

To Protect and Promote **Human Rights**

through Our Investment Activities



Our purpose is to “ensure a prosperous and happy life for future generations as well as our customers.” We recognize “inclusive social economy” as one of the important elements of the future we should make. We believe that addressing human rights issues in investment activities is one of the key material issues to realize the purpose and the future. Based on this belief, we aim to increase the long-term value of assets in trust by contributing to global efforts to combat human rights issues through our investment activities

Our Policy on Human Rights

- The Board’s oversight and PDCA cycle to monitor progress
- Human rights due diligence, including risk assessment, engagements and proxy voting to manage material human rights-related risks
- Grievance mechanisms
- Stakeholder engagements (with market participants, NGO/NPO, policymakers, etc.)
- Human rights-related financial disclosure

Our Approach

Collaboration

We are participating in several human rights-related collaboration platforms. These include:



Advance

Advance is a PRI-led collaborative initiative where institutional investors aim to protect and enhance risk-adjusted returns by advancing progress on human rights through investor stewardship. We engage with several companies and take the role of a lead investor.



Apparel & Footwear Engagement using the KnowTheChain Benchmarks

The ICCR, supported by the PRI, has led a collaborative engagement with the apparel companies benchmarked by KnowTheChain. We have been engaging with apparel and footwear companies asking them to address supply chain labor rights abuses, including forced labor, exploitative recruitment practices, and working conditions



Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)

JaCER is an organization that aims to provide a non-judicial “Engagement and Remedy Platform” for redress of grievances and to act in a professional capacity to support and promote redress of grievances by member companies based on the UNGPs. We are one of the affiliate members of this organization.



In-House Engagement

We are conducting two engagement projects to prevent, mitigate and remedy the adverse human rights impacts.

Palm Oil

We have identified 56 Japanese investees that have material palm oil-related dependencies and impacts, for example, with a huge transaction of palm oil. We are requesting them to achieve 2 milestones below by 2030.

- (1) Set targets on the procurement of RSPO-certified palm oil and monitor the performance against the targets.
- (2) Develop a procurement policy with the NDPE (No Deforestation, No Peat, No Exploitation) principle.

Child Labor/Forced Labor

We have identified 5 industry sectors where child labor and/or forced labor are likely to occur, namely Metals & Mining, Renewable Energy, ICT, Foods & Beverages, and Apparel & Footwear. We ask 12 Japanese investees in these sectors to take action to address child labor/forced labor issues in alignment with the UNGPs and related guidance.

ESG Integration

In 2023, we have developed our in-house ESG rating framework called “Resona ESG Ratings.” The human rights-related factors, including “measures to prevent child labor” and “social-related risk management in the supply chain,” are used as the elements to calculate the score in this rating framework. This rating framework is used for our company-wide ESG integration. For example, investees with a low score are excluded from our investable universe.

Proxy Voting

We have revised our proxy voting guidelines in January 2024, to include an escalation policy on material sustainability issues including human rights. In the guidelines, we clarify how we deal with human rights-related shareholder proposals as well.

Mainly Involved in Management for the Event on Business and Human Rights



We chair the Asset Management, Securities & Investment Banking Business Working Group of the Principles for Financial Action for the 21st Century (Japanese local initiative). The WG co-hosted an event titled “The Introductory Seminar on Business and Human Rights” in August 2024. We discussed “why and how companies and financial institutions should tackle human rights issues,” and “the nexus of human rights and environmental issues including climate and nature,” with a wide range of participants, including financial institutions, lawyers, policy makers, and business companies. We led the discussion as the moderator.

Contribution to the Development of the Investor Guide to Business and Human Rights

The ILO and the PRI have convened working groups from October 2023 to March 2024 to develop “A Guide to ‘Business and Human Rights’ for Institutional Investors,” which introduces what, why and how investors address human rights through investment practices. We have actively contributed to the discussion in the groups.

<https://www.ilo.org/ja/publications/guide-business-and-human-rights-institutional-investors>

Disclosure

We annually publish our Sustainability Report, in which we disclose our efforts to address human rights issues described above.



For more information, please access

https://www.resona-am.co.jp/investors/pdf/sus_report2023-2024en.pdf