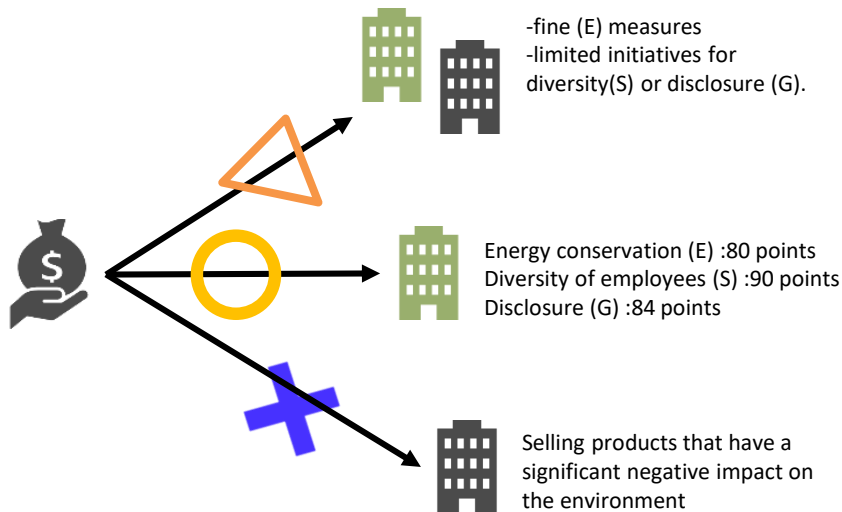


Overview of Impact Investment

- ❑ As the importance of social and environmental issues such as decarbonization, declining birthrate and aging population increases, **the support of companies engaging in innovation and transformation that contribute to solving social or environmental issues has become urgent.**
- ❑ While addressing social or environmental issues is often assumed to be costly, increasing numbers of companies undertake business transformation addressing those issues, based on a premise that they would complement and strengthen their own potentials (virtuous cycle).
- ❑ **As an investment that intends to realize "social or environmental impact," at the same time to secure "financial return,"** *impact investment* is characterized by concretely identifying impact that are to be created by the investment, and could play roles in materializing impact that also foster business potential.

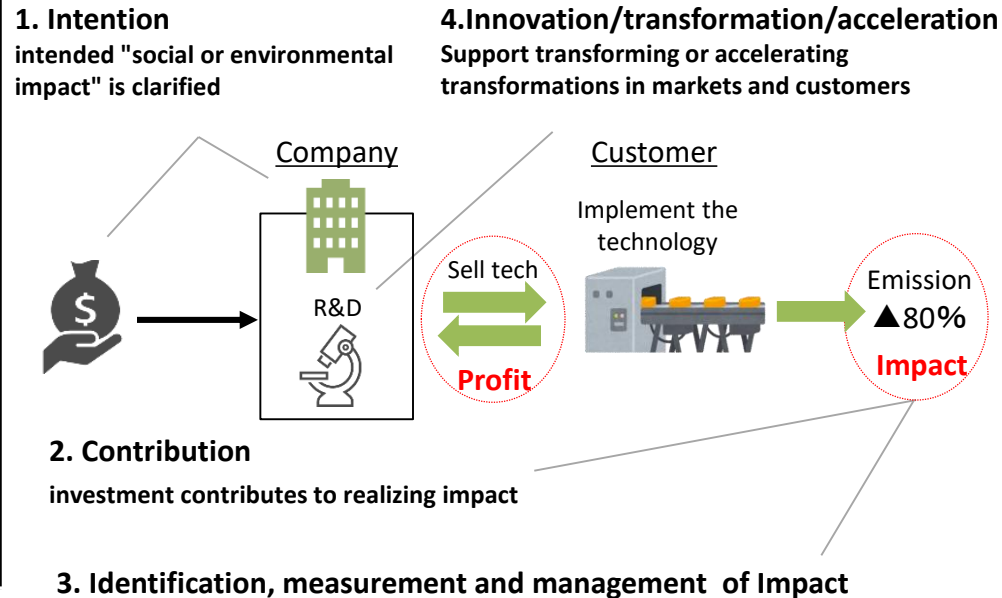
common ESG investment methods

Comprehensively evaluating companies' ESG initiatives
to determine investment ratios or exclude specific industries from investment portfolio



Impact investment

Identify and commit to the specific impact that should be realized through an investment



Outline of Basic Guidelines on Impact Investment (Impact Finance)

- ❑ The JFSA formulated "**Basic Guidelines on Impact Investment (Impact Finance)**" on **March 2024** to foster common understandings on basic concepts and processes for, and further elaborate markets and practices on, impact investment, by **clarifying the basic elements expected for impact investment**.
- ❑ **In light of the characteristics of a growing market, the Guidelines is formulated as general and principle-based to encompass and encourage a wide range of efforts, creativity, and ingenuity by market participants.**

