size (50 billion yen or more)” is shown in Table and Graph 7. The number of the “medium size” group is 212 (45.6%), the largest, which is followed by the “small size” of 149 (32.0%) and the “large size” of 104 (22.4%).

[Table and Graph 7] Investment asset size-2 N=465

Category	Number of respondents	Ratio
Small size(Less than 10 billion yen)	149	32.0%
Medium size(10 billion yen to less than 50 billion yen)	212	45.6%
Large size(50 billion yen or more)	104	22.4%
Total	465	100.0%



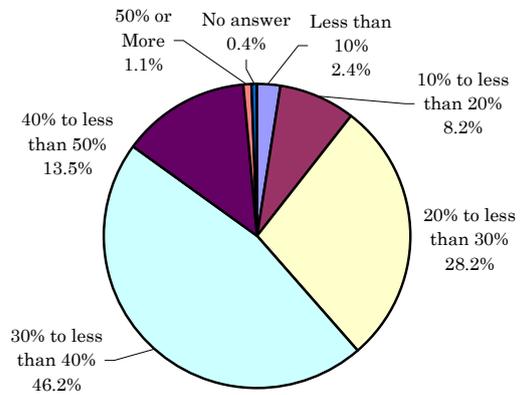
**(4) Domestic stock ratio (Q3)**

Q3. Which one of the following is the ratio of domestic stocks to your investment assets?

As for the ratios of domestic stocks to respondents' investment assets, the number of respondents of "30% to less than 40%" is 215 (46.2%), the largest, which is followed by "20% to less than 30%" of 131 (28.2%) and "40% to less than 50%" of 63 (13.5%).

[Table and Graph 8] Ratio of domestic stocks to investment assets N=465

Category	Number of respondents	Ratio
Less than 10%	11	2.4%
10% to less than 20%	38	8.2%
20% to less than 30%	131	28.2%
30% to less than 40%	215	46.2%
40% to less than 50%	63	13.5%
50% or More	5	1.1%
No answer	2	0.4%
Total	465	100.0%



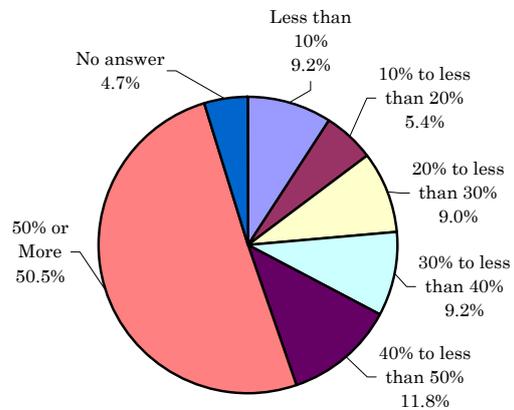
**(5) Ratio of active management to domestic stocks (Q4)**

Q4. Which one of the following is the ratio of active management to your assets invested in domestic stocks?

As for the ratio of active management to respondents' domestic stocks, the number of respondents of "50% or more" is 235 (50.5%), the largest, which is followed by "40% to less than 50%" of 55 (11.8%).

**[Table and Graph 9] Ratio of active management to assets invested in domestic stocks N=465**

Category	Number of respondents	Ratio
Less than 10%	43	9.2%
10% to less than 20%	25	5.4%
20% to less than 30%	42	9.0%
30% to less than 40%	43	9.2%
40% to less than 50%	55	11.8%
50% or More	235	50.5%
No answer	22	4.7%
Total	465	100.0%



## 2. Awareness of CSR, SRI and PRI

This survey firstly asked respondents about the awareness of CSR, SRI and PRI. The results are as follows:

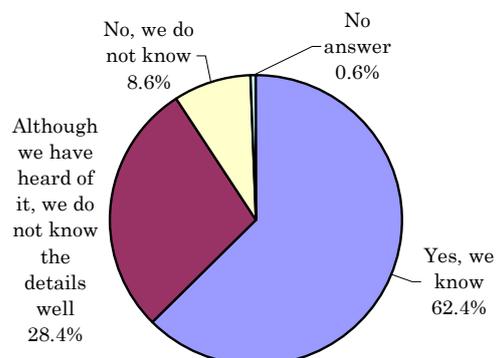
### (1) Awareness of CSR (Q5)

Q5. Do you know CSR (Corporate Social Responsibility)?

As for the awareness of CSR, the number of respondents answering “Yes, we know.” is 290 (62.4%), the largest, which is followed by “Although we have heard of it, we do not know the details well.” of 132 (28.4%) and “No, we do not know.” of 40 (8.6%). The majority of respondents answered “Yes, we know.” If the respondents answering “Although we have heard of it, we do not know the details well.” are added, it means awareness of the term “CSR” is considerably high.

**[Table and Graph 10] Awareness of CSR N=465**

Category	Number of responses	Ratio
Yes, we know	290	62.4%
Although we have heard of it, we do not know the details well	132	28.4%
No, we do not know	40	8.6%
No answer	3	0.6%
Total	465	100.0%



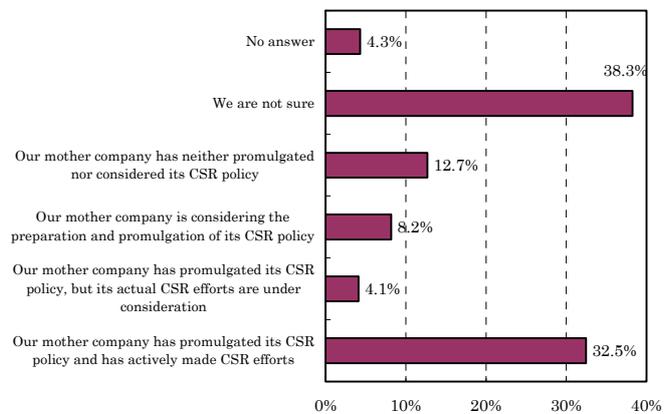
**(2) Mother company’s CSR efforts (Q6)**

Q6. Has your mother company promulgated its CSR policy and made CSR efforts?

The mother companies’ CSR efforts are shown in Table and Graph 11. The number of respondents answering “We are not sure.” is 178 (38.3%), the largest, which is followed by “Our mother company has promulgated its CSR policy and has actively made CSR efforts.” of 151 (32.5%) and “Our mother company has neither promulgated nor considered its CSR policy.” of 59 (12.7%).

**[Table and Graph 11] Mother company’s CSR efforts N=465**

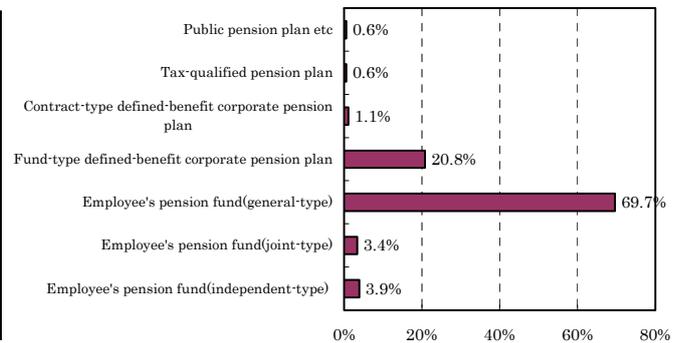
Category	Number of responses	Ratio
Our mother company has promulgated its CSR policy and has actively made CSR efforts	151	32.5%
Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	19	4.1%
Our mother company is considering the preparation and promulgation of its CSR policy	38	8.2%
Our mother company has neither promulgated nor considered its CSR policy	59	12.7%
We are not sure	178	38.3%
No answer	20	4.3%
Total	465	100.0%



However, most of the respondents answering “We are not sure.” about their mother companies’ CSR efforts are “employee’s pension funds (general-type).”

**[Table and Graph 12] Breakdown by plan type of respondents answering “We are not sure.” about their mother company’s CSR efforts N=178**

Category	Number of respondents	Ratio
Employee's pension fund(independent-type)	7	3.9%
Employee's pension fund(joint-type)	6	3.4%
Employee's pension fund(general-type)	124	69.7%
Fund-type defined-benefit corporate pension plan	37	20.8%
Contract-type defined-benefit corporate pension plan	2	1.1%
Tax-qualified pension plan	1	0.6%
Public pension plan etc	1	0.6%
Total	178	100.0%



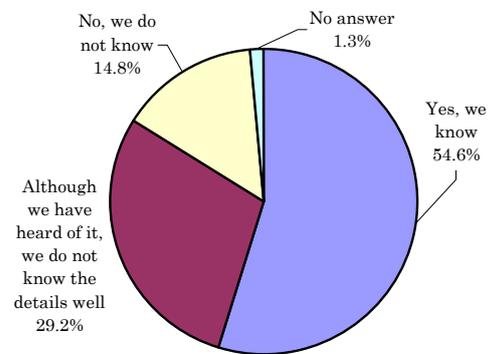
**(3) Awareness of SRI (Q7)**

Q7. Do you know SRI (Socially Responsible Investment) based on CSR?

The awareness of SRI is shown in Table and Graph 13. The number of respondents answering “Yes, we know.” is 254 (54.6%), the largest, which is followed by “Although we have heard of it, we do not know the details well.” of 136 (29.2%) and “No, we do not know.” of 69 (14.8%). The majority of respondents answered “Yes, we know.” If the respondents answering “Although we have heard of it, we do not know the details well.” are added, it means that awareness of the term of “SRI” is considerably high.

**[Table and Graph 13] Awareness of SRI N=465**

Category	Number of responses	Ratio
Yes, we know	254	54.6%
Although we have heard of it, we do not know the details well	136	29.2%
No, we do not know	69	14.8%
No answer	6	1.3%
Total	465	100.0%



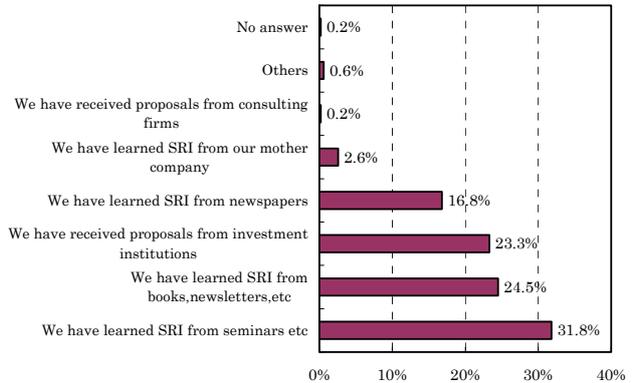
**(4) Awareness channel of SRI (Q8)**

Q8. This is the question to the respondents answering “Yes, we know.” to Q7. Please choose one or more from the following options as your awareness channel(s) of SRI. (Multiple answers allowed.)

As for the awareness channels of the 254 respondents who “know” SRI, the number of respondents answering “We have learned SRI from seminars etc.” is 161 (31.8%), the largest, which is followed by “We have learned SRI from books, newsletters, etc.” of 124 (24.5%) and “We have received proposals from investment institutions.” of 118 (23.3%).

**[Table and Graph 14] Awareness channel of SRI N=506 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We have learned SRI from seminars etc	161	31.8%
We have learned SRI from books,newsletters,etc	124	24.5%
We have received proposals from investment institutions	118	23.3%
We have learned SRI from newspapers	85	16.8%
We have learned SRI from our mother company	13	2.6%
We have received proposals from consulting firms	1	0.2%
Others	3	0.6%
No answer	1	0.2%
Total(Multiple answers allowed)	506	100.0%



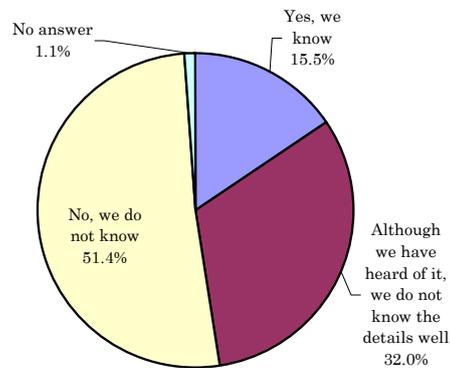
**(5) Awareness of PRI (Q9)**

Q9. Do you know PRI (Principles for Responsible Investment) advocated by the United Nations Environment Program’s Finance Initiative (UNEP FI)?

As for the awareness of PRI, the respective numbers of the respondents answering “Yes, we know,” “Although we have heard of it, we do not know the details well.” and “No, we do not know.” are 72 (15.5%), 149 (32.0%) and 239 (51.4%). The majority of respondents answered “No, we do not know.” This means that the awareness of PRI is lower than those of CSR and SRI.

**[Table and Graph 15] Awareness of PRI N=465**

Category	Number of responses	Ratio
Yes, we know	72	15.5%
Although we have heard of it, we do not know the details well	149	32.0%
No, we do not know	239	51.4%
No answer	5	1.1%
Total	465	100.0%



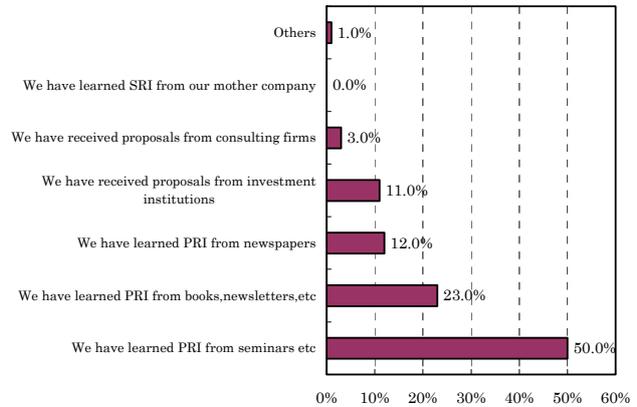
**(6) Awareness channel of PRI (Q10)**

Q10. This is the question to the respondents answering “Yes, we know.” to Q9. Please choose one or more from the following options as your awareness channel(s) of PRI. (Multiple answers allowed.)

As for the awareness channel of the 72 respondents who “know” PRI, the number of respondents answering “We have learned PRI from seminars etc.” is 50 (50.0%), the largest, which is followed by “We have learned PRI from books, newsletters, etc.” of 23 (23.0%) and “We have learned PRI from newspapers.” of 12 (12.0%).

**[Table and Graph 16] Awareness channel of PRI N=100 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We have learned PRI from seminars etc	50	50.0%
We have learned PRI from books,newsletters,etc	23	23.0%
We have learned PRI from newspapers	12	12.0%
We have received proposals from investment institutions	11	11.0%
We have received proposals from consulting firms	3	3.0%
We have learned SRI from our mother company	0	0.0%
Others	1	1.0%
Total(Multiple answers allowed)	100	100.0%



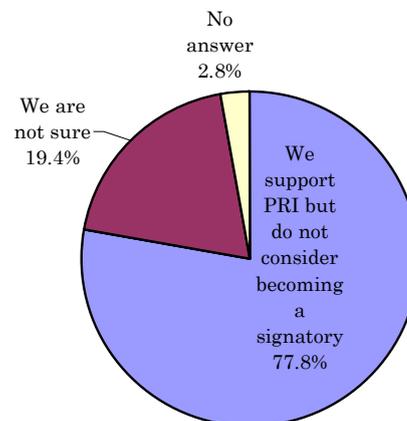
**(7) Approval for PRI (Q11)**

Q11. This is the question to the respondents answering “Yes, we know.” to Q9. Do you support the idea of PRI?

As for the opinions of the 72 respondents who “know” PRI, the number of respondents answering “We support PRI but do not consider becoming a signatory.” is 56 (77.8%), the largest, which is followed by “We are not sure.” of 14 (19.4%).

**[Table and Graph 17] Approval for PRI N=72**

Category	Number of responses	Ratio
We support PRI and are now considering becoming a signatory	0	0.0%
We support PRI but do not consider becoming a signatory	56	77.8%
We cannot support PRI	0	0.0%
We are not sure	14	19.4%
No answer	2	2.8%
Total	72	100.0%



### 3. Adoption of SRI

As for the adoption of SRI, the results are as follows:

#### (1) Adoption of SRI (Q12)

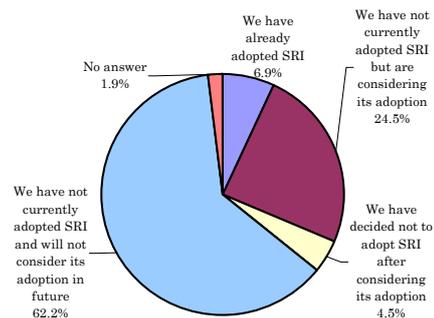
Q12. Have you currently adopted SRI in your asset investment?

Please select one of the following options as applicable.

As for the adoption of SRI, the number of respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” is 289 (62.2%), the largest number. On the other hand, the number of respondents answering “We have already adopted SRI.” is 32 (6.9%). Therefore, even if the 114 (24.5%) respondents answering “We have not currently adopted SRI but are considering its adoption.” are added to the above 32 (6.9%), the ratio of the respondents feeling positive towards SRI is only 31.4%.

[Table and Graph 18] Adoption of SRI N=465

Category	Number of responses	Ratio
We have already adopted SRI	32	6.9%
We have not currently adopted SRI but are considering its adoption	114	24.5%
We have decided not to adopt SRI after considering its adoption	21	4.5%
We had once adopted SRI but have not currently adopted it	0	0.0%
We have not currently adopted SRI and will not consider its adoption in future	289	62.2%
No answer	9	1.9%
Total	465	100.0%



#### (2) Question 1 to the 32 respondents who have already adopted SRI.

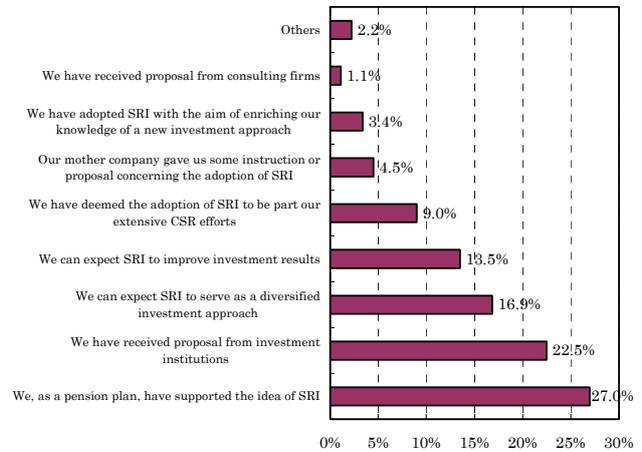
##### <Reasons for the adoption of SRI> (Q13)

Q13. Please choose applicable reason(s) for the adoption of SRI from the following options. (Multiple answers allowed.)

As for the reasons for the adoption of SRI, the number of respondents answering “We, as a pension plan, have supported the idea of SRI.” is 24 (27.0%), the largest, which is followed by “We have received proposals from investment institutions.” of 20 (22.5%) and “We can expect SRI to serve as a diversified investment approach.” of 15 (16.9%).

**[Table and Graph 19] Reasons for the adoption of SRI N=89 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We, as a pension plan, have supported the idea of SRI	24	27.0%
We have received proposal from investment institutions	20	22.5%
We can expect SRI to serve as a diversified investment approach	15	16.9%
We can expect SRI to improve investment results	12	13.5%
We have deemed the adoption of SRI to be part our extensive CSR efforts	8	9.0%
Our mother company gave us some instruction or proposal concerning the adoption of SRI	4	4.5%
We have adopted SRI with the aim of enriching our knowledge of a new investment approach	3	3.4%
We have received proposal from consulting firms	1	1.1%
Others	2	2.2%
Total(Multiple answers allowed)	89	100.0%



**(3) Question 2 to the 32 respondents who have already adopted SRI.**

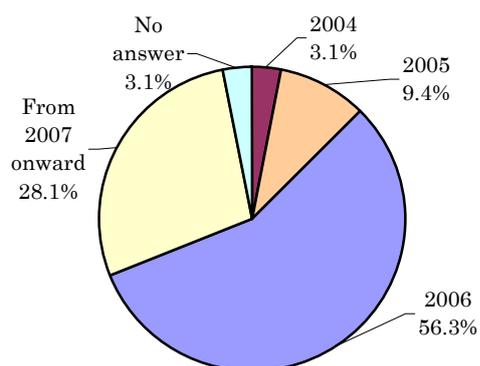
**<Time of the adoption of SRI and the ratio of adopted SRI to domestic stocks> (Q14)**

Q14. When did you adopt SRI in your asset investment? And, how much is the present ratio of the adopted SRI to your domestic stocks?

As for the time of the adoption of SRI, the number of respondents answering “2006” is 18 (56.3%), the largest, which is followed by “From 2007 onwards” of 9 (28.1%) and “2005” of 3 (9.4%). Many such respondents have adopted SRI within the past two years.

**[Table and Graph 20] Time of the adoption of SRI N=32**

Category	Number of responses	Ratio
In and before 2003	0	0.0%
2004	1	3.1%
2005	3	9.4%
2006	18	56.3%
From 2007 onward	9	28.1%
No answer	1	3.1%
Total	32	100.0%

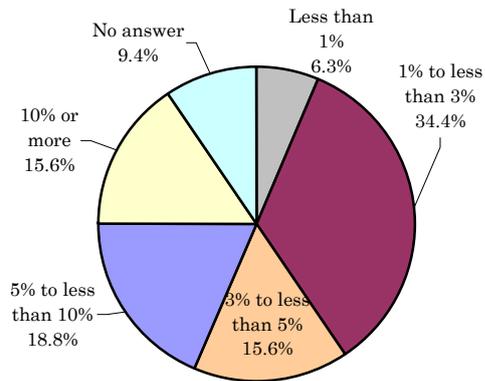


On the other hand, as for the ratio of adopted SRI to domestic stocks, the number of respondents answering “1% to less than 3%” is 11 (34.4%), the largest, which is followed by “5% to less than 10%” of 6 (18.8%) and both “3% to less than 5%” and “10% or more” of 5 (15.6%). While the total

ratio of “1% to less than 3%” and “3% to less than 5%” is 50%, that of “5% to less than 10%” and “10% or more” is also 34.4%.

**[Table and Graph 21] Ratio of adopted SRI to domestic stocks N=32**

Category	Number of responses	Ratio
Less than 1%	2	6.3%
1% to less than 3%	11	34.4%
3% to less than 5%	5	15.6%
5% to less than 10%	6	18.8%
10% or more	5	15.6%
No answer	3	9.4%
Total	32	100.0%



**(4) Question 3 to the 32 respondents who have already adopted SRI.**

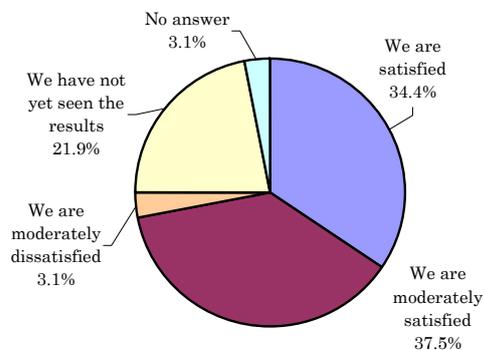
**<Satisfaction with investment process > (Q15)**

Q15. Are you satisfied with the investment process of SRI (screening method, selection of issues, etc.)?

As for the satisfaction with the investment process of SRI, the numbers of respondents answering “We are satisfied,” “We are moderately satisfied,” “We are moderately dissatisfied,” and “We have not yet seen the results.” are 11 (34.4%), 12 (37.5%), 1 (3.1%) and 7 (21.9%), respectively. The total ratio of “We are satisfied.” and “We are moderately satisfied.” is 71.9%. This suggests that most of the respondents who have already adopted SRI are satisfied with the investment process of SRI.

**[Table and Graph 22] Satisfaction with the investment process of SRI N=32**

Category	Number of responses	Ratio
We are satisfied	11	34.4%
We are moderately satisfied	12	37.5%
We are moderately dissatisfied	1	3.1%
We are dissatisfied	0	0.0%
We have not yet seen the results	7	21.9%
No answer	1	3.1%
Total	32	100.0%



**(5) Question 4 to the 32 respondents who have already adopted SRI.**

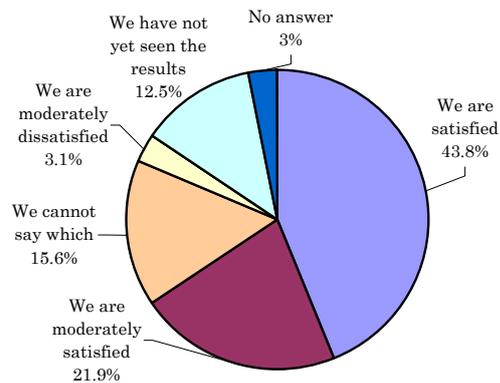
**<Satisfaction with investment performance > (Q16)**

Q16. Are you satisfied with your existing investment performance (excess return)?

The satisfaction with the investment performance of SRI is shown in Table and Graph 23. The numbers of the respondents answering “We are satisfied,” “We are moderately satisfied,” “We cannot say which,” “We are moderately dissatisfied,” and “We have not yet seen the results.” are 14 (43.8%), 7 (21.8%), 5 (15.6%), 1 (3.1%) and 4 (12.5%), respectively. The total ratio of “We are satisfied.” and “We are moderately satisfied.” is 65.7%. This suggests that, as of now, most of the respondents who have already adopted SRI are also satisfied with the investment performance of SRI.

**[Table and Graph 23] Satisfaction with the investment performance of SRI N=32**

Category	Number of responses	Ratio
We are satisfied	14	43.8%
We are moderately satisfied	7	21.9%
We cannot say which	5	15.6%
We are moderately dissatisfied	1	3.1%
We are dissatisfied	0	0.0%
We have not yet seen the results	4	12.5%
No answer	1	3.1%
Total	32	100.0%



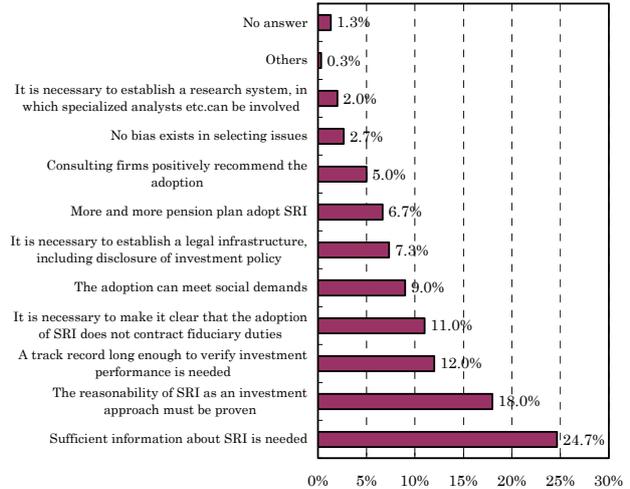
**(6) Question to the 114 respondents who have not currently adopted SRI but are considering its adoption. (Q17)**

Q17. This is the question to the respondents answering “We have not currently adopted SRI but are considering its adoption.” to Q12. Please choose one or more from the following options as the prerequisites for the adoption of SRI. (Multiple answers allowed.)

As for the prerequisites for the respondents answering “We have not currently adopted SRI but are considering its adoption.” to adopt SRI, the number of respondents answering “Sufficient information about SRI is needed.” is 74 (24.7%), the largest, which is followed by “The reasonability of SRI as an investment approach must be proven.” of 54 (18.0%) and “A track record long enough to verify investment performance is needed.” of 36 (12.0%).

**[Table and Graph 24] Prerequisites for the adoption of SRI N=300 (Multiple answers allowed.)**

Category	Number of responses	Ratio
Sufficient information about SRI is needed	74	24.7%
The reasonability of SRI as an investment approach must be proven	54	18.0%
A track record long enough to verify investment performance is needed	36	12.0%
It is necessary to make it clear that the adoption of SRI does not contract fiduciary duties	33	11.0%
The adoption can meet social demands	27	9.0%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	22	7.3%
More and more pension plan adopt SRI	20	6.7%
Consulting firms positively recommend the adoption	15	5.0%
No bias exists in selecting issues	8	2.7%
It is necessary to establish a research system, in which specialized analysts etc.can be involved	6	2.0%
Others	1	0.3%
No answer	4	1.3%
Total(Multiple answers allowed)	300	100.0%



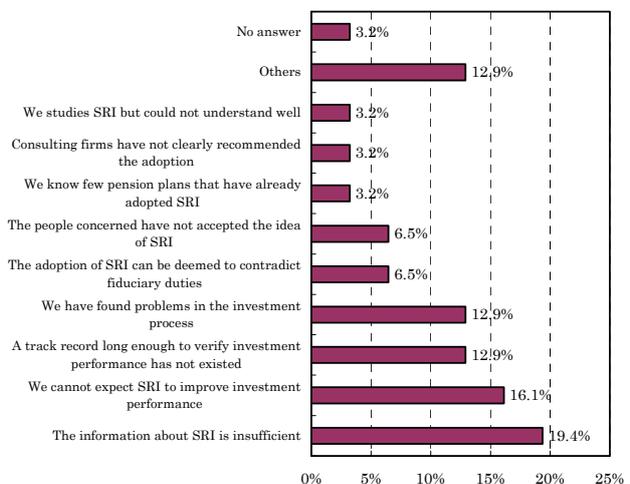
**(7) Question to the 21 respondents who have decided not to adopt SRI after considering its adoption.(Q18)**

Q18. This is the question to the respondents answering “We have decided not to adopt SRI after considering its adoption.” to Q12. Please choose one or more from the following options as the reasons why you have decided not to adopt SRI. (Multiple answers allowed.)

As for the reasons why such respondents have decided not to adopt SRI after considering its adoption, the number of respondents answering “The information about SRI is insufficient.” is 6 (19.4%), the largest, which is followed by “We cannot expect SRI to improve investment performance.” of 5 (16.1%) and both “A track record long enough to verify investment performance has not existed.” and “We have found problems in the investment process.” of 4 (12.9%).

**[Table and Graph 25] Reasons to decide not to adopt SRI N=31 (Multiple answers allowed.)**

Category	Number of responses	Ratio
The information about SRI is insufficient	6	19.4%
We cannot expect SRI to improve investment performance	5	16.1%
A track record long enough to verify investment performance has not existed	4	12.9%
We have found problems in the investment process	4	12.9%
The adoption of SRI can be deemed to contradict fiduciary duties	2	6.5%
The people concerned have not accepted the idea of SRI	2	6.5%
We know few pension plans that have already adopted SRI	1	3.2%
Consulting firms have not clearly recommended the adoption	1	3.2%
We studies SRI but could not understand well	1	3.2%
Others	4	12.9%
No answer	1	3.2%
Total(Multiple answers allowed)	31	100.0%



**(8) Question to the respondents who had once adopted SRI but have not currently adopted it.(Q19)**

Q19. This is the question to the respondents answering “We had once adopted SRI but have not currently adopted it.” to Q12. Please choose one or more from the following options as the reasons why you have dropped SRI. (Multiple answers allowed.)

There are no such respondents.

**(9) Q1 to the 289 respondents who have not currently adopted SRI and will not consider its adoption in future.**

**< Reasons not to consider the adoption of SRI > (Q20)**

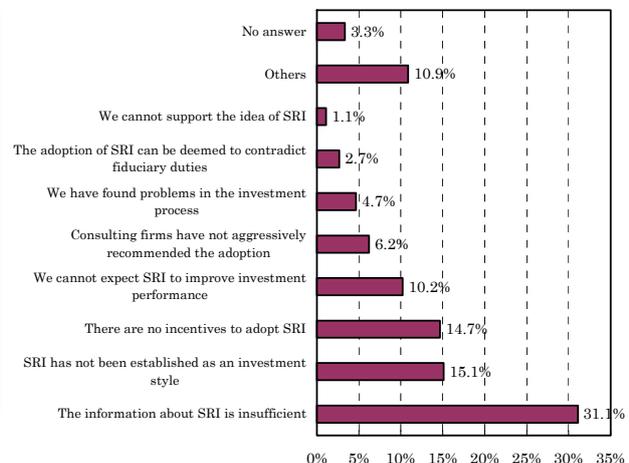
Q20. This is the question to the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” to Q12. Please choose one or more from the following options as the reasons why you have not currently adopted SRI and will not consider its adoption in future. (Multiple answers allowed.)

As for the reasons why such respondents have not currently adopted SRI and will not consider its adoption in future, the number of respondents answering “The information about SRI is insufficient.” is 140 (31.1%), the largest, which is followed by “SRI has not been established as an investment style.” of 68 (15.1%) and “There are no incentives to adopt SRI.” of 66 (14.7%).

In addition, as for “Others,” many respondents cited reasons suggesting that they have not selected investment products at their own discretion, such as “We have invested in commingled funds.” and “We have entrusted our investment to an investment institution.”

**[Table and Graph 26] Reasons not to consider the adoption of SRI  
N=450 (Multiple answers allowed.)**

Category	Number of responses	Ratio
The information about SRI is insufficient	140	31.1%
SRI has not been established as an investment style	68	15.1%
There are no incentives to adopt SRI	66	14.7%
We cannot expect SRI to improve investment performance	46	10.2%
Consulting firms have not aggressively recommended the adoption	28	6.2%
We have found problems in the investment process	21	4.7%
The adoption of SRI can be deemed to contradict fiduciary duties	12	2.7%
We cannot support the idea of SRI	5	1.1%
Others	49	10.9%
No answer	15	3.3%
Total(Multiple answers allowed)	450	100.0%



**(10) Q2 to the 289 respondents who have not currently adopted SRI and will not consider its adoption in future.**

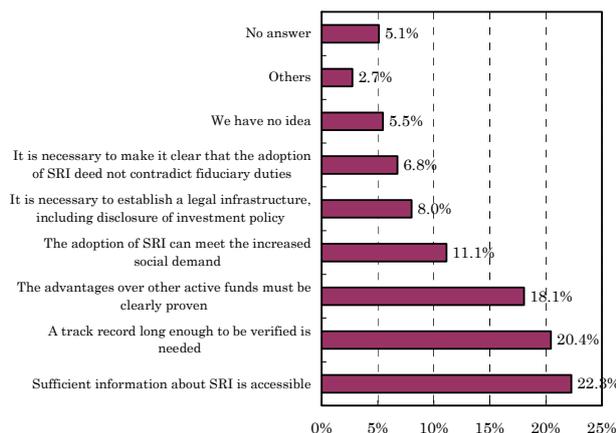
**<Prerequisites to consider the adoption of SRI> (Q21)**

Q21. This is the question to the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” to Q12. Please choose one or more from the following options as the prerequisites to consider the adoption of SRI. (Multiple answers allowed.)

The prerequisites for such respondents to consider the adoption of SRI are shown in Table and Graph 27. The number of respondents answering “Sufficient information about SRI is accessible.” is 122 (22.3%), the largest, which is followed by “A track record long enough to be verified is needed.” of 112 (20.4%) and “The advantages over other active funds must be clearly proven.” of 99 (18.1%).

**[Table and Graph 27] Prerequisites to consider the adoption of SRI  
N=548 (Multiple answers allowed.)**

Category	Number of responses	Ratio
Sufficient information about SRI is accessible	122	22.3%
A track record long enough to be verified is needed	112	20.4%
The advantages over other active funds must be clearly proven	99	18.1%
The adoption of SRI can meet the increased social demand	61	11.1%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	44	8.0%
It is necessary to make it clear that the adoption of SRI deed not contradict fiduciary duties	37	6.8%
We have no idea	30	5.5%
Others	15	2.7%
No answer	28	5.1%
Total(Multiple answers allowed)	548	100.0%



**(11) Question to the 40 respondents thinking that the track record is insufficient.**

**< Period long enough to verify investment performance > (Q22)**

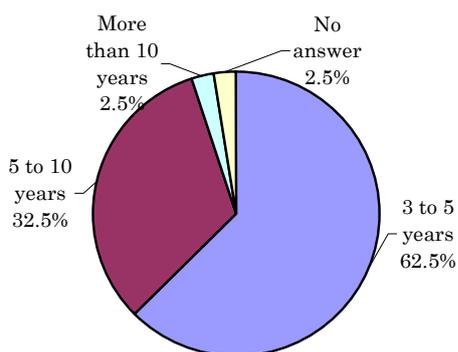
Q22. This is the question to the respondents answering “A track record long enough to verify investment performance is needed.” to Q17 and those answering “A track record long enough to verify investment performance has not existed.” to Q18. Please choose one of the following options as the sufficient length of such track record.

As for the period long enough to verify investment performance selected by the above 40 respondents answering “A track record long enough to verify investment performance is needed.” to Q17 or answering “A track record long enough to verify investment performance has not existed.” to Q18, the number of respondents answering “3 to 5 years” is 25 (62.5%), the largest, which is

followed by “5 to 10 years” of 13 (32.5%) and “More than 10 years” of 1 (2.5%). Some SRI funds have already had their three to five-year-long track records, and an increasing number of SRI funds will be able to meet this prerequisite in the next two to three years. Therefore, the lack of track records will be solved over time.

**[Table and Graph 28] Period long enough to verify investment performance N=40**

Category	Number of responses	Ratio
3 to 5 years	25	62.5%
5 to 10 years	13	32.5%
More than 10 years	1	2.5%
No answer	1	2.5%
Total	40	100.0%



**(12) Question to the 51 respondents thinking that they cannot expect SRI to improve investment performance.**

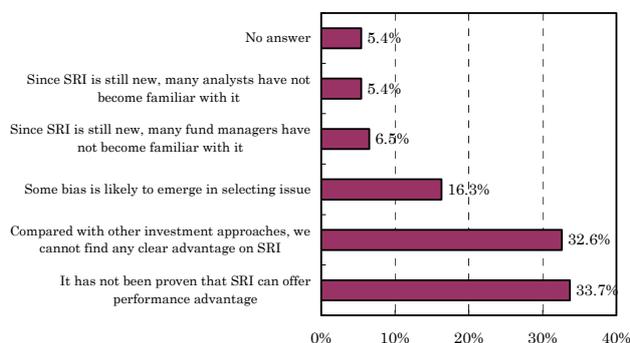
**< Reasons why respondents cannot expect SRI to improve investment performance > (Q23)**

Q23. This is the question to the respondents answering “We cannot expect SRI to improve investment performance (excess return).” to Q18 or Q20. Please choose one or more from the following options as the reason(s) why you cannot expect SRI to improve investment performance (excess return). (Multiple answers allowed.)

As for the reasons why the above 51 respondents cannot expect SRI to improve investment performance, the number of respondents answering “It has not been proven that SRI can offer performance advantages.” is 31 (33.7%), the largest, which is followed by “Compared with other investment approaches, we cannot find any clear advantages on SRI.” of 30 (32.6%) and “Some bias is likely to emerge in selecting issues.” of 15 (16.3%).

**[Table and Graph 29] Reasons why respondents cannot expect SRI to improve investment performance N=92 (Multiple answers allowed.)**

Category	Number of responses	Ratio
It has not been proven that SRI can offer performance advantage	31	33.7%
Compared with other investment approaches, we cannot find any clear advantage on SRI	30	32.6%
Some bias is likely to emerge in selecting issue	15	16.3%
Since SRI is still new, many fund managers have not become familiar with it	6	6.5%
Since SRI is still new, many analysts have not become familiar with it	5	5.4%
No answer	5	5.4%
Total(Multiple answers allowed)	92	100.0%



#### 4. Proposals from outsiders

This survey also asked respondents not only whether or not they have received outsiders' proposals for SRI but also about the contents of and satisfaction with such proposals. The results are as follows:

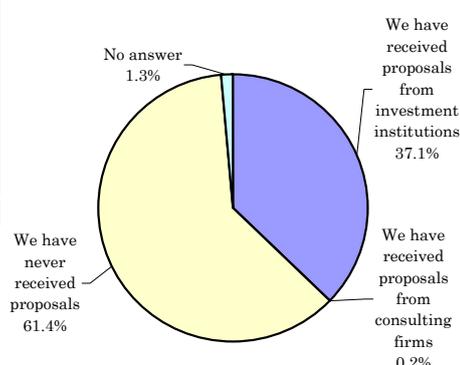
##### (1) Proposals from outsiders (Q24)

Q24. Have you ever received outsiders' proposals for the adoption of SRI? (Multiple answers allowed.)

As for the proposals for SRI from outsiders such as investment institutions and consulting firms, the numbers of respondents answering "We have received proposals from investment institutions," "We have received proposals from consulting firms." and "We have never received proposals." are 173 (37.1%), 1 (0.2%) and 286 (61.4%), respectively.

**[Table and Graph 30] Proposals from outsiders N=466 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We have received proposals from investment institutions	173	37.1%
We have received proposals from consulting firms	1	0.2%
We have never received proposals	286	61.4%
No answer	6	1.3%
Total(Multiple answers allowed)	466	100.0%



**(2) Question 1 to the 173 respondents who have received proposals from outsiders.**

**< Contents of outsiders' proposals > (Q25)**

Q25. This is the question to the respondents answering “We have received proposals from investment institutions.” or “We have received proposals from consulting firms.” to Q24. What kind of proposals have you received? (Multiple answers allowed.)

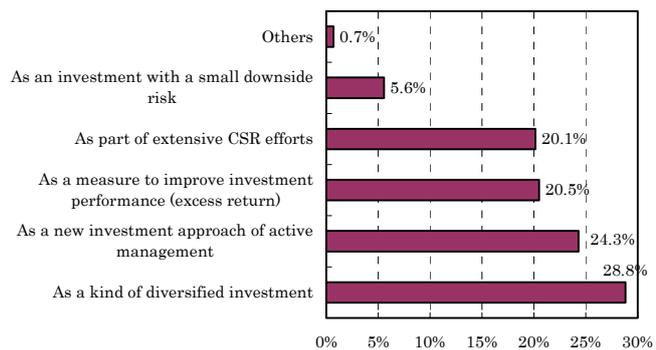
The contents of outsiders' proposals received by such respondents are shown in Table and Graph 31. The number of respondents answering “As a kind of diversified investment.” is 83 (28.8%), the largest, which is followed by “As a new investment approach of active management.” of 70 (24.3%) and “As a measure to improve investment performance (excess return).” of 59 (20.5%).

**[Table and Graph 31] Contents of outsiders' proposals N=288 (Multiple answers allowed.)**

**(3) Question 2 to the 173 respondents who have received proposals from outsiders.**

**< Satisfaction with outsiders' proposals > (Q26)**

Category	Number of responses	Ratio
As a kind of diversified investment	83	28.8%
As a new investment approach of active management	70	24.3%
As a measure to improve investment performance (excess return)	59	20.5%
As part of extensive CSR efforts	58	20.1%
As an investment with a small downside risk	16	5.6%
Others	2	0.7%
Total(Multiple answers allowed)	288	100.0%

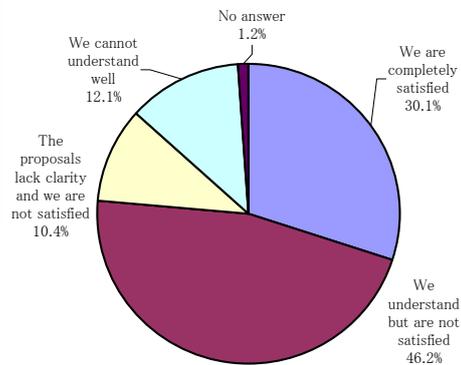


Q26. This is the question to the respondents answering “We have received proposals from investment institutions.” or “We have received proposals from consulting firms.” to Q24. Are you satisfied with such proposals? (Multiple answers allowed.)

As for such respondents' satisfaction with outsiders' proposals, the number of respondents answering “We understand but are not satisfied.” is 80 (46.2%), the largest, which is followed by “We are completely satisfied.” of 52 (30.1%), “We cannot understand well.” of 21 (12.1%) and “The proposals lack clarity and we are not satisfied.” of 18 (10.4%). The total of the respondents answering “We understand but are not satisfied.” and those answering “The proposals lack clarity and we are not satisfied.” accounts for 56.6%, the majority. This shows that the satisfaction with such proposals is low.

**[Table and Graph 32] Satisfaction with outsiders' proposals N=173 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We are completely satisfied	52	30.1%
We understand but are not satisfied	80	46.2%
The proposals lack clarity and we are not satisfied	18	10.4%
We cannot understand well	21	12.1%
No answer	2	1.2%
Total(Multiple answers allowed)	173	100.0%



**(4) Contents of and satisfaction with outsiders' proposals**

The results of the cross tabulation of the contents of and satisfaction with outsiders' proposals are as follows: As for the contents falling under the categories of “As an investment with a small downside risk.” and “As part of extensive CSR efforts,” the respective ratios of the respondents answering “We are completely satisfied.” are high. However, as for the contents falling under the categories of “As a kind of diversified investment,” “As a measure to improve investment performance.” and “As a new investment approach of active management,” the respective ratios of the respondents answering “We understand but are not satisfied.” are high.

**[Table and Graph 33] Contents of and satisfaction with outsiders' proposals**

Satisfaction \ Contents	Contents						
	Population	As a kind of diversified investment	As a measure to improve investment performance	As an investment with a small downside risk	As part of extensive CSR efforts	As a new investment approach of active management	Others
Population	173	83	59	16	58	70	2
We are completely satisfied	30.1%	28.9%	35.6%	<b>62.5%</b>	<b>41.4%</b>	27.1%	50.0%
We understand but are not satisfied	46.2%	<b>51.8%</b>	<b>49.2%</b>	31.3%	37.9%	<b>51.4%</b>	0.0%
The proposals lack clarity and we are not satisfied	10.4%	8.4%	5.1%	0.0%	10.3%	11.4%	50.0%
We cannot understand well	12.1%	9.6%	8.5%	6.3%	8.6%	10.0%	0.0%
No answer	1.2%	1.2%	1.7%	0.0%	1.7%	0.0%	0.0%
Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**(5) Question to the 286 respondents who have never received proposals from outsiders.**

< Interest in SRI > (Q27)

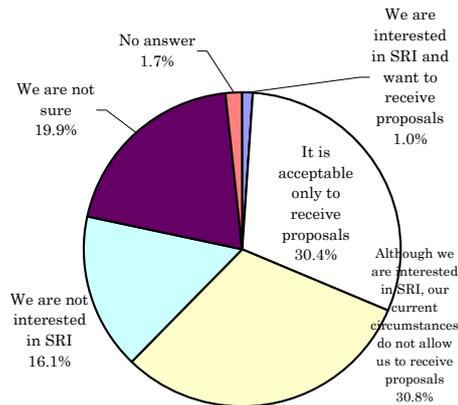
Q27. This is the question to the respondents answering “We have never received proposals.” to Q24. Are you interested in SRI?

As for such respondents' interest in SRI, the number of respondents answering “Although we are

interested in SRI, our current circumstances do not allow us to receive proposals.” is 88 (30.8%), the largest, which is followed by “It is acceptable only to receive proposals.” of 87 (30.4%), “We are not sure.” of 57 (19.9%) and “We are not interested in SRI.” of 46 (16.1%).

**[Table and Graph 34] Interest in SRI of respondents who have never received outsiders’ proposals N=286**

Category	Number of responses	Ratio
We are interested in SRI and want to receive proposals	3	1.0%
It is acceptable only to receive proposals	87	30.4%
Although we are interested in SRI, our current circumstances do not allow us to receive proposals	88	30.8%
We are not interested in SRI	46	16.1%
We are not sure	57	19.9%
No answer	5	1.7%
Total	286	100.0%



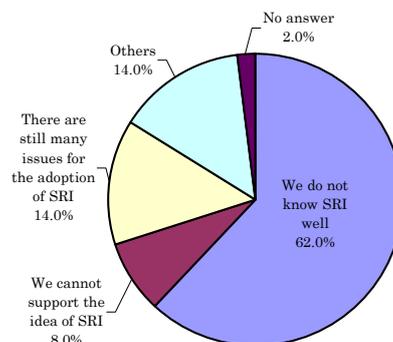
**(6) Question to the 46 respondents who are not interested in SRI  
<Reasons why respondents are not interested in SRI > (Q28)**

Q28. This is the question to the respondents answering “We are not interested in SRI.” to Q27. Please choose one or more from the following options as the reason(s) why you are not interested in SRI. (Multiple answers allowed.)

As for the reasons why such respondents are not interested in SRI, the number of respondents answering “We do not know SRI well.” is 31(62.0%), the largest, which is followed by “There are still many issues for the adoption of SRI.” of 7(14.0%), and “We cannot support the idea of SRI.” of 4(8.0%).

**[Table and Graph 35] Reasons why respondents are not interested in SRI N=50 (Multiple answers allowed.)**

Category	Number of responses	Ratio
We do not know SRI well	31	62.0%
We cannot support the idea of SRI	4	8.0%
There are still many issues for the adoption of SRI	7	14.0%
Others	7	14.0%
No answer	1	2.0%
Total(Multiple answers allowed)	50	100.0%



## 5. Future issues

As for the mid to long-term influence and institutional issues of SRI, the results are as follows:

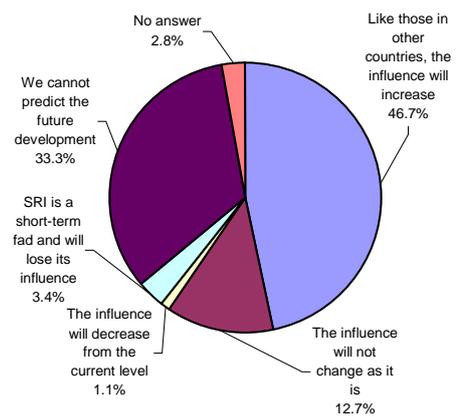
### (1) The mid to long-term influence of SRI (Q29)

Q29. What do you think of the mid to long-term (5 to 10 years) influence of SRI? Please choose one of the following options and write down the reason.

As for the mid to long-term influence of SRI, the number of respondents answering “Like those in other countries, the influence will increase.” is 217 (46.7%), the largest, which is followed by “We cannot predict the future development.” of 155 (33.3%), “The influence will not change as it is.” of 59 (12.7%), “SRI is a short-term fad and will lose its influence.” of 16 (3.4%) and “The influence will decrease from the current level.” of 5 (1.1%).

**[Table and Graph 36] The mid to long-term influence of SRI N=465**

Category	Number of responses	Ratio
Like those in other countries, the influence will increase	217	46.7%
The influence will not change as it is	59	12.7%
The influence will decrease from the current level	5	1.1%
SRI is a short-term fad and will lose its influence	16	3.4%
We cannot predict the future development	155	33.3%
No answer	13	2.8%
Total	465	100.0%



As for the reasons for their chosen answers concerning the mid to long-term influence of SRI, the respondents gave reasons, such as “The social demand will increase,” “The importance of CSR will increase,” “Global warming and environmental issues,” “The pressure from foreign countries,” “SRI can offer little investment advantages.” and “The future influence depends on the future efforts.”

### (3) Corporate governance (Q30)

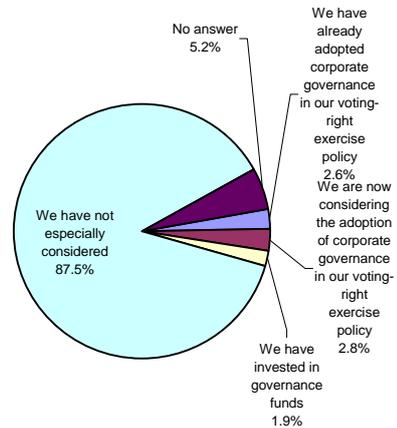
Q30. Do you consider the corporate governance of your investment targets in your investment activities?

The consideration of the corporate governance of investment targets is shown in Table and Graph 37. The number of respondents answering “We have not especially considered.” is 407 (87.5%), the largest, which is followed by “We are now considering the adoption of corporate governance in our

voting-right exercise policy.” of 13 (2.8%), “We have already adopted corporate governance in our voting-right exercise policy.” of 12 (2.6%) and “We have invested in governance funds.” of 9 (1.9%).

**[Table and Graph 37] Corporate governance N=465**

Category	Number of responses	Ratio
We have already adopted corporate governance in our voting-right exercise policy	12	2.6%
We are now considering the adoption of corporate governance in our voting-right exercise policy	13	2.8%
We have invested in governance funds	9	1.9%
We have not especially considered	407	87.5%
No answer	24	5.2%
Total	465	100.0%



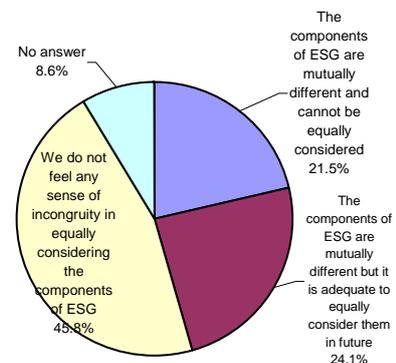
### (3) ESG (Q31)

Q31. ESG is the idea that, upon making investment decisions, a corporation’s governance and its environmental and social efforts should be equally considered as necessary non-financial information. What do you think of such idea? Please choose an answer close to your opinion from the following options:

As for whether or not a corporation’s governance and its environmental and social efforts should be equally considered, the numbers of respondents answering “The components of ESG are mutually different and cannot be equally considered,” “The components of ESG are mutually different but it is adequate to equally consider them in future.” and “We do not feel any sense of incongruity in equally considering the components of ESG.” are 100 (21.5%), 112 (24.1%) and 213 (45.8%), respectively.

**[Table and Graph 38] Should ESG be equally considered? N=465**

Category	Number of responses	Ratio
The components of ESG are mutually different and cannot be equally considered	100	21.5%
The components of ESG are mutually different but it is adequate to equally consider them in future	112	24.1%
We do not feel any sense of incongruity in equally considering the components of ESG	213	45.8%
No answer	40	8.6%
Total	465	100.0%



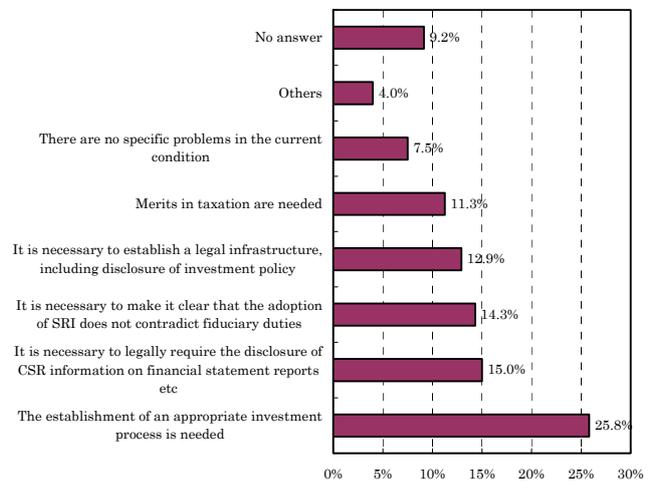
**(4) Institutional issues (Q32)**

Q32. For the future dissemination of SRI, what kind of institutional issues should be addressed? Please choose any of the following options that apply.

As for institutional issues, the number of respondents answering “The establishment of an appropriate investment process is needed.” is 110 (25.8%), the largest, which is followed by “It is necessary to legally require the disclosure of CSR information on financial statement reports etc.” of 64 (15.0%) and “It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties.” of 61 (14.3%).

**[Table and Graph 39] Institutional issues N=426**

Category	Number of responses	Ratio
The establishment of an appropriate investment process is needed	110	25.8%
It is necessary to legally require the disclosure of CSR information on financial statement reports etc	64	15.0%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	61	14.3%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	55	12.9%
Merits in taxation are needed	48	11.3%
There are no specific problems in the current condition	32	7.5%
Others	17	4.0%
No answer	39	9.2%
Total	426	100.0%



### III. Survey results (Cross tabulation)

#### 1) Analysis by investment asset size

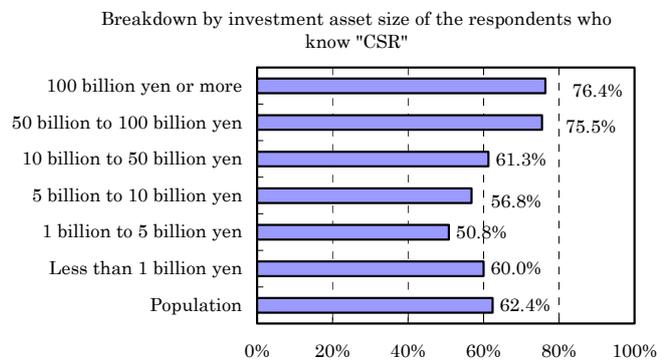
This section provides the following analysis by investment asset size.

##### 1. Awareness of SRI and PRI

As for the awareness of CSR and SRI, the breakdown by investment asset size of the respondents answering “Yes, we know.” is as follows: The larger the investment asset size, the higher the awareness of “CSR” and “SRI”.

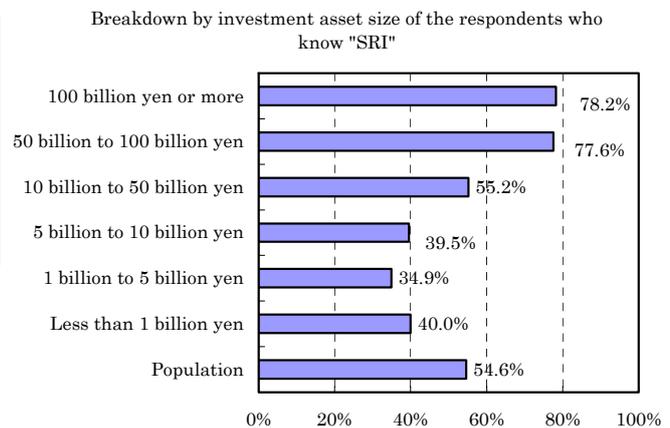
**[Table and Graph 40] Awareness of CSR and investment asset size**

Awareness of CSR	Population (A)	Yes, we know (B)	B/A
Population	465	290	62.4%
Less than 1 billion yen	5	3	60.0%
1 billion to 5 billion yen	63	32	50.8%
5 billion to 10 billion yen	81	46	56.8%
10 billion to 50 billion yen	212	130	61.3%
50 billion to 100 billion yen	49	37	75.5%
100 billion yen or more	55	42	76.4%



**[Table and Graph 41] Awareness of SRI and investment asset size**

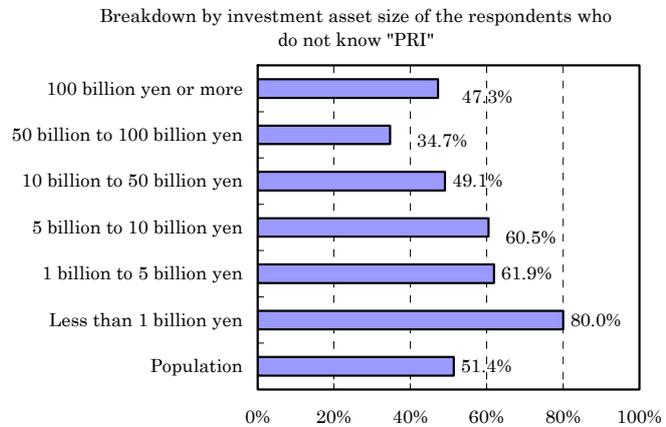
Awareness of SRI	Population (A)	Yes, we know (B)	B/A
Population	465	254	54.6%
Less than 1 billion yen	5	2	40.0%
1 billion to 5 billion yen	63	22	34.9%
5 billion to 10 billion yen	81	32	39.5%
10 billion to 50 billion yen	212	117	55.2%
50 billion to 100 billion yen	49	38	77.6%
100 billion yen or more	55	43	78.2%



On the other hand, as for the awareness of PRI, the breakdown by investment asset size of the respondents answering “No, we do not know.” is shown in Table and Graph 42. The smaller the investment asset size, the higher the ratio of such respondents.

[Table and Graph 42] Awareness of PRI and investment asset size

Awareness of PRI	Population (A)	Yes, we know (B)	B/A
Population	465	239	51.4%
Less than 1 billion yen	5	4	80.0%
1 billion to 5 billion yen	63	39	61.9%
5 billion to 10 billion yen	81	49	60.5%
10 billion to 50 billion yen	212	104	49.1%
50 billion to 100 billion yen	49	17	34.7%
100 billion yen or more	55	26	47.3%



## 2. Adoption of SRI

### (1) Adoption of SRI and investment asset size

The breakdown by investment asset size of adoption of SRI is as follows:

In any investment asset size, the ratio of the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” is high. However, among the mid and large-sized respondents, such ratios are relatively low.

[Table and Graph 43] Adoption of SRI and investment asset size

Q12 Adoption of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	465	149	212	104
We have already adopted SRI	6.9%	2.7%	9.0%	8.7%
We have not currently adopted SRI but are considering its adoption	24.5%	23.5%	25.5%	24.0%
We have decided not to adopt SRI after considering its adoption	4.5%	2.7%	4.2%	7.7%
We have not currently adopted SRI and will not consider its adoption in future	62.2%	<b>69.1%</b>	<b>58.5%</b>	<b>59.6%</b>
No answer	1.9%	2.0%	2.8%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

### (2) Reasons for the adoption of SRI and investment asset size

The breakdown by investment asset size of the reasons for the adoption of SRI is shown in Table and Graph 44. In any investment asset size, the ratio of the respondents answering “We, as a pension plan, have supported the idea of SRI.” is high.

On the other hand, as for the answer of “We have received proposals from investment institutions,” the ratios in the medium and large sizes are high, but, the ratio in the small size is zero.

**[Table and Graph 44] Reasons for the adoption of SRI and investment asset size**

Q13 Reasons for Adoption of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	89	10	55	24
We, as a pension plan, have supported the idea of SRI	27.0%	<b>30.0%</b>	<b>29.1%</b>	<b>20.8%</b>
We have received proposal from investment institutions	22.5%	<i>0.0%</i>	<i>23.6%</i>	<i>29.2%</i>
We can expect SRI to serve as a diversified investment approach	16.9%	20.0%	16.4%	16.7%
We can expect SRI to improve investment performance	13.5%	10.0%	14.5%	12.5%
We have deemed the adoption of SRI to be part our extensive CSR efforts	9.0%	20.0%	9.1%	4.2%
Our mother company gave us some instruction or proposal concerning the adoption of SRI	4.5%	10.0%	1.8%	8.3%
We have adopted SRI with the aim of enriching our knowledge of a new investment approach	3.4%	10.0%	1.8%	4.2%
We have received proposal from consulting firms	1.1%	0.0%	0.0%	4.2%
Others	2.2%	0.0%	3.6%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

**(3) Prerequisites to adopt SRI and investment asset size**

The breakdown by investment asset size of the prerequisites for the respondents answering “We have not currently adopted SRI but are considering its adoption.” to adopt SRI is as follows:

In any investment asset size, the ratio of respondents answering “Sufficient information about SRI is needed.” is the highest.

On the other hand, as for the answers of “It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties.” and “Consulting firms positively recommend the adoption,” the larger the investment asset size, the higher the ratios of the respondents choosing such answers.

**[Table and Graph 45] Prerequisites to adopt SRI and investment asset size**

Q17 Prerequisites for the adoption of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	300	91	139	70
Sufficient information about SRI is needed	24.7%	<b>29.7%</b>	<b>24.5%</b>	<b>18.6%</b>
The reasonability of SRI as an investment approach must be proven	18.0%	16.5%	19.4%	17.1%
A track record long enough to verify investment performance is needed	12.0%	7.7%	15.8%	10.0%
It is necessary to make it clear that the adoption of SRI does not contract fiduciary duties	11.0%	<u>9.9%</u>	<u>10.1%</u>	<u>14.3%</u>
The adoption can meet social demands	9.0%	14.3%	7.2%	5.7%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	7.3%	8.8%	5.8%	8.6%
More and more pension plan adopt SRI	6.7%	6.6%	6.5%	7.1%
Consulting firms positively recommend the adoption	5.0%	<u>2.2%</u>	<u>3.6%</u>	<u>11.4%</u>
No bias exists in selecting issues	2.7%	1.1%	2.9%	4.3%
It is necessary to establish a research system, in which specialized analysts etc.can be involved	2.0%	2.2%	2.2%	1.4%
Others	0.3%	0.0%	0.7%	0.0%
No answer	1.3%	1.1%	1.4%	1.4%
Total	100.0%	100.0%	100.0%	100.0%

**(4) Reasons to decide not to adopt SRI and investment asset size**

“We have decided not to adopt SRI after considering its adoption.” have decided not to adopt SRI is as follows:

Among the small-sized respondents, the ratio of those answering “We have found problems in the investment process.” is the highest. Among those medium-sized, the ratio of those answering “The information about SRI is insufficient.” is the highest. Finally, among those large-sized, the ratio of those answering “We cannot expect SRI to improve investment performance.” is the highest. This shows that the reasons vary, depending on the investment asset size.

**[Table and Graph 46] Reasons to decide not to adopt SRI and investment asset size**

Q18 Reasons to decide not to adopt SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	31	4	15	12
The information about SRI is insufficient	19.4%	25.0%	<b>26.7%</b>	8.3%
We cannot expect SRI to improve investment performance	16.1%	0.0%	13.3%	<b>25.0%</b>
A track record long enough to verify investment performance has not existed	12.9%	0.0%	20.0%	8.3%
We have found problems in the investment process	12.9%	<b>75.0%</b>	0.0%	8.3%
The adoption of SRI can be deemed to contradict fiduciary duties	6.5%	0.0%	0.0%	16.7%
The people concerned have not accepted the idea of SRI	6.5%	0.0%	6.7%	8.3%
We know few pension plans that have already adopted SRI	3.2%	0.0%	0.0%	8.3%
Consulting firms have not clearly recommended the adoption	3.2%	0.0%	6.7%	0.0%
We studies SRI but could not understand well	3.2%	0.0%	0.0%	8.3%
Others	12.9%	0.0%	26.7%	0.0%
No answer	3.2%	0.0%	0.0%	8.3%
Total	100.0%	100.0%	100.0%	100.0%

**(5) Reasons not to consider the adoption of SRI and investment asset size**

The breakdown by investment asset size of the reasons why the respondents answered “We have not currently adopted SRI and will not consider its adoption in future.” is shown in Table and Graph 47. Regardless of the size of the investment asset, the ratios of answers of “The information about SRI is insufficient,” “SRI has not been established as an investment style.” and “There are no incentives to adopt SRI.” are high. On the other hand, as for the answer of “We have found problems in the investment process,” the larger the investment asset size, the higher the ratio of respondents choosing such answer.

**[Table and Graph 47] Reasons not to consider the adoption of SRI and investment asset size**

Q20 Reasons not to consider the adoption of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	450	149	195	106
The information about SRI is insufficient	31.1%	<b>36.2%</b>	<b>33.3%</b>	<b>19.8%</b>
SRI has not been established as an investment style	15.1%	<b>12.1%</b>	<b>16.4%</b>	<b>17.0%</b>
There are no incentives to adopt SRI	14.7%	<b>12.1%</b>	<b>15.9%</b>	<b>16.0%</b>
We cannot expect SRI to improve investment performance	10.2%	8.1%	11.3%	11.3%
Consulting firms have not aggressively recommended the adoption	6.2%	7.4%	5.1%	6.6%
We have found problems in the investment process	4.7%	<u>2.0%</u>	<u>4.1%</u>	<u>9.4%</u>
The adoption of SRI can be deemed to contradict fiduciary duties	2.7%	4.0%	2.6%	0.9%
We cannot support the idea of SRI	1.1%	0.7%	0.0%	3.8%
Others	10.9%	14.1%	8.2%	11.3%
No answer	3.3%	3.4%	3.1%	3.8%
Total	100.0%	100.0%	100.0%	100.0%

### (6) Prerequisites to consider the adoption of SRI and investment asset size

The breakdown by investment asset size of the prerequisites for the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” to consider the adoption of SRI is as follows:

In any investment asset size, the ratios of answers of “Sufficient information about SRI is accessible,” “A track record long enough to be verified is needed.” and “Advantages over other active funds must be clearly proven.” are high.

In addition, as for the answer of “The advantages over other active funds must be clearly proven,” the larger the investment asset size, the higher the ratio of the answer. Moreover, as for the answer of “Sufficient information about SRI is accessible,” the smaller the investment asset size, the higher the ratio of the answer.

**[Table and Graph 48] Prerequisites to consider the adoption of SRI and investment asset size**

Q21 Prerequisites to consider the adoption of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	548	170	256	122
Sufficient information about SRI is accessible	22.3%	<b>26.5%</b>	<b>23.4%</b>	<b>13.9%</b>
A track record long enough to be verified is needed	20.4%	<b>15.3%</b>	<b>22.7%</b>	<b>23.0%</b>
The advantages over other active funds must be clearly proven	18.1%	<b>12.9%</b>	<b>17.2%</b>	<b>27.0%</b>
The adoption of SRI can meet the increased social demand	11.1%	14.7%	10.9%	6.6%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	8.0%	7.6%	8.6%	7.4%
It is necessary to make it clear that the adoption of SRI deed not contradict fiduciary duties	6.8%	5.9%	6.6%	8.2%
We have no idea	5.5%	7.6%	5.5%	2.5%
Others	2.7%	2.9%	1.2%	5.7%
No answer	5.1%	6.5%	3.9%	5.7%
Total	100.0%	100.0%	100.0%	100.0%

### 3. Proposals from outsiders

#### (1) Proposals from outsiders and investment asset size

The breakdown by investment asset size of proposals for SRI from outsiders is as follows:

Among the large-sized respondents, the ratio of those answering “We have received proposals from investment institutions.” is the highest. However, in the medium and small sizes, the ratios of the respondents answering “We have never received proposals.” are the highest, respectively.

**[Table and Graph 49] Proposals from outsiders and investment asset size**

Q24 Proposals from outsiders	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	466	149	212	105
We have received proposals from investment institutions	37.1%	21.5%	40.6%	<b>52.4%</b>
We have received proposals from consulting firms	0.2%	0.0%	0.0%	1.0%
We have never received proposals	61.4%	<b>77.9%</b>	<b>57.5%</b>	45.7%
No answer	1.3%	0.7%	1.9%	1.0%
Total	100.0%	100.0%	100.0%	100.0%

**(2) Contents of outsiders' proposals and investment asset size**

The breakdown by investment asset size of the contents of outsiders' proposals is as follows:

In any investment asset size, the ratios of the answers of “As a kind of diversified investment.” and “As a new investment approach of active management.” are high. On the other hand, as for the answer of “As a measure to improve investment performance (excess return),” the ratios in the medium and large sizes are high. And, as for the answer of “As part of extensive CSR efforts,” the ratio is relatively high among the small-sized respondents.

**[Table and Graph 50] Contents of outsiders' proposals and investment asset size**

Q25 Contents of outsiders' proposal	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	288	47	154	87
As a kind of diversified investment	28.8%	<b>42.6%</b>	<b>28.6%</b>	<b>21.8%</b>
As a new investment approach of active management	24.3%	<b>17.0%</b>	<b>24.7%</b>	<b>27.6%</b>
As a measure to improve investment performance (excess return)	20.5%	<u>8.5%</u>	<u>21.4%</u>	<u>25.3%</u>
As part of extensive CSR efforts	20.1%	<u>27.7%</u>	<u>18.2%</u>	<u>19.5%</u>
As an investment with a small downside risk	5.6%	4.3%	5.8%	5.7%
Others	0.7%	0.0%	1.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

**(2) Satisfaction with outsiders' proposals and investment asset size**

The breakdown by investment asset size of the satisfaction with outsiders' proposals is as follows:

In any investment asset size, the ratio of the respondents answering “We understand but are not satisfied.” is the highest. Among others, such ratio among the large-sized respondents reaches 60%, which suggests that the large-sized respondents' satisfaction is the lowest.

**[Table and Graph 51] Satisfaction with outsiders' proposals and investment asset size**

Q26 Satisfaction with outsiders' proposals	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	173	32	86	55
We are completely satisfied	30.1%	34.4%	32.6%	23.6%
We understand but are not satisfied	46.2%	<b>43.8%</b>	<b>38.4%</b>	<b>60.0%</b>
The proposals lack clarity and we are not satisfied	10.4%	9.4%	11.6%	9.1%
We cannot understand well	12.1%	12.5%	15.1%	7.3%
No answer	1.2%	0.0%	2.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

#### (4) Interest in SRI and investment asset size

The breakdown by investment asset size of the interest in SRI of the respondents never having received outsiders' proposals is as follows:

Among the small-sized respondents, the ratio of those answering "Although we are interested in SRI, our current circumstances do not allow us to receive proposals." is the highest. In the medium and large sizes, the respective ratios of the respondents answering "It is acceptable only to receive proposals." are the highest.

**[Table and Graph 52] Interest in SRI of the respondents who have never received outsiders' proposals and investment asset size**

Q27 Interest in SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	286	116	122	48
We are interested in SRI and want to receive proposals	1.0%	0.9%	1.6%	0.0%
It is acceptable only to receive proposals	30.4%	25.9%	<b>31.1%</b>	<b>39.6%</b>
Although we are interested in SRI, our current circumstances do not allow us to receive proposals	30.8%	<b>32.8%</b>	27.0%	35.4%
We are not interested in SRI	16.1%	12.9%	18.9%	16.7%
We are not sure	19.9%	25.0%	20.5%	6.3%
No answer	1.7%	2.6%	0.8%	2.1%
Total	100.0%	100.0%	100.0%	100.0%

## 4. Future issues

### (1) The mid to long-term influence of SRI and investment asset size

The breakdown by investment asset size of the mid to long-term influence of SRI is as follows:

In any investment asset size, the ratio of the respondents answering "Like those in other countries, the influence will increase." is the highest.

**[Table and Graph 53] The mid to long-term influence of SRI and investment asset size**

Q29 Mid to long-term influence of SRI	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	465	149	212	104
Like those in other countries, the influence will increase	46.7%	<b>45.0%</b>	<b>48.6%</b>	<b>45.2%</b>
The influence will not change as it is	12.7%	17.4%	9.4%	12.5%
The influence will decrease from the current level	1.1%	0.7%	0.9%	1.9%
SRI is a short-term fad and will lose its influence	3.4%	2.0%	2.8%	6.7%
We cannot predict the future development	33.3%	32.2%	34.4%	32.7%
No answer	2.8%	2.7%	3.8%	1.0%
Total	100.0%	100.0%	100.0%	100.0%

**(2) Institutional issues and investment asset size**

The breakdown by investment asset size of institutional issues is as follows:

In the medium and large sizes, the respective ratios of respondents answering “The establishment of an appropriate investment process is needed.” are the highest. On the other hand, among the small-sized respondents, the ratio of those answering “It is necessary to legally require the disclosure of CSR information on financial statement reports etc.” is the highest.

**[Table and Graph 54] Institutional issues and investment asset size**

Q32 Institutional issues	Population	Small size (Less than 10 billion yen)	Medium size (10 billion to 50 billion yen)	Large size (50 billion yen or more)
Population	426	138	196	92
The establishment of an appropriate investment process is needed	25.8%	14.5%	<b>31.1%</b>	<b>31.5%</b>
It is necessary to legally require the disclosure of CSR information on financial statement reports etc	15.0%	<b>18.8%</b>	14.3%	10.9%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	14.3%	13.8%	13.8%	16.3%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	12.9%	16.7%	12.2%	8.7%
Merits in taxation are needed	11.3%	13.8%	10.2%	9.8%
There are no specific problems in the current condition	7.5%	8.7%	5.1%	10.9%
Others	4.0%	3.6%	4.1%	4.3%
No answer	9.2%	10.1%	9.2%	7.6%
Total	100.0%	100.0%	100.0%	100.0%

## 2) Analysis by mother company's CSR efforts

This section provides the following analysis by mother company's CSR efforts.

### 1. Awareness of SRI and PRI

The breakdown by mother company's CSR efforts of the awareness of CSR and SRI is as follows:

The ratio of the respondents answering "Yes, we know." is the highest in the category of "Our mother company has promulgated its CSR policy and has actively made CSR efforts."

**[Table and Graph 55] Awareness of CSR and mother company's CSR efforts**

Q5 Awareness of CSR	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	465	151	19	38	59	178	20
Yes, we know	62.4%	<b>93.4%</b>	<b>73.7%</b>	<b>63.2%</b>	<b>55.9%</b>	37.1%	60.0%
Although we have heard of it, we do not know the details well	28.4%	6.0%	26.3%	34.2%	39.0%	<b>43.3%</b>	25.0%
No, we do not know	8.6%	0.7%	0.0%	2.6%	5.1%	19.7%	0.0%
No answer	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**[Table and Graph 56] Awareness of SRI and mother company's CSR efforts**

Q7 Awareness of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	465	151	19	38	59	178	20
Yes, we know	54.6%	<b>73.5%</b>	<b>63.2%</b>	<b>47.4%</b>	<b>52.5%</b>	<b>39.3%</b>	60.0%
Although we have heard of it, we do not know the details well	29.2%	17.9%	26.3%	47.4%	33.9%	34.8%	20.0%
No, we do not know	14.8%	8.6%	10.5%	5.3%	13.6%	24.2%	5.0%
No answer	1.3%	0.0%	0.0%	0.0%	0.0%	1.7%	15.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In addition, the breakdown by mother company's CSR efforts of the awareness of PRI is as follows:

In any category other than "Our mother company has promulgated its CSR policy and has actively made CSR efforts," the ratio of the respondents answering "No, we do not know." is the highest.

**[Table and Graph 57] Awareness of PRI and mother company's CSR efforts**

Q9 Awareness of PRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	465	151	19	38	59	178	20
Yes, we know	15.5%	19.9%	10.5%	13.2%	20.3%	9.0%	35.0%
Although we have heard of it, we do not know the details well	32.0%	<b>40.4%</b>	42.1%	36.8%	20.3%	29.8%	5.0%
No, we do not know	51.4%	39.7%	<b>47.4%</b>	<b>50.0%</b>	<b>57.6%</b>	<b>60.1%</b>	50.0%
No answer	1.1%	0.0%	0.0%	0.0%	1.7%	1.1%	10.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## 2. Adoption of SRI

### (1) Adoption of SRI and mother company’s CSR efforts

The breakdown by mother company’s CSR efforts of the adoption of SRI is as follows:

In any category of mother company’s CSR efforts, the ratio of the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” is the highest.

On the other hand, in the categories of “Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration.” and “Our mother company is considering the preparation and promulgation of its CSR policy,” the respective ratios of the respondents answering “We have not currently adopted SRI but are considering its adoption.” are also high.

**[Table and Graph 58] Adoption of SRI and mother company’s CSR efforts**

Q12 Adoption of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	465	151	19	38	59	178	20
We have already adopted SRI	6.9%	13.2%	5.3%	2.6%	3.4%	3.9%	5.0%
We have not currently adopted SRI but are considering its adoption	24.5%	29.1%	<u>42.1%</u>	<u>44.7%</u>	11.9%	19.1%	20.0%
We have decided not to adopt SRI after considering its adoption	4.5%	6.0%	0.0%	5.3%	6.8%	3.4%	0.0%
We have not currently adopted SRI and will not consider its adoption in future	62.2%	<b>49.7%</b>	<b>52.6%</b>	<b>47.4%</b>	<b>76.3%</b>	<b>71.3%</b>	70.0%
No answer	1.9%	2.0%	0.0%	0.0%	1.7%	2.2%	5.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### (2) Reasons for the adoption of SRI and mother company’s CSR efforts

The breakdown by mother company’s CSR efforts of the reasons for the adoption of SRI is as follows:

In any category of mother company’s CSR efforts, the ratios of the answers of “We, as a pension plan, have supported the idea of SRI.” and “We have received proposals from investment institutions.” are high.

On the other hand, some respondents in the category of “Our mother company has promulgated its CSR policy and has actively made CSR efforts.” answered “We have deemed the adoption of SRI to be part of our extensive CSR efforts,” or “Our mother company gave us some instruction or proposal concerning the adoption of SRI.”

**[Table and Graph 59] Reasons for the adoption of SRI and mother company’s CSR efforts**

Q13 Reasons for Adoption of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	89	62	3	4	3	15	2
We, as a pension plan, have supported the idea of SRI	27.0%	<b>27.4%</b>	<b>33.3%</b>	<b>25.0%</b>	<b>33.3%</b>	<b>20.0%</b>	50.0%
We have received proposal from investment institutions	22.5%	<b>19.4%</b>	<b>33.3%</b>	<b>25.0%</b>	<b>33.3%</b>	<b>33.3%</b>	0.0%
We can expect SRI to serve as a diversified investment approach	16.9%	16.1%	0.0%	25.0%	0.0%	26.7%	0.0%
We can expect SRI to improve investment performance	13.5%	11.3%	33.3%	0.0%	33.3%	13.3%	50.0%
We have deemed the adoption of SRI to be part our extensive CSR efforts	9.0%	<u>11.3%</u>	0.0%	25.0%	0.0%	0.0%	0.0%
Our mother company gave us some instruction or proposal concerning the adoption of SRI	4.5%	<u>6.5%</u>	0.0%	0.0%	0.0%	0.0%	0.0%
We have adopted SRI with the aim of enriching our knowledge of a new investment approach	3.4%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%
We have received proposal from consulting firms	1.1%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Others	2.2%	1.6%	0.0%	0.0%	0.0%	6.7%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**(3) Prerequisites for the adoption of SRI and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the prerequisites for the respondents answering “We have not currently adopted SRI but are considering its adoption.” to adopt SRI is as follows:

In any category of mother company’s CSR efforts, the ratios of the answers of “Sufficient information about SRI is needed.” and “The reasonability of SRI as an investment approach must be proven.” are high.

On the other hand, as for the answer of “A track record long enough to verify investment performance is needed,” the ratio is relatively high among the respondents answering “Our mother company has promulgated its CSR policy and has actively made CSR efforts.” or “Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration.”

**[Table and Graph 60] Prerequisites for the adoption of SRI and mother company’s CSR efforts**

Q17 Prerequisites for the adoption of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	300	116	25	52	16	83	8
Sufficient information about SRI is needed	24.7%	<b>24.1%</b>	<b>24.0%</b>	<b>28.8%</b>	<b>31.3%</b>	<b>22.9%</b>	12.5%
The reasonability of SRI as an investment approach must be proven	18.0%	<b>17.2%</b>	<b>16.0%</b>	<b>13.5%</b>	<b>18.8%</b>	<b>20.5%</b>	37.5%
A track record long enough to verify investment performance is needed	12.0%	<u>17.2%</u>	<u>20.0%</u>	5.8%	6.3%	8.4%	0.0%
It is necessary to make it clear that the adoption of SRI does not contract fiduciary duties	11.0%	9.5%	8.0%	11.5%	12.5%	12.0%	25.0%
The adoption can meet social demands	9.0%	7.8%	4.0%	13.5%	18.8%	7.2%	12.5%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	7.3%	7.8%	8.0%	13.5%	0.0%	4.8%	0.0%
More and more pension plan adopt SRI	6.7%	5.2%	16.0%	9.6%	0.0%	6.0%	0.0%
Consulting firms positively recommend the adoption	5.0%	6.0%	4.0%	0.0%	0.0%	7.2%	12.5%
No bias exists in selecting issues	2.7%	2.6%	0.0%	1.9%	0.0%	4.8%	0.0%
It is necessary to establish a research system, in which specialized analysts etc. can be involved	2.0%	1.7%	0.0%	1.9%	6.3%	2.4%	0.0%
Others	0.3%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%
No answer	1.3%	0.9%	0.0%	0.0%	6.3%	2.4%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**(4) Reasons to decide not to adopt SRI and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the reasons why the respondents answering “We have decided not to adopt SRI after considering its adoption” have decided not to adopt SRI is shown in Table and Graph 61. “The information about SRI is insufficient.” is the reason that the respondents in any category of mother company’s CSR efforts commonly cited.

On the other hand, among respondents answering “Our mother company has promulgated its CSR policy and has actively made CSR efforts,” the ratios of the answers of “A track record long enough to verify investment performance has not existed.” and “We have found problems in the investment process.” are relatively high. In addition, among the respondents answering “Our mother company has neither promulgated nor considered its CSR policy,” the ratios of the answers of “We cannot expect SRI to improve investment performance.” and “The people concerned have not accepted the idea of SRI.” are relatively high.

**[Table and Graph 61] Reasons to decide not to adopt SRI and mother company’s CSR efforts**

Q18 Reasons to decide not to adopt SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company has neither promulgated nor considered its CSR policy	We are not sure
Population	31	12	3	8	8
The information about SRI is insufficient	19.4%	<b>8.3%</b>	<b>33.3%</b>	<b>12.5%</b>	<b>37.5%</b>
We cannot expect SRI to improve investment performance	16.1%	8.3%	0.0%	<u>25.0%</u>	25.0%
A track record long enough to verify investment performance has not existed	12.9%	<u>16.7%</u>	0.0%	12.5%	12.5%
We have found problems in the investment process	12.9%	<u>25.0%</u>	33.3%	0.0%	0.0%
The adoption of SRI can be deemed to contradict fiduciary duties	6.5%	8.3%	0.0%	12.5%	0.0%
The people concerned have not accepted the idea of SRI	6.5%	0.0%	0.0%	<u>25.0%</u>	0.0%
We know few pension plans that have already adopted SRI	3.2%	0.0%	33.3%	0.0%	0.0%
Consulting firms have not clearly recommended the adoption	3.2%	8.3%	0.0%	0.0%	0.0%
We studies SRI but could not understand well	3.2%	0.0%	0.0%	0.0%	12.5%
Others	12.9%	16.7%	0.0%	12.5%	12.5%
No answer	3.2%	8.3%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

**(5) Reasons not to consider the adoption of SRI and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the reasons why the respondents answered “We have not currently adopted SRI and will not consider its adoption in future.” is as follows:

In any category of mother company’s CSR efforts, the ratios of the answers of “The information about SRI is insufficient.” and “SRI has not been established as an investment style.” are high.

**[Table and Graph 62] Reasons not to consider the adoption of SRI and mother company’s CSR efforts**

Q20 Reasons not to consider the adoption of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	450	113	15	27	81	188	26
The information about SRI is insufficient	31.1%	<b>25.7%</b>	<b>26.7%</b>	<b>22.2%</b>	<b>32.1%</b>	<b>34.6%</b>	38.5%
SRI has not been established as an investment style	15.1%	<b>11.5%</b>	<b>13.3%</b>	<b>18.5%</b>	<b>17.3%</b>	<b>17.0%</b>	7.7%
There are no incentives to adopt SRI	14.7%	16.8%	6.7%	7.4%	17.3%	12.8%	23.1%
We cannot expect SRI to improve investment performance	10.2%	5.3%	0.0%	18.5%	11.1%	13.3%	3.8%
Consulting firms have not aggressively recommended the adoption	6.2%	7.1%	20.0%	7.4%	6.2%	4.8%	3.8%
We have found problems in the investment process	4.7%	6.2%	6.7%	0.0%	6.2%	3.2%	7.7%
The adoption of SRI can be deemed to contradict fiduciary duties	2.7%	2.7%	0.0%	7.4%	2.5%	2.1%	3.8%
We cannot support the idea of SRI	1.1%	1.8%	0.0%	0.0%	1.2%	0.5%	3.8%
Others	10.9%	19.5%	13.3%	18.5%	6.2%	8.0%	0.0%
No answer	3.3%	3.5%	13.3%	0.0%	0.0%	3.7%	7.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**(6) Prerequisites to consider the adoption of SRI and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the prerequisites for the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” to consider the adoption of SRI is as follows:

In any category of mother company’s CSR efforts, the ratios of the answers of “Sufficient information about SRI is accessible,” “A track record long enough to be verified is needed.” and “The advantages over other active funds must be clearly proven.” are high.

**[Table and Graph 63] Prerequisites to consider the adoption of SRI and mother company’s CSR efforts**

Q21 Prerequisites to consider the adoption of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	548	152	13	32	84	230	37
Sufficient information about SRI is accessible	22.3%	<b>20.4%</b>	<b>15.4%</b>	<b>18.8%</b>	<b>25.0%</b>	<b>23.0%</b>	24.3%
A track record long enough to be verified is needed	20.4%	<b>22.4%</b>	<b>23.1%</b>	<b>18.8%</b>	<b>23.8%</b>	<b>18.3%</b>	18.9%
The advantages over other active funds must be clearly proven	18.1%	<b>19.1%</b>	<b>15.4%</b>	<b>15.6%</b>	<b>21.4%</b>	<b>17.0%</b>	16.2%
The adoption of SRI can meet the increased social demand	11.1%	9.9%	0.0%	15.6%	13.1%	11.3%	10.8%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	8.0%	9.2%	0.0%	9.4%	3.6%	8.3%	13.5%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	6.8%	8.6%	7.7%	9.4%	2.4%	7.0%	5.4%
We have no idea	5.5%	3.3%	15.4%	6.3%	4.8%	6.5%	5.4%
Others	2.7%	3.9%	15.4%	0.0%	2.4%	1.7%	2.7%
No answer	5.1%	3.3%	7.7%	6.3%	3.6%	7.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### 3. Proposals from outsiders

#### (1) Proposals from outsiders and mother company’s CSR efforts

The breakdown by mother company’s CSR efforts of proposals for SRI from outsiders is as follows: Among the respondents answering “Our mother company has promulgated its CSR policy and has actively made CSR efforts,” the ratio of those answering “We have received proposals from investment institutions.” is high. However, in any category other than the above, the ratio of the respondents answering “We have never received proposals.” is high.

**[Table and Graph 64] Proposals from outsiders and mother company’s CSR efforts**

Q24 Proposals from outsiders	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	466	152	19	38	59	178	20
We have received proposals from investment institutions	37.1%	<b>51.3%</b>	26.3%	36.8%	25.4%	28.7%	50.0%
We have received proposals from consulting firms	0.2%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
We have never received proposals	61.4%	46.1%	<b>73.7%</b>	<b>63.2%</b>	<b>72.9%</b>	<b>71.3%</b>	40.0%
No answer	1.3%	2.0%	0.0%	0.0%	1.7%	0.0%	10.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## (2) Contents of outsiders' proposals and mother company's CSR efforts

The breakdown by mother company's CSR efforts of the contents of outsiders' proposals is as follows:

In any category of mother company's CSR efforts, the ratios of the answers of "As a kind of diversified investment." and "As a new investment approach of active management." are high.

On the other hand, as for the answer of "As part of extensive CSR efforts," the ratio is high among the respondents answering "Our mother company has promulgated its CSR policy and has actively made CSR efforts," "Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration." or "Our mother company is considering the preparation and promulgation of its CSR policy."

**[Table and Graph 65] Contents of outsiders' proposals and mother company's CSR efforts**

Q25 Contents of outsiders' proposal	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	288	134	9	25	23	80	17
As a kind of diversified investment	28.8%	<b>26.9%</b>	<b>22.2%</b>	<b>24.0%</b>	<b>30.4%</b>	<b>35.0%</b>	23.5%
As a new investment approach of active management	24.3%	<b>19.4%</b>	<b>33.3%</b>	<b>28.0%</b>	<b>30.4%</b>	<b>28.8%</b>	23.5%
As a measure to improve investment performance (excess return)	20.5%	19.4%	11.1%	16.0%	26.1%	21.3%	29.4%
As part of extensive CSR efforts	20.1%	<b>29.1%</b>	<b>22.2%</b>	<b>24.0%</b>	8.7%	7.5%	17.6%
As an investment with a small downside risk	5.6%	4.5%	11.1%	8.0%	4.3%	6.3%	5.9%
Others	0.7%	0.7%	0.0%	0.0%	0.0%	1.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## (3) Satisfaction with outsiders' proposals and mother company's CSR efforts

The breakdown by mother company's CSR efforts of the satisfaction with outsiders' proposals is as follows:

In any category of mother company's CSR efforts, the ratio of the respondents answering "We understand but are not satisfied." is high.

**[Table and Graph 66] Satisfaction with outsiders' proposals and mother company's CSR efforts**

Q26 Satisfaction with outsiders' proposals	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	173	78	5	14	15	51	10
We are completely satisfied	30.1%	37.2%	20.0%	35.7%	20.0%	25.5%	10.0%
We understand but are not satisfied	46.2%	<b>48.7%</b>	<b>60.0%</b>	<b>35.7%</b>	<b>60.0%</b>	<b>39.2%</b>	50.0%
The proposals lack clarity and we are not satisfied	10.4%	6.4%	20.0%	28.6%	0.0%	7.8%	40.0%
We cannot understand well	12.1%	6.4%	0.0%	0.0%	20.0%	25.5%	0.0%
No answer	1.2%	1.3%	0.0%	0.0%	0.0%	2.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**(4) Interest in SRI of the respondents who have never received outsiders’ proposals and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the interest in SRI of the respondents who have never received outsiders’ proposals is as follows:

In any category of mother company’s CSR efforts, the ratios of the answers of “It is acceptable only to receive proposals.” and “Although we are interested in SRI, our current circumstances do not allow us to receive proposals.” are high.

**[Table and Graph 67] Interest in SRI of the respondents who have never received outsiders’ proposals and mother company’s CSR efforts**

Q27 Interest in SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	286	70	14	24	43	127	8
We are interested in SRI and want to receive proposals	1.0%	1.4%	0.0%	4.2%	0.0%	0.8%	0.0%
It is acceptable only to receive proposals	30.4%	<b>37.1%</b>	<b>35.7%</b>	<b>33.3%</b>	<b>32.6%</b>	<b>26.8%</b>	0.0%
Although we are interested in SRI, our current circumstances do not allow us to receive proposals	30.8%	<b>32.9%</b>	<b>35.7%</b>	<b>45.8%</b>	<b>27.9%</b>	<b>26.8%</b>	37.5%
We are not interested in SRI	16.1%	10.0%	14.3%	0.0%	23.3%	19.7%	25.0%
We are not sure	19.9%	17.1%	14.3%	16.7%	14.0%	24.4%	25.0%
No answer	1.7%	1.4%	0.0%	0.0%	2.3%	1.6%	12.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**4. Future issues**

**(1) The mid to long-term influence of SRI and mother company’s CSR efforts**

The breakdown by mother company’s CSR efforts of the mid to long-term influence of SRI is as follows:

In any category of mother company’s CSR efforts, the ratio of the respondents answering “Like those in other countries, the influence will increase.” is the highest.

On the other hand, as for the answer of “The influence will not change as it is,” the ratio is relatively high among the respondents answering “Our mother company has promulgated its CSR policy and has actively made CSR efforts.”

In addition, as for the answer of “We cannot predict the future development,” the ratio is relatively high among the respondents answering “Our mother company has neither promulgated nor considered its CSR policy.” or “We are not sure.”

**[Table and Graph 68] The mid to long-term influence of SRI and mother company's CSR efforts**

Q29 Mid to long-term influence of SRI	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	465	151	19	38	59	178	20
Like those in other countries, the influence will increase	46.7%	<b>48.3%</b>	<b>52.6%</b>	<b>63.2%</b>	<b>49.2%</b>	<b>41.0%</b>	40.0%
The influence will not change as it is	12.7%	<u>15.9%</u>	10.5%	7.9%	11.9%	11.8%	10.0%
The influence will decrease from the current level	1.1%	1.3%	0.0%	5.3%	1.7%	0.0%	0.0%
SRI is a short-term fad and will lose its influence	3.4%	3.3%	5.3%	5.3%	3.4%	3.4%	0.0%
We cannot predict the future development	33.3%	29.8%	21.1%	18.4%	<u>33.9%</u>	<u>39.9%</u>	40.0%
No answer	2.8%	1.3%	10.5%	0.0%	0.0%	3.9%	10.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**(2) Institutional issues and mother company's CSR efforts**

The breakdown by mother company's CSR efforts of the institutional issues of SRI is as follows:

In any category of mother company's CSR efforts, the ratio of the respondents answering "The establishment of an appropriate investment process is needed." is the highest.

On the other hand, as for the answer of "It is necessary to make it clear that the adoption of SRI does not contradict fiduciary requirement," the ratio is relatively high among the respondents answering "Our mother company has promulgated its CSR policy and has actively made CSR efforts."

**[Table and Graph 69] Institutional issues and mother company's CSR efforts**

Q32 Institutional issues	Population	Our mother company has promulgated its CSR policy and has actively made CSR efforts	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	Our mother company is considering the preparation and promulgation of its CSR policy	Our mother company has neither promulgated nor considered its CSR policy	We are not sure	No answer
Population	426	136	18	35	53	166	18
The establishment of an appropriate investment process is needed	25.8%	<b>27.2%</b>	<b>33.3%</b>	<b>25.7%</b>	<b>35.8%</b>	<b>21.1%</b>	22.2%
It is necessary to legally require the disclosure of CSR information on financial statement reports etc	15.0%	17.6%	22.2%	20.0%	18.9%	10.2%	11.1%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	14.3%	<u>19.1%</u>	5.6%	11.4%	7.5%	13.9%	16.7%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	12.9%	14.0%	11.1%	20.0%	5.7%	13.3%	11.1%
Merits in taxation are needed	11.3%	8.8%	22.2%	17.1%	15.1%	10.2%	5.6%
There are no specific problems in the current condition	7.5%	5.9%	0.0%	0.0%	9.4%	10.2%	11.1%
Others	4.0%	2.9%	5.6%	2.9%	3.8%	5.4%	0.0%
No answer	9.2%	4.4%	0.0%	2.9%	3.8%	15.7%	22.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### 3) Analysis by plan type

This section provides the following comparative analysis between employee’s pension funds and fund-type defined-benefit corporate pension plans, both of which have respectively accounted for significant portions of the total valid responses.

#### 1. Awareness of CSR and PRI

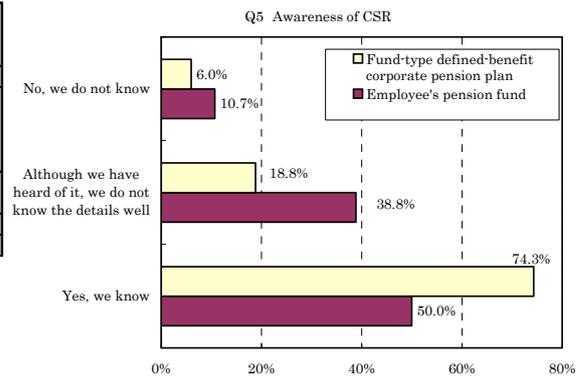
The breakdown by plan type of the awareness of CSR and SRI is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the respondents answering “Yes, we know.” are the highest.

However, while the ratios of the answers of “Although we have heard of it, we do not know the details well.” and “No, we do not know.” are relatively high among employee’s pension funds, the ratio of the respondents answering “Yes, we know.” is relatively high among fund-type defined-benefit corporate pension plans.

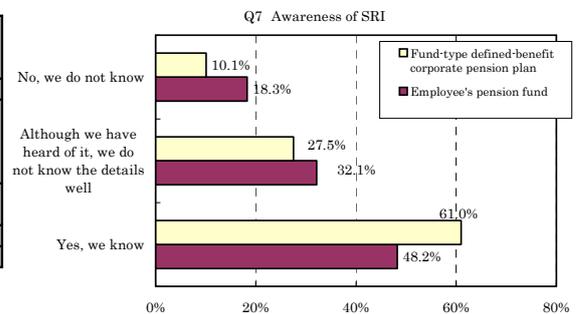
[Table and Graph 70] Awareness of CSR and plan type

Q5 Awareness of CSR	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Yes, we know	290	62.4%	112	50.0%	162	74.3%
Although we have heard of it, we do not know the details well	132	28.4%	87	38.8%	41	18.8%
No, we do not know	40	8.6%	24	10.7%	13	6.0%
No answer	3	0.6%	1	0.4%	2	0.9%
Total	465	100.0%	224	100.0%	218	100.0%



[Table and Graph 71] Awareness of SRI and plan type

Q7 Awareness of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Yes, we know	254	54.6%	108	48.2%	133	61.0%
Although we have heard of it, we do not know the details well	136	29.2%	72	32.1%	60	27.5%
No, we do not know	69	14.8%	41	18.3%	22	10.1%
No answer	6	1.3%	3	1.3%	3	1.4%
Total	465	100.0%	224	100.0%	218	100.0%

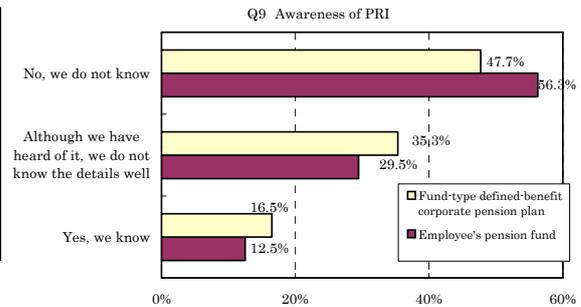


In addition, the breakdown by plan type of the awareness of PRI is shown in Table and Graph 72. Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the respondents answering “No, we do not know.” are the highest.

However, among fund-type defined-benefit corporate pension plans, the ratios of the answers of “Although we have heard of it, we do not know the details well.” and “Yes, we know.” are relatively high.

[Table and Graph 72] Awareness of PRI and plan type

Q9 Awareness of PRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Yes, we know	72	15.5%	28	12.5%	36	16.5%
Although we have heard of it, we do not know the details well	149	32.0%	66	29.5%	77	35.3%
No, we do not know	239	51.4%	126	56.3%	104	47.7%
No answer	5	1.1%	4	1.8%	1	0.5%
Total	465	100.0%	224	100.0%	218	100.0%



**(1) Adoption of SRI and plan type**

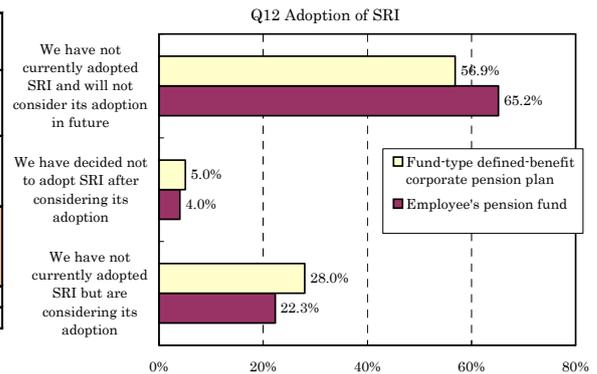
The breakdown by plan type of the adoption of SRI is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” are the highest.

However, among fund-type defined-benefit corporate pension plans, the ratios of the answers of “We have already adopted SRI.” and “We have not currently adopted SRI but are considering its adoption.” are relatively high.

[Table and Graph 73] Adoption of SRI and plan type

Q12. Adoption of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
We have not currently adopted SRI but are considering its adoption	114	24.5%	50	22.3%	61	28.0%
We have decided not to adopt SRI after considering its adoption	21	4.5%	9	4.0%	11	5.0%
We have not currently adopted SRI and will not consider its adoption in future	289	62.2%	146	<b>65.2%</b>	124	<b>56.9%</b>
No answer	9	1.9%	7	3.1%	2	0.9%
Total	465	100.0%	224	100.0%	218	100.0%



**(2) Reasons for the adoption of SRI and plan type**

The breakdown by plan type of the reasons for the adoption of SRI is shown in Table and Graph 74. Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of “We, as a pension plan, have supported the idea of SRI,” “We have received proposals from investment institutions.” and “We can expect SRI to serve as a diversified investment

approach.” are high.

As for the answer of “We have deemed the adoption of SRI to be part of our extensive CSR efforts,” the ratio is relatively low among employee’s pension funds, and, by contrast, the ratio is relatively high among fund-type defined-benefit corporate pension plans.

**[Table and Graph 74] Reasons for the adoption of SRI and plan type**

Q13 Reasons for the adoption of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
We, as a pension plan, have supported the idea of SRI	24	27.0%	8	<b>28.6%</b>	16	<b>26.2%</b>
We have received proposals from investment institutions	20	22.5%	6	<b>21.4%</b>	14	<b>23.0%</b>
We can expect SRI to serve as a diversified investment approach	15	16.9%	6	<b>21.4%</b>	9	<b>14.8%</b>
We can expect SRI to improve investment performance	12	13.5%	4	14.3%	8	13.1%
We have deemed the adoption of SRI to be part of our extensive CSR efforts	8	9.0%	1	<u>3.6%</u>	7	<u>11.5%</u>
Our mother company gave us some instruction or proposal concerning the adoption of SRI	4	4.5%	1	3.6%	3	4.9%
We have adopted SRI with the aim of enriching our knowledge of a new investment approach	3	3.4%	1	3.6%	2	3.3%
We have received proposals from consulting firms	1	1.1%	0	0.0%	1	1.6%
Others	2	2.2%	1	3.6%	1	1.6%
Total (Multiple answers allowed)	89	100.0%	28	100.0%	61	100.0%

**(3) Prerequisites for the adoption of SRI and plan type**

The breakdown by plan type of the prerequisites for the respondents answering “We have not currently adopted SRI but are considering its adoption.” to adopt SRI is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of “Sufficient information about SRI is needed.” and “The reasonability of SRI as an investment approach must be proven.” are high.

**[Table and Graph 75] Prerequisites for the adoption of SRI and plan type**

Q17. Prerequisites for the adoption of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Sufficient information about SRI is needed	74	24.7%	30	<b>24.4%</b>	44	<b>25.9%</b>
The reasonability of SRI as an investment approach must be proven	54	18.0%	21	<b>17.1%</b>	31	<b>18.2%</b>
A track record long enough to verify investment performance is needed	36	12.0%	12	9.8%	23	13.5%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	33	11.0%	16	13.0%	15	8.8%
The adoption can meet social demands	27	9.0%	12	9.8%	14	8.2%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	22	7.3%	8	6.5%	14	8.2%
More and more pension plans adopt SRI	20	6.7%	7	5.7%	13	7.6%
Consulting firms positively recommend the adoption	15	5.0%	6	4.9%	8	4.7%
No bias exists in selecting issues	8	2.7%	4	3.3%	4	2.4%
It is necessary to establish a research system, in which specialized analysts etc. can be involved	6	2.0%	3	2.4%	3	1.8%
Others	1	0.3%	1	0.8%	0	0.0%
No answer	4	1.3%	3	2.4%	1	0.6%
Total (Multiple answers allowed)	300	100.0%	123	100.0%	170	100.0%

**(4) Reasons to decide not to adopt SRI and plan type**

The breakdown by plan type of the reasons why the respondents answering “We have decided not to adopt SRI after considering its adoption.” have decided not to adopt SRI is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of “We cannot expect SRI to improve investment performance.” and “A track record long enough to verify investment performance has not existed.” are high.

On the other hand, while the ratio of the respondents answering “The information about SRI is insufficient.” is the highest among employee’s pension funds, the ratio of those answering “We have found problems in the investment process.” is the highest among fund-type defined-benefit corporate pension plans.

In addition, among employee’s pension funds, the ratio of the respondents answering “The people concerned have not accepted the idea of SRI.” is not zero.

**[Table and Graph 76] Reasons to decide not to adopt SRI and plan type**

Q18. Reasons to decide not to adopt SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
The information about SRI is insufficient	6	19.4%	4	<u>28.6%</u>	1	6.7%
We cannot expect SRI to improve investment performance	5	16.1%	3	<b>21.4%</b>	2	<b>13.3%</b>
A track record long enough to verify investment performance has not existed	4	12.9%	2	<b>14.3%</b>	2	<b>13.3%</b>
We have found problems in the investment process	4	12.9%	0	0.0%	4	<u>26.7%</u>
The adoption of SRI can be deemed to contradict fiduciary duties	2	6.5%	1	7.1%	1	6.7%
The people concerned have not accepted the idea of SRI	2	6.5%	2	<u>14.3%</u>	0	0.0%
We know few pension plans that have already adopted SRI	1	3.2%	0	0.0%	0	0.0%
Consulting firms have not clearly recommended the adoption	1	3.2%	0	0.0%	1	6.7%
We studied SRI but could not understand it well	1	3.2%	0	0.0%	1	6.7%
Others	4	12.9%	2	14.3%	2	13.3%
No answer	1	3.2%	0	0.0%	1	6.7%
Total (Multiple answers allowed)	31	100.0%	14	100.0%	15	100.0%

**(5) Reasons not to consider the adoption of SRI and plan type**

The breakdown by plan type of the reasons why the respondents answered “We have not currently adopted SRI and will not consider its adoption in future.” is shown in Table and Graph 77. Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of “The information about SRI is insufficient,” “SRI has not been established as an investment style.” and “There are no incentives to adopt SRI.” are high.

As for the answer of “We cannot expect SRI to improve investment performance,” the ratio is relatively high among employee’s pension funds, and, by contrast, the ratio is relatively low among fund-type defined-benefit corporate pension plans.

**[Table and Graph 77] Reasons not to consider the adoption of SRI and plan type**

Q20. Reasons not to consider the adoption of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
The information about SRI is insufficient	140	31.1%	72	<b>31.9%</b>	58	<b>29.6%</b>
SRI has not been established as an investment style	68	15.1%	38	<b>16.8%</b>	26	<b>13.3%</b>
There are no incentives to adopt SRI	66	14.7%	33	<b>14.6%</b>	27	<b>13.8%</b>
We cannot expect SRI to improve investment performance	46	10.2%	31	<u>13.7%</u>	13	<u>6.6%</u>
Consulting firms have not aggressively recommended the adoption	28	6.2%	11	4.9%	16	8.2%
We have found problems in the investment process	21	4.7%	9	4.0%	11	5.6%
The adoption of SRI can be deemed to contradict fiduciary duties	12	2.7%	4	1.8%	8	4.1%
We cannot support the idea of SRI	5	1.1%	2	0.9%	2	1.0%
Others	49	10.9%	17	7.5%	31	15.8%
No answer	15	3.3%	9	4.0%	4	2.0%
Total (Multiple answers allowed)	450	100.0%	226	100.0%	196	100.0%

**(6) Prerequisites to consider the adoption of SRI and plan type**

The breakdown by plan type of the prerequisites for the respondents answering “We have not currently adopted SRI and will not consider its adoption in future.” to consider the adoption of SRI is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of “Sufficient information about SRI is accessible,” “A track record long enough to be verified is needed.” and “The advantages over other active funds must be clearly proven.” are high.

**[Table and Graph 78] Prerequisites to consider the adoption of SRI and plan type**

Q21. Prerequisites to consider the adoption of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Sufficient information about SRI is accessible	122	22.3%	63	<b>23.0%</b>	51	<b>21.3%</b>
A track record long enough to be verified is needed	112	20.4%	58	<b>21.2%</b>	48	<b>20.1%</b>
The advantages over other active funds must be clearly proven	99	18.1%	50	<b>18.2%</b>	45	<b>18.8%</b>
The adoption of SRI can meet the increased social demand	61	11.1%	26	9.5%	29	12.1%
It is necessary to establish a legal infrastructure, including disclosure of investment policy	44	8.0%	23	8.4%	18	7.5%
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	37	6.8%	14	5.1%	21	8.8%
We have no idea	30	5.5%	17	6.2%	11	4.6%
Others	15	2.7%	6	2.2%	7	2.9%
No answer	28	5.1%	17	6.2%	9	3.8%
Total (Multiple answers allowed)	548	100.0%	274	100.0%	239	100.0%

### 3. Proposals from outsiders

#### (1) Proposals from outsiders and plan type

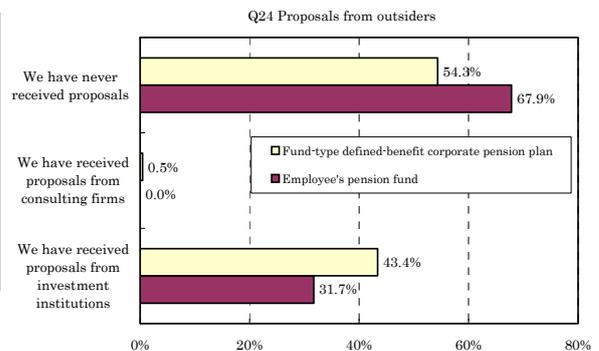
The breakdown by plan type of proposals for SRI from outsiders is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the ratios of the respondents answering “We have never received proposals.” are the highest.

Among fund-type defined-benefit corporate pension plans, the ratio of the respondents answering “We have received proposals from investment institutions.” is relatively high.

**[Table and Graph 79] Proposals from outsiders and plan type**

Q24 Proposals from outsiders	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
We have received proposals from investment institutions	173	37.1%	71	31.7%	95	43.4%
We have received proposals from consulting firms	1	0.2%	0	0.0%	1	0.5%
We have never received proposals	286	61.4%	152	<b>67.9%</b>	119	<b>54.3%</b>
No answer	6	1.3%	1	0.4%	4	1.8%
Total (Multiple answers allowed)	466	100.0%	224	100.0%	219	100.0%



## (2) Contents of outsiders' proposals and plan type

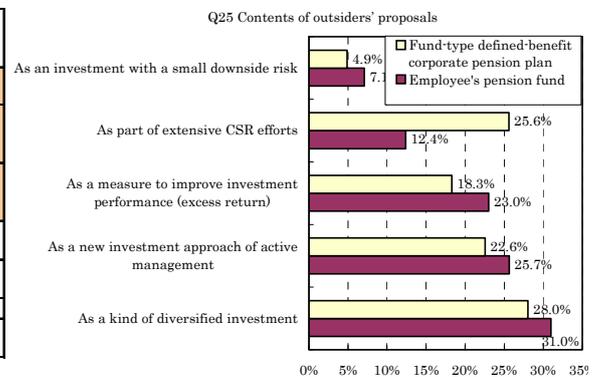
The breakdown by plan type of the contents of outsiders' proposals is as follows:

Among both employee's pension funds and fund-type defined-benefit corporate pension plans, the ratios of the answers of "As a kind of diversified investment," "As a new investment approach of active management." and "As a measure to improve investment performance (excess return)." are high.

As for the answer of "As part of extensive CSR efforts," the ratio is relatively low among employee's pension funds, and, by contrast, the ratio is relatively high among fund-type defined-benefit corporate pension plans.

[Table and Graph 80] Contents of outsiders' proposals and plan type

Q25 Contents of outsiders' proposals	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
As a kind of diversified investment	83	28.8%	35	<b>31.0%</b>	46	<b>28.0%</b>
As a new investment approach of active management	70	24.3%	29	<b>25.7%</b>	37	<b>22.6%</b>
As a measure to improve investment performance (excess return)	59	20.5%	26	<b>23.0%</b>	30	<b>18.3%</b>
As part of extensive CSR efforts	58	20.1%	14	<u>12.4%</u>	42	<u>25.6%</u>
As an investment with a small downside risk	16	5.6%	8	7.1%	8	4.9%
Others	2	0.7%	1	0.9%	1	0.6%
Total (Multiple answers allowed)	288	100.0%	113	100.0%	164	100.0%



## (3) Satisfaction with outsiders' proposals and plan type

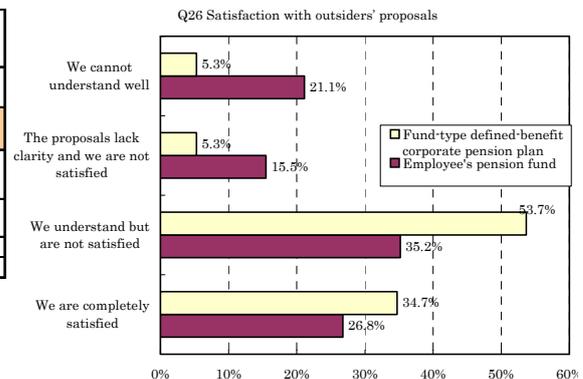
The breakdown by plan type of the satisfaction with outsiders' proposals is as follows:

Among both employee's pension funds and fund-type defined-benefit corporate pension plans, the ratios of the respondents answering "We understand but are not satisfied." are the highest.

Among employee's pension funds, the ratio of the respondents answering "We cannot understand well." is relatively high.

[Table and Graph 81] Satisfaction with outsiders' proposals and plan type

Q26 Satisfaction with outsiders' proposals	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
We are completely satisfied	52	30.1%	19	26.8%	33	34.7%
We understand but are not satisfied	80	46.2%	25	<b>35.2%</b>	51	<b>53.7%</b>
The proposals lack clarity and we are not satisfied	18	10.4%	11	15.5%	5	5.3%
We cannot understand well	21	12.1%	15	<u>21.1%</u>	5	<u>5.3%</u>
No answer	2	1.2%	1	1.4%	1	1.1%
Total	173	100.0%	71	100.0%	95	100.0%



#### (4) Contents of and satisfaction with outsiders' proposals

The breakdown by plan type of the cross tabulation of the contents of and satisfaction with outsiders' proposals is shown in Table and Graph 82. As for the contents falling under the categories of "As an investment with a small downside risk." and "As part of extensive CSR efforts," the ratios of the respondents answering "We are completely satisfied." are the highest among both employee's pension funds and fund-type defined-benefit corporate pension plans.

On the other hand, as for the contents falling under the categories of "As a kind of diversified investment." and "As a new investment approach of active management," the ratios of the respondents answering "We understand but are not satisfied." are the highest among both employee's pension funds and fund-type defined-benefit corporate pension plans.

**[Table and Graph 82] Cross tabulation of the contents of and satisfaction with outsiders' proposals and plan type**

Employee's pension fund	Population	As a kind of diversified investment	As a measure to improve investment performance	As an investment with a small downside risk	As part of extensive CSR efforts	As a new investment approach of active management	Others
Population	113	35	26	8	14	29	1
We are completely satisfied	31.9%	28.6%	<b>42.3%</b>	<b>50.0%</b>	<b>35.7%</b>	20.7%	0.0%
We understand but are not satisfied	35.4%	<b>34.3%</b>	34.6%	37.5%	14.3%	<b>48.3%</b>	0.0%
The proposals lack clarity and we are not satisfied	12.4%	17.1%	11.5%	0.0%	14.3%	10.3%	0.0%
We cannot understand well	18.6%	17.1%	11.5%	12.5%	28.6%	20.7%	100.0%
No answer	1.8%	2.9%	0.0%	0.0%	7.1%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fund-type defined-benefit corporate pension plan	Population	As a kind of diversified investment	As a measure to improve investment performance	As an investment with a small downside risk	As part of extensive CSR efforts	As a new investment approach of active management	Others
Population	164	46	30	8	42	37	1
We are completely satisfied	38.4%	30.4%	33.3%	<b>75.0%</b>	<b>45.2%</b>	35.1%	100.0%
We understand but are not satisfied	53.7%	<b>63.0%</b>	<b>60.0%</b>	25.0%	<b>45.2%</b>	<b>54.1%</b>	0.0%
The proposals lack clarity and we are not satisfied	4.3%	2.2%	0.0%	0.0%	7.1%	8.1%	0.0%
We cannot understand well	3.0%	4.3%	3.3%	0.0%	2.4%	2.7%	0.0%
No answer	0.6%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

#### (5) Interest in SRI and plan type

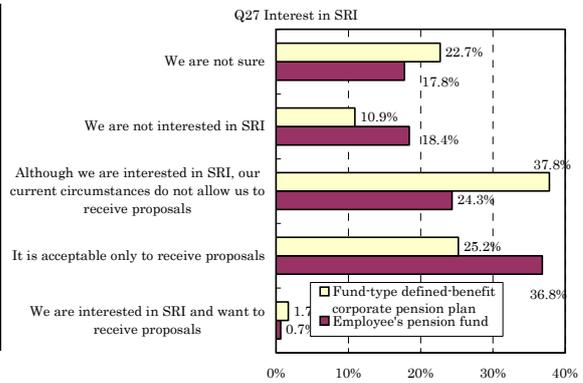
The breakdown by plan type of the interest in SRI of the respondents who have never received outsiders' proposals is as follows:

While the ratio of the respondents answering "It is acceptable only to receive proposals." is the highest among employee's pension funds, the ratio of those answering "Although we are interested

in SRI, our current circumstances do not allow us to receive proposals.” is the highest among fund-type defined-benefit corporate pension plans.

**[Table and Graph 83] Interest in SRI of the respondents who have never received outsiders’ proposals and plan type**

Q27 Interest in SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
We are interested in SRI and want to receive proposals	3	1.0%	1	0.7%	2	1.7%
It is acceptable only to receive proposals	87	30.4%	56	<b>36.8%</b>	30	25.2%
Although we are interested in SRI, our current circumstances do not allow us to receive proposals	88	30.8%	37	24.3%	45	<b>37.8%</b>
We are not interested in SRI	46	16.1%	28	18.4%	13	10.9%
We are not sure	57	19.9%	27	17.8%	27	22.7%
No answer	5	1.7%	3	2.0%	2	1.7%
Total	286	100.0%	152	100.0%	119	100.0%



#### 4. Future issues

##### (1) The mid to long-term influence of SRI and plan type

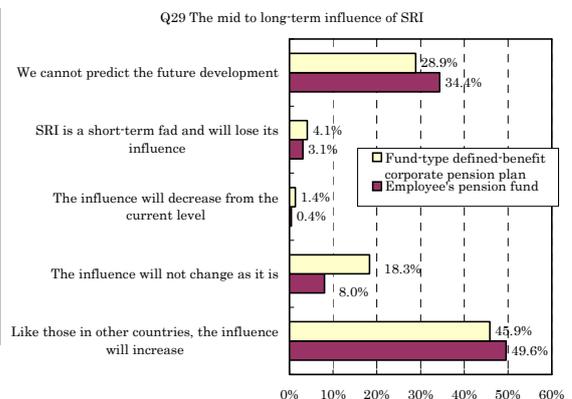
The breakdown by plan type of the mid to long-term influence of SRI is as follows:

As for the answer of “The influence will not change as it is,” the ratio is relatively low among employee’s pension funds, and, by contrast, the ratio is relatively high among fund-type defined-benefit corporate pension plans.

In addition, among employee’s pension funds, the ratio of the respondents answering “Like those in other countries, the influence will increase.” is relatively high.

**[Table and Graph 84] The mid to long-term influence of SRI and plan type**

Q29 The mid to long-term influence of SRI	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
Like those in other countries, the influence will increase	217	46.7%	111	<b>49.6%</b>	100	<b>45.9%</b>
The influence will not change as it is	59	12.7%	18	8.0%	40	18.3%
The influence will decrease from the current level	5	1.1%	1	0.4%	3	1.4%
SRI is a short-term fad and will lose its influence	16	3.4%	7	3.1%	9	4.1%
We cannot predict the future development	155	33.3%	77	34.4%	63	28.9%
No answer	13	2.8%	10	4.5%	3	1.4%
Total	465	100.0%	224	100.0%	218	100.0%



##### (2) Institutional issues and plan type

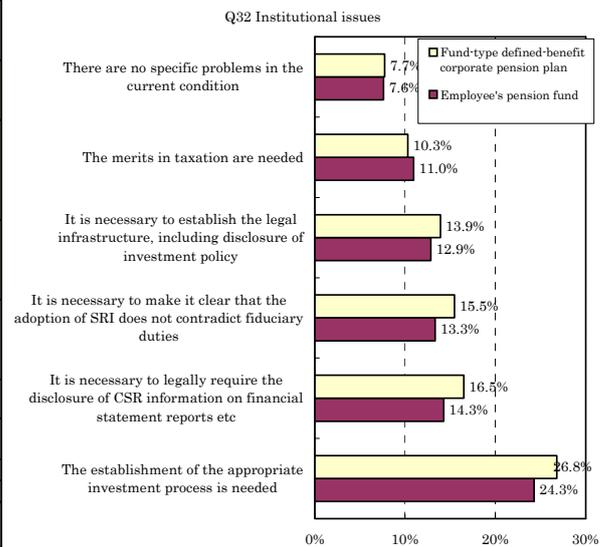
The breakdown by plan type of the institutional issues is as follows:

Among both employee’s pension funds and fund-type defined-benefit corporate pension plans, the

ratios of the answers of “The establishment of an appropriate investment process is needed,” “It is necessary to legally require the disclosure of CSR information on financial statement reports etc.” and “It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties.” are high.

[Table and Graph85] Institutional issues and plan type

Q32 Institutional issues	Population	Ratio	Employee's pension fund	Ratio	Fund-type defined-benefit corporate pension plan	Ratio
The establishment of the appropriate investment process is needed	110	25.8%	51	<b>24.3%</b>	52	<b>26.8%</b>
It is necessary to legally require the disclosure of CSR information on financial statement reports etc	64	15.0%	30	<b>14.3%</b>	32	<b>16.5%</b>
It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	61	14.3%	28	<b>13.3%</b>	30	<b>15.5%</b>
It is necessary to establish the legal infrastructure, including disclosure of investment	55	12.9%	27	12.9%	27	13.9%
The merits in taxation are needed	48	11.3%	23	11.0%	20	10.3%
There are no specific problems in the current	32	7.5%	16	7.6%	15	7.7%
Others	17	4.0%	8	3.8%	8	4.1%
No answer	39	9.2%	27	12.9%	10	5.2%
Total (No multiple answers allowed)	426	100.0%	210	100.0%	194	100.0%





Q1-1 Which of the following is the type of your pension plan?

	Category	Number of respondents	Ratio
1	Employee's pension fund	224	48.2%
A	Independent-type	22	4.7%
B	Joint-type	31	6.7%
C	General-type	169	36.3%
	No answer	2	0.4%
2	Fund-type defined-benefit corporate pension plan	218	46.9%
3	Contract-type defined-benefit corporate pension plan	14	3.0%
4	Tax-qualified pension plan	2	0.4%
5	Public pension plan etc	7	1.5%
	Total	465	100.0%

Q2 Which one of the following is your investment asset size?

	Category	Number of respondents	Ratio
1	Less than 500 million yen	2	0.4%
2	500 million yen to less than 1 billion yen	3	0.6%
3	1 billion yen to less than 5 billion yen	63	13.5%
4	5 billion yen to less than 10 billion yen	81	17.4%
5	10 billion yen to less than 50 billion yen	212	45.6%
6	50 billion yen to less than 100 billion yen	49	10.5%
7	100 billion yen or more	55	11.8%
	Total	465	100.0%

Q3 Which one of the following is the ratio of domestic stocks to your investment assets?

	Category	Number of respondents	Ratio
1	Less than 5%	9	1.9%
2	5% to less than 10%	2	0.4%
3	10% to less than 20%	38	8.2%
4	20% to less than 30%	131	28.2%
5	30% to less than 40%	215	46.2%
6	40% to less than 50%	63	13.5%
7	50% or More	5	1.1%
	No answer	2	0.4%
	Total	465	100.0%

Q4 Which one of the following is the ratio of active management to domestic stocks?

	Category	Number of respondents	Ratio
1	Less than 5%	27	5.8%
2	5% to less than 10%	16	3.4%
3	10% to less than 20%	25	5.4%
4	20% to less than 30%	42	9.0%
5	30% to less than 40%	43	9.2%
6	40% to less than 50%	55	11.8%
7	50% or More	235	50.5%
	No answer	22	4.7%
	Total	465	100.0%

Q1-2 Which one of the following is your mother company's business category?

	Category	Number of responses	Ratio
1	Fishery, Agriculture & Forestry	2	0.4%
2	Mining	1	0.2%
3	Construction	41	8.4%
4	Foods	26	5.3%
5	Textiles & Apparels	6	1.2%
6	Pulp & Paper	2	0.4%
7	Chemicals	14	2.9%
8	Pharmaceutical	11	2.2%
9	Oil & Coal Products	6	1.2%
10	Rubber Products	5	1.0%
11	Glass & Ceramics Products	1	0.2%
12	Iron & Steel	4	0.8%
13	Nonferrous Metals	3	0.6%
14	Metal Products	15	3.1%
15	Machinery	31	6.3%
16	Electric Appliances	42	8.6%
17	Transportation equipment	19	3.9%
18	Precision Instruments	6	1.2%
19	Other Products	18	3.7%
20	Electric power & Gas	4	0.8%
21	Land Transportation	12	2.4%
22	Marine Transportation	1	0.2%
23	Air Transportation	2	0.4%
24	Warehousing & Harbor Transportation Services	9	1.8%
25	Information & Communication	17	3.5%
26	Wholesale trade	35	7.1%
27	Retail trade	33	6.7%
28	Banks	30	6.1%
29	Securities	0	0.0%
30	Insurance	4	0.8%
31	Other Financial Business	4	0.8%
32	Real Estate	2	0.4%
33	Service	62	12.7%
34	Others	17	3.5%
	No answer	5	1.0%
	Total(Multiple answers allowed)	490	100.0%

Q5 Do you know CSR(Corporate Social Responsibility)?

	Category	Number of responses	Ratio
1	Yes, we know	290	62.4%
2	Although we have heard of it, we do not know the details well	132	28.4%
3	No, we do not know	40	8.6%
	No answer	3	0.6%
	Total	465	100.0%

Q7 Do you know SRI(Socially Responsible Investment)based on CSR?

	Category	Number of responses	Ratio
1	Yes, we know	254	54.6%
2	Although we have heard of it, we do not know the details well	136	29.2%
3	No, we do not know	69	14.8%
	No answer	6	1.3%
	Total	465	100.0%

Q9 Do you know PRI(Principles for Responsible Investment)advocated by UNEP FI?

	Category	Number of responses	Ratio
1	Yes, we know	72	15.5%
2	Although we have heard of it, we do not know the details well	149	32.0%
3	No, we do not know	239	51.4%
	No answer	5	1.1%
	Total	465	100.0%

This is the question to the respondents answering"Yes,we know "to Q9

Q11 Do you support the idea of PRI?

	Category	Number of responses	Ratio
1	We support PRI and are now considering becoming a signatory	0	0.0%
2	We support PRI but do not consider becoming a signatory	56	77.8%
3	We cannot support PRI	0	0.0%
4	We are not sure	14	19.4%
	No answer	2	2.8%
	Total	72	100.0%

Q6 Has your mother company promulgated its CSR policy and made CSR efforts?

	Category	Number of responses	Ratio
1	Our mother company has promulgated its CSR policy and has actively made CSR efforts	151	32.5%
2	Our mother company has promulgated its CSR policy, but its actual CSR efforts are under consideration	19	4.1%
3	Our mother company is considering the preparation and promulgation of its CSR policy	38	8.2%
4	Our mother company has neither promulgated nor considered its CSR policy	59	12.7%
5	We are not sure	178	38.3%
	No answer	20	4.3%
	Total	465	100.0%

This is the question to the respondents answering"Yes,we know "to Q7

Q8 Please choose one or more from the following options as your awareness channels of SRI

	Category	Number of responses	Ratio
1	We have learned SRI from seminars etc	161	31.8%
2	We have learned SRI from books,newsletters,etc	124	24.5%
3	We have learned SRI from newspapers	85	16.8%
4	We have received proposals from investment institutions	118	23.3%
5	We have received proposals from consulting firms	1	0.2%
6	We have learned SRI from our mother company	13	2.6%
7	Others	3	0.6%
	No answer	1	0.2%
	Total(Multiple answers allowed)	506	100.0%

This is the question to the respondents answering"Yes,we know "to Q9

Q10 Please choose one or more from the following options as your awareness channels of PRI

	Category	Number of responses	Ratio
1	We have learned SRI from seminars etc	50	50.0%
2	We have learned SRI from books,newsletters,etc	23	23.0%
3	We have learned SRI from newspapers	12	12.0%
4	We have received proposals from investment institutions	11	11.0%
5	We have received proposals from consulting firms	3	3.0%
6	We have learned SRI from our mother company	0	0.0%
7	Others	1	1.0%
	Total(Multiple answers allowed)	100	100.0%

Q12 Have you currently adopted SRI in your asset investment?

Please : Number of respondents

	Category	Number of responses	Ratio
1	We have already adopted SRI	32	6.9%
2	We have not currently adopted SRI but are considering its adoption	114	24.5%
3	We have decided not to adopt SRI after considering its adoption	21	4.5%
4	We had once adopted SRI but have not currently adopted it	0	0.0%
5	We have not currently adopted SRI and will not consider its adoption in future	289	62.2%
	No answer	9	1.9%
	Total	465	100.0%

This is the question to the respondents answering "We have already adopted SRI"to Q12

Q13 Please choose applicable reasons for the adoption of SF Number of responses

	Category	Number of responses	Ratio
1	We, as a pension plan, have supported the idea of SRI	24	27.0%
2	Our mother company gave us some instruction or proposal concerning the adoption of SRI	4	4.5%
3	We have deemed the adoption of SRI to be part our extensive CSR efforts	8	9.0%
4	We can expect SRI to serve as a diversified investment approach	15	16.9%
5	We can expect SRI to improve investment results	12	13.5%
6	We have adopted SRI with the aim of enriching our knowledge of a new investment approach	3	3.4%
7	We have received proposal from investment institutions	20	22.5%
8	We have received proposal from consulting firms	1	1.1%
	others	2	2.2%
	Total(Multiple answers allowed)	89	100.0%

This is the question to the respondents answering "We have already adopted SRI"to Q12

Q14-1 When did you adopt SRI in your asset investment?

	Category	Number of responses	Ratio
1	In and before 2003	0	0.0%
2	2004	1	3.1%
3	2005	3	9.4%
4	2006	18	56.3%
5	From 2007 onward	9	28.1%
	No answer	1	3.1%
	Total	32	100.0%

This is the question to the respondents answering "We have already adopted SRI"to Q12

Q14-2 How much is the present ratio of the adopted SRI to your domestic stocks?

	Category	Number of responses	Ratio
A	Less than 1%	2	6.3%
B	1% to less than 3%	11	34.4%
C	3% to less than 5%	5	15.6%
D	5% to less than 10%	6	18.8%
E	10% or more	5	15.6%
	No answer	3	9.4%
	Total	32	100.0%

This is the question to the respondents answering "We have already adopted SRI"to Q12

Q15 Are you satisfied with the investment process of SRI?

(screening method, selection of issues,etc)

	Category	Number of responses	Ratio
1	We are satisfied	11	34.4%
2	We are moderately satisfied	12	37.5%
3	We are moderately dissatisfied	1	3.1%
4	We are dissatisfied	0	0.0%
5	We have not yet seen the results	7	21.9%
	No answer	1	3.1%
	Total	32	100.0%

This is the question to the respondents answering "We have already adopted SRI"to Q12

Q16 Are you satisfied with your existing investment performance(=excess return)?

	Category	Number of responses	Ratio
1	We are satisfied	14	43.8%
2	We are moderately satisfied	7	21.9%
3	We cannot say which	5	15.6%
4	We are moderately dissatisfied	1	3.1%
5	We are dissatisfied	0	0.0%
6	We have not yet seen the results	4	12.5%
	No answer	1	3.1%
	Total	32	100.0%

Q17 This is the question to the respondents answering "We have not currently adopted SRI but are considering its adoption" to Q12. Please choose one or more from the following options as the prerequisites for the adoption of SRI.

	Category	Number of responses	Ratio
1	The adoption can meet social demands	27	9.0%
2	More and more pension plan adopt SRI	20	6.7%
3	Sufficient information about SRI is needed	74	24.7%
4	Consulting firms positively recommend the adoption	15	5.0%
5	It is necessary to establish a research system, in which specialized analysts etc. can be involved	6	2.0%
6	It is necessary to make it clear that the adoption of SRI does not contract fiduciary duties	33	11.0%
7	It is necessary to establish a legal infrastructure, including disclosure of investment policy	22	7.3%
8	A track record long enough to verify investment performance is needed	36	12.0%
9	The reasonability of SRI as an investment approach must be proven	54	18.0%
10	No bias exists in selecting issues	8	2.7%
11	Number of respondents	1	0.3%
	No answer	4	1.3%
	Total(Multiple answers allowed)	300	100.0%

Q19 This is the question to the respondents answering "We had once adopted SRI but have not currently adopted it" to Q12. Please choose one or more from the following options as the reasons why you have dropped SRI.

→ There are no such respondents

Q20 This is the question to the respondents answering "We have not currently adopted SRI and will not consider its adoption in future" to Q12. Please choose one or more from the following options as the reasons why you have not currently adopted SRI and will not consider its adoption in future.

	Category	Number of responses	Ratio
1	We cannot expect SRI to improve investment performance	46	10.2%
2	We have found problems in the investment process	21	4.7%
3	SRI has not been established as an investment style	68	15.1%
4	Consulting firms have not aggressively recommended the adoption	28	6.2%
5	The adoption of SRI can be deemed to contradict fiduciary duties	12	2.7%
6	The information about SRI is insufficient	140	31.1%
7	There are no incentives to adopt SRI	66	14.7%
8	We cannot support the idea of SRI	5	1.1%
9	Others	49	10.9%
	No answer	15	3.3%
	Number of respondents	450	100.0%

Q22 This is the question to the respondents answering "A track record long enough to verify investment performance is needed" to Q17 or answering "A track record long enough to verify investment performance has not existed" to Q18. Please choose one or more from the following options as the sufficient length of such track record.

	Category	Number of responses	Ratio
1	3 to 5 years	25	62.5%
2	5 to 10 years	13	32.5%
3	More than 10 years	1	2.5%
	No answer	1	2.5%

Q18 This is the question to the respondents answering "We have decided not to adopt SRI after considering its adoption" to Q12. Please choose one or more from the following options as the reason why you have decided not to adopt SRI.

	Category	Number of responses	Ratio
1	We know few pension plans that have already adopted SRI	1	3.2%
2	The information about SRI is insufficient	6	19.4%
3	Consulting firms have not clearly recommended the adoption	1	3.2%
4	The adoption of SRI can be deemed to contradict fiduciary duties	2	6.5%
5	We cannot expect SRI to improve investment performance	5	16.1%
6	A track record long enough to verify investment performance has not existed	4	12.9%
7	We have found problems in the investment process	4	12.9%
8	The people concerned have not accepted the idea of SRI	2	6.5%
9	We studied SRI but could not understand well	1	3.2%
10	Others	4	12.9%
	No answer	1	3.2%
	Total(Multiple answers allowed)	31	100.0%

Q21 This is the question to the respondents answering "We have not currently adopted SRI and will not consider its adoption in future" to Q12. Please choose one or more from the following options as the prerequisites to consider the adoption of SRI.

	Category	Number of responses	Ratio
1	The advantages over other active funds must be clearly proven	99	18.1%
2	A track record long enough to be verified is needed	112	20.4%
3	It is necessary to establish a legal infrastructure, including disclosure of investment policy	44	8.0%
4	Sufficient information about SRI is accessible	122	22.3%
5	It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	37	6.8%
6	The adoption of SRI can meet the increased social demand	61	11.1%
7	We have no idea	30	5.5%
8	Others	15	2.7%
	No answer	28	5.1%
	Total(Multiple answers allowed)	548	100.0%

Q23 This is the question to the respondents answering "We cannot expect SRI to improve investment performance" to Q18 or Q20. Please choose one or more from the following options as the reasons why you cannot expect SRI.

	Category	Number of responses	Ratio
1	Some bias is likely to emerge in selecting issue	15	16.3%
2	Compared with other investment approaches, we cannot find any clear advantage on SRI	30	32.6%
3	Since SRI is still new, many fund managers have not become familiar with it	6	6.5%
4	Since SRI is still new, many analysts have not become familiar with it	5	5.4%
5	It has not been proven that SRI can offer performance advantage	31	33.7%
6	Others	0	0.0%
	No answer	5	5.4%

Q24 Have you ever received outsiders' proposals for the adoption of SRI?

	Category	Number of responses	Ratio
1	We have received proposals from investment institutions	173	37.1%
2	We have received proposals from consulting firms	1	0.2%
3	We have never received proposals	286	61.4%
	No answer	6	1.3%
	Total(Multiple answers allowed)	466	100.0%

This is the question to the respondents answering "We have received proposals from investment institutions" or "We have received proposals from consulting firms" to Q24.

Q25 What kind of proposals have you received?

	Category	Number of responses	Ratio
1	As a kind of diversified investment	83	28.8%
2	As a measure to improve investment performance (excess return)	59	20.5%
3	As an investment with a small downside risk	16	5.6%
4	As part of extensive CSR efforts	58	20.1%
5	As a new investment approach of active management	70	24.3%
	Others	2	0.7%
	Total(Multiple answers allowed)	288	100.0%

This is the question to the respondents answering "We have never received proposals" to Q24.

Q27 Are you interested in SRI?

	Category	Number of responses	Ratio
1	Number of respondents	3	1.0%
2	It is acceptable only to receive proposals	87	30.4%
3	Although we are interested in SRI, our current circumstances do not allow us to receive proposals	88	30.8%
4	We are not interested in SRI	46	16.1%
5	We are not sure	57	19.9%
	No answer	5	1.7%
	Total	286	100.0%

This is the question to the respondents answering "We have received proposals from investment institutions" or "We have received proposals from consulting firms" to Q24.

Q26 Are you satisfied with such proposals?

	Category	Number of responses	Ratio
1	We are completely satisfied	52	30.1%
2	We understand but are not satisfied	80	46.2%
3	The proposals lack clarity and we are not satisfied	18	10.4%
4	We cannot understand well	21	12.1%
	No answer	2	1.2%
	Total(Multiple answers allowed)	173	100.0%

This is the question to the respondents answering "We are not interested in SRI" to Q27. Q28 Please choose one or more from the following options as the reason why you are not interested in SRI?

	Category	Number of responses	Ratio
1	We do not know SRI well	31	62.0%
2	We cannot support the idea of SRI	4	8.0%
3	There are still many issues for the adoption of SRI	7	14.0%
4	Others	7	14.0%
	No answer	1	2.0%
	Total(Multiple answers allowed)	50	100.0%

Q29 What do you think of the mid to long-term(5 to 10 years) influence of SRI?

Please Number of respondents

	Category	Number of responses	Ratio
1	Like those in other countries, the influence will increase	217	46.7%
2	The influence will not change as it is	59	12.7%
3	The influence will decrease from the current level	5	1.1%
4	SRI is a short-term fad and will lose its influence	16	3.4%
5	We cannot predict the future development	155	33.3%
	No answer	13	2.8%
	Total	465	100.0%

Q30 Do you consider the corporate governance of your investment targets in your investment activities?

	Number of respondents	Number of responses	Ratio
1	We have already adopted corporate governance in our voting-right exercise policy	12	2.6%
2	We are now considering the adoption of corporate governance in our voting-right exercise policy	13	2.8%
3	We have invested in governance funds	9	1.9%
4	We have not especially considered	407	87.5%
	No answer	24	5.2%
	Total	465	100.0%

Q32 For the future dissemination of SRI,what kind of institutional issue should be addressed?

Please choose any of the following options that apply.

	Number of respondents	Number of responses	Ratio
1	It is necessary to establish a legal infrastructure, including disclosure of investment policy	55	12.9%
2	It is necessary to make it clear that the adoption of SRI does not contradict fiduciary duties	61	14.3%
3	Merits in taxation are needed	48	11.3%
4	It is necessary to legally require the disclosure of CSR information on financial statement reports etc	64	15.0%
5	The establishment of an appropriate investment process is needed	110	25.8%
6	There are no specific problems in the current condition	32	7.5%
7	Others	17	4.0%
	No answer	39	9.2%
	Total	426	100.0%

Note: As for the institutional issues, multiple answers shall be invalid and excluded from the number of responses.

Q31 ESG is the idea that, upon making investment decisions, a corporation's governance and its environmental and social efforts should but equally considered as necessary non-financial information. What do you think of such idea?

Please choose an answer close to your opinion from the following options

	Category	Number of responses	Ratio
1	The components of ESG are mutually different and cannot be equally considered	100	21.5%
2	The components of ESG are mutually different but it is adequate to equally consider them in future	112	24.1%
3	We do not feel any sense of incongruity in equally considering the components of ESG	213	45.8%
	No answer	40	8.6%
	Total	465	100.0%