GPIF's Sustainability Investment Strategy

GPIF Homepage

GPIF YouTube channel

GPIF X

GPIF Instagram

October 15, 2026
Government Pension Investment Fund
Kazuto UCHIDA, President

年金積立金管理運用独立行政法人
Government Pension Investment Fund

About GPIF

Investment Principles

1. Our overarching goal is to contribute to the stability of the national pension system by securing the investment returns that **it requires with minimal risk and from a long-term perspective, to the sole benefit of insureds.**

2. Our primary investment strategy is **diversification by asset class, region, and timeframe**. While market prices may fluctuate in the short term, GPIF will take full advantage of our long-term investment horizon to achieve investment returns in a more stable and efficient manner, while simultaneously ensuring sufficient liquidity to pay pension benefits

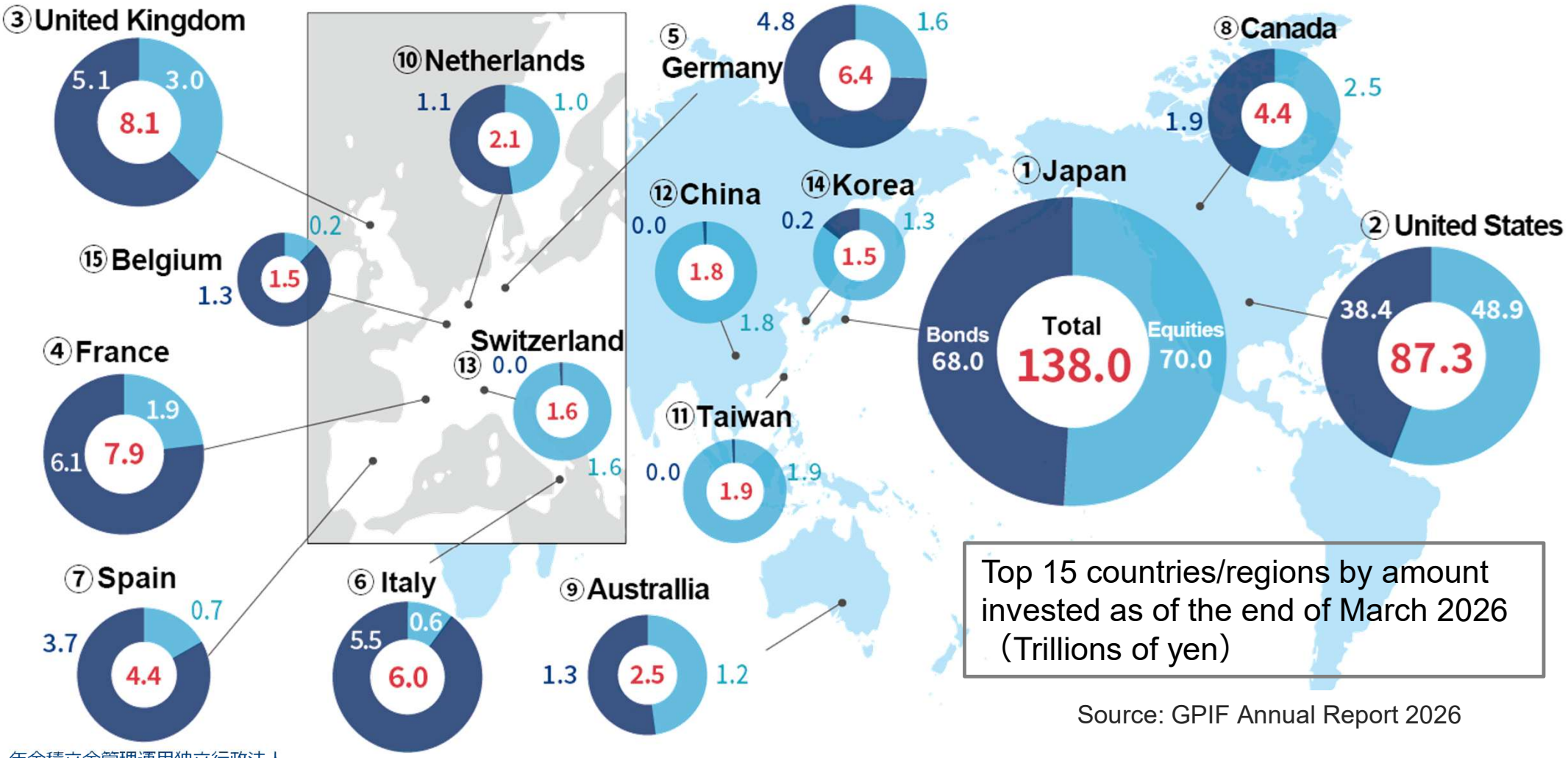
3. We **formulate our overall policy asset mix and manage risks at the portfolio, asset class, and investment manager level.** We utilize both passive and active management in order to achieve benchmark returns (i.e., average market returns) and seek untapped profitable investment opportunities

4. We believe that sustainable growth of investee companies and the capital market as a whole is vital in enhancing long-term investment returns. In order to secure such returns for the benefit of insureds, therefore, we **promote sustainability investment** including those which take into account non-financial factors such as ESG and social or environmental effects (impact), in addition to financial factors.

5. In order to enhance long-term investment returns, we shall **advance various initiatives (including those considering sustainability such as ESG**) to promote long-termism as well as sustainable growth of investee companies and the capital market as a whole, and to **fulfill our stewardship responsibilities**

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Globally Diversified Investment



Top 15 countries/regions by amount invested as of the end of March 2026
（Trillions of yen）

Source: GPIF Annual Report 2026

Copyright © 2026 Government Pension Investment Fund All rights reserved.

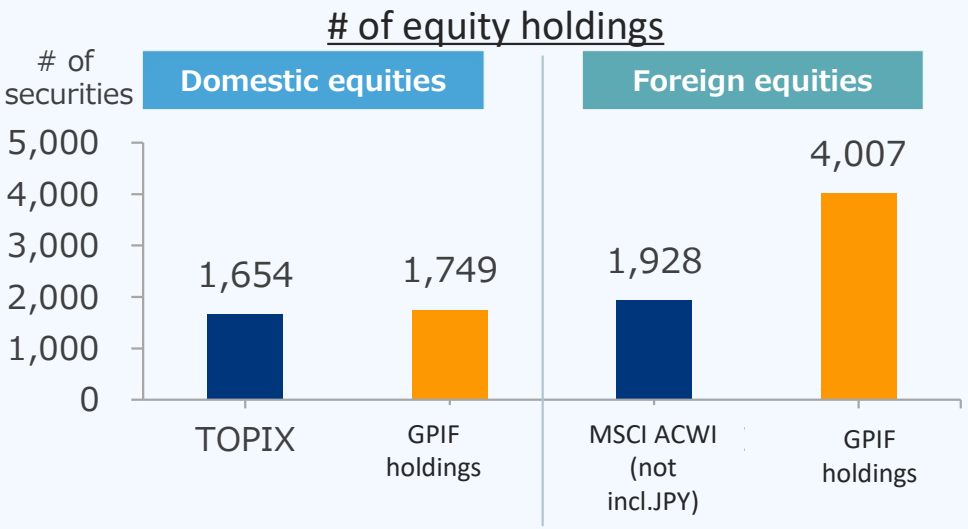
Responsibility as a Universal Owner

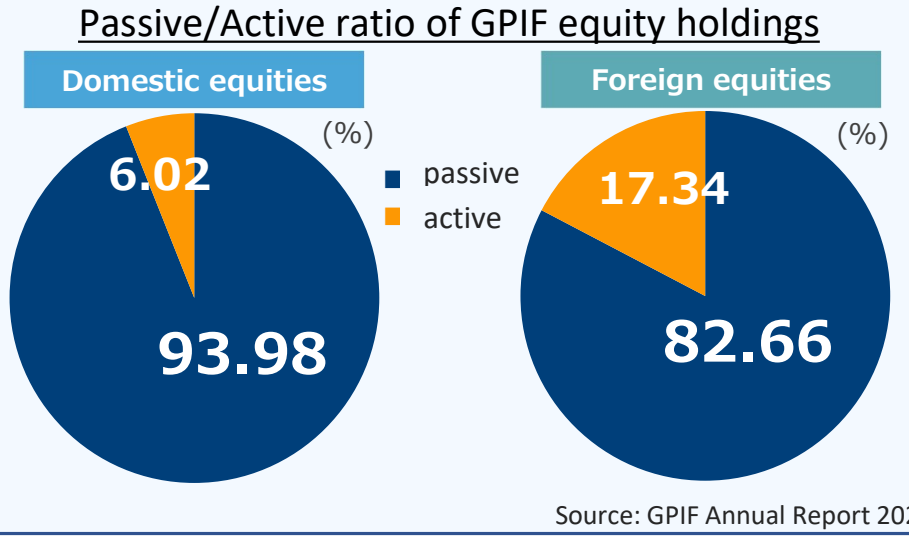
Universal Owner

GPIF is an asset owner, diversified investing in the global market. We have responsibility to take a lead for the promotion of sustainability investment considering ESG, in order to benefit from development of global economy and market.

- Minimizing the negative externality (E and S), and **sustainable development of the whole market as well as society** is inevitable.
- GPIF take **stewardship responsibility** by promoting **"constructive dialogue" to asset managers**, and by ultimately aiming the **"improvement of long-term return"**, which is the Win-Win situation at the investment chain.

【Equity holdings by GPIF (at the end of March 2026)】





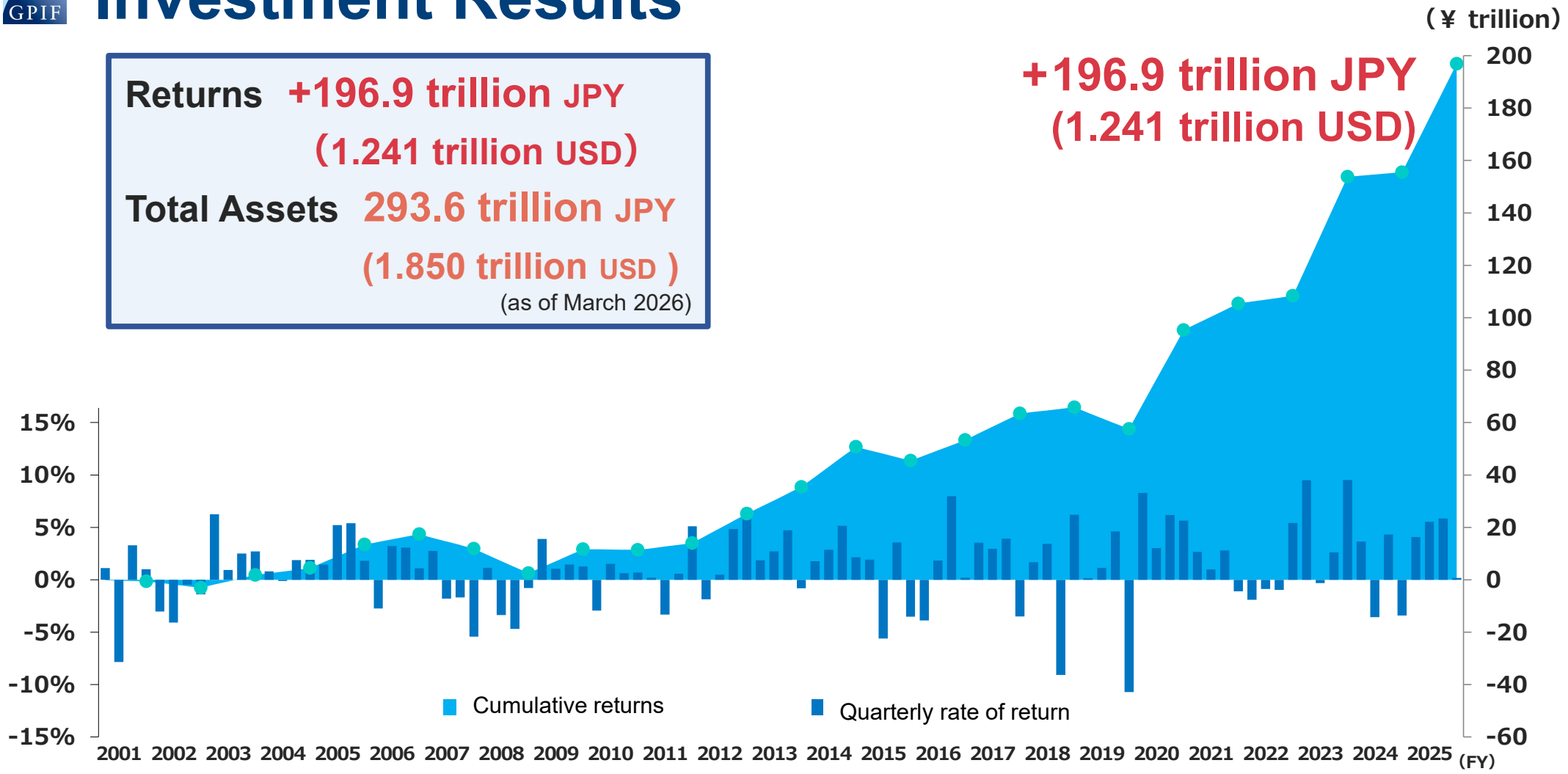
Source: GPIF Annual Report 2025

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Investment Results

Returns +196.9 trillion JPY
(1.241 trillion USD)

Total Assets 293.6 trillion JPY
(1.850 trillion USD)
(as of March 2026)

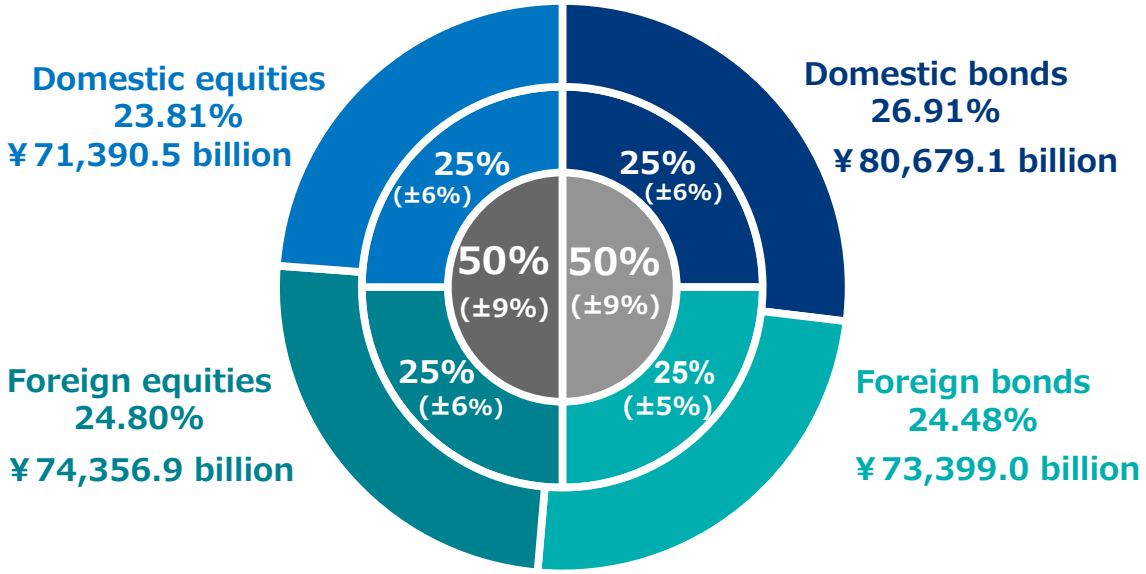


Copyright © 2026 Government Pension Investment Fund All rights reserved.

Portfolio Rebalancing

Inside : policy asset mix (figures in parentheses indicate deviation limits)
Outside : at the end of March 2026

Portfolio Allocation* (as of FY2025 end)



FY2025 Rebalancing amount (in billion ¥/$)

Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
+¥14,753.2	+¥2,653.0	-¥10,693.2	-¥4,201.3
[+ $92.95]	[+ $16.71]	[- $63.37]	[- $26.47]

Net buy　Net sell

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Risk Management - Estimated Tracking Error

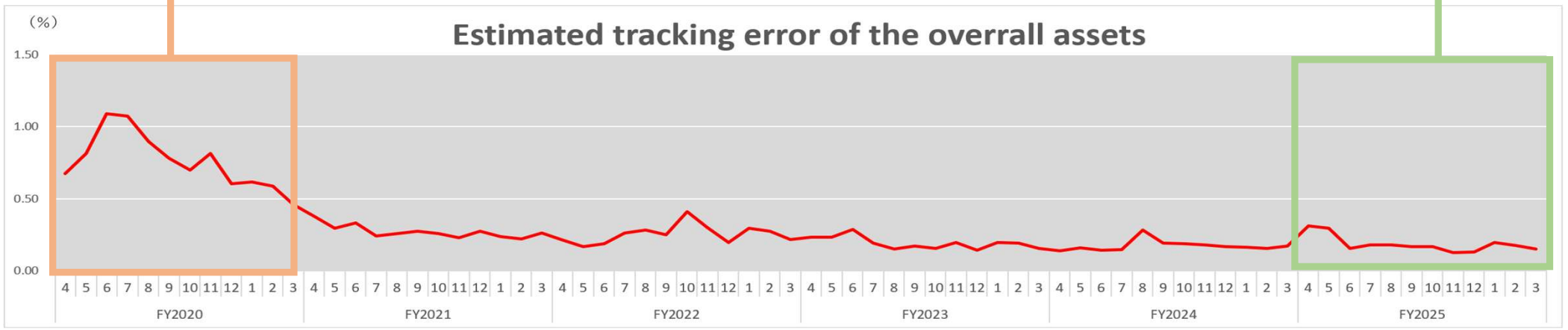
Absolute Risk (e.g. VaR)
Short-term return volatility

⇔

Relative Risk (e.g. TE)
Actual investment diverging from policy asset mix

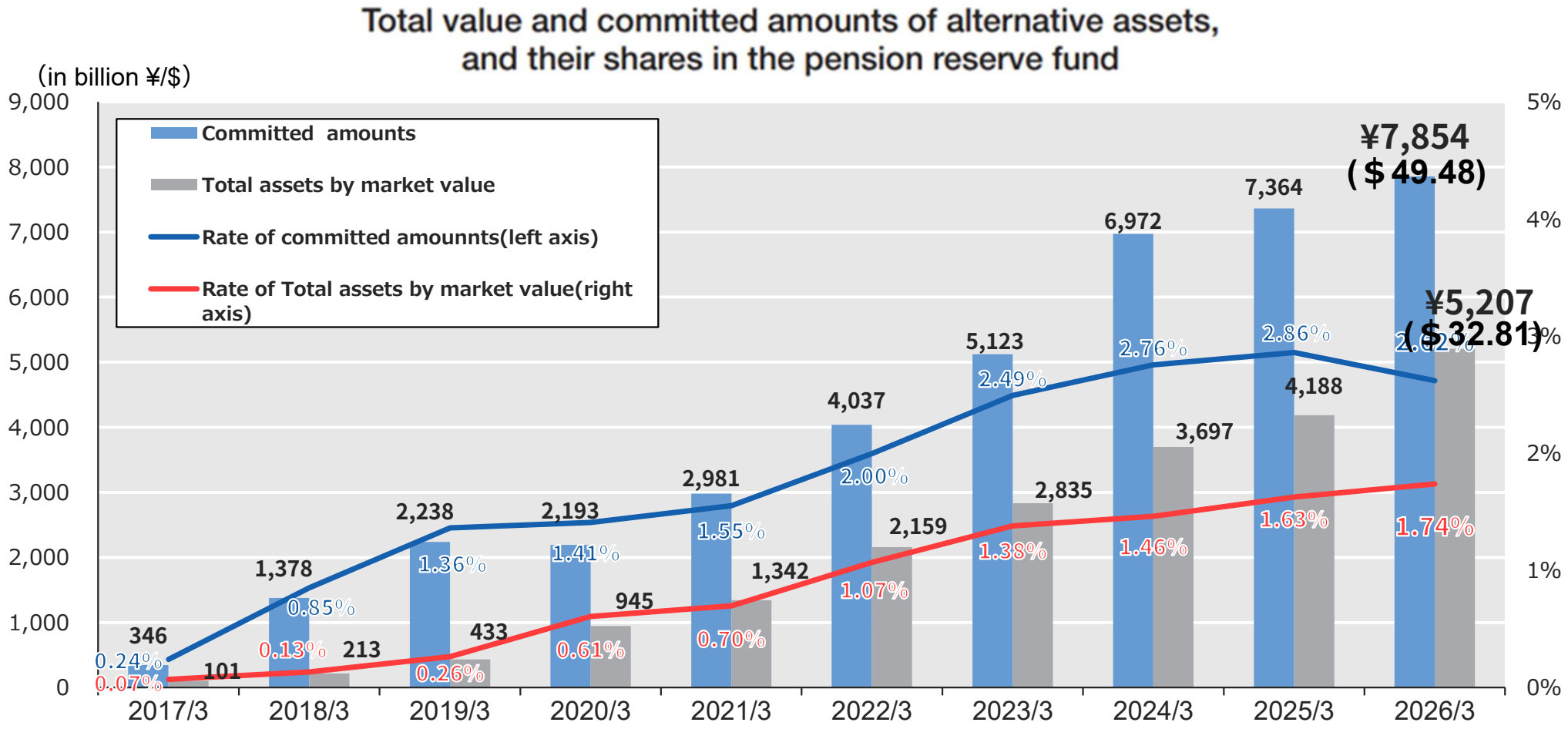
Intentionally increased credit risk of foreign bonds in FY2020

Reduced the risk through various measures in FY2025



(Note 1) The estimated tracking error is calculated by delta method based on the 1σ confidence level over a one-year holding period and two-year observation period.
(Note 2) The figures of each month are calculated by monthly average.
(Note 3) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

Investment Returns of Alternative Assets



Copyright © 2026 Government Pension Investment Fund All rights reserved.

GPIF's Sustainability Investment

History of our Sustainability Investment

2014 Endorsed Japan's Stewardship Code

2015 Established Investment Principles
Signed PRI (Principles for Responsible Investment)

2017 Started ESG Index Investment

2024 Endorsed Asset Owner Principles

2025 Established Sustainability Investment Policy

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Formulation of Sustainability Investment Policy

Based on Asset Owner Principles, GPIF formulated

“Sustainability Investment Policy” (published March 2025)

“To earn stable income over a long period of time, the longtime growth of the corporate value of individual companies, which leads to the sustainable and stable growth of capital markets and the overall economy, is crucial”

Sustainability Investment Policy

Reduction of sustainability-related risks and improvement of sustainability of markets

×

Securing of market average return

Achieving Both

Improving the long-term performance of its entire portfolio (all assets)

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Sustainability Investment Policy: Major Initiatives 1

A ESG Integration

- GPIF requests asset managers to practice ESG integration, which is “the explicit and systematic inclusion of ESG factors into investment analysis and investment decisions.” Since FY 2019, GPIF evaluates asset managers’ ESG integration as a part of assessment of asset managers’ investment practices.

B Engagement/Exercise of voting rights

- GPIF entrusts asset managers with daily trading and proxy voting.
- GPIF requests asset managers to engage with and vote on investee companies, taking into account ESG and other sustainability issues, to achieve sustainable growth. GPIF assesses asset managers’ practices.

C ESG index investment/ESG active fund investment

- GPIF examines the effectiveness of ESG index investment.
- ESG index investment had reached a high percentage in the equity portfolio, amid the stock price rally, since it had been excluded from rebalancing practices. GPIF has decided to include ESG index investment in rebalancing and to optimize investment amounts, ensuring asset management based on our policy asset mix. GPIF continues to advance sustainability investment, including the selection of new ESG indexes and ESG funds.

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Sustainability Investment Policy: Major Initiatives ❷

D Investment considering impact

- GPIF researched impact investing practices in FY 2025.
  GPIF continues to explore “investment considering impact,” while maintaining alignment with Sustainability Investment Policy, in FY 2026

E Sustainability-related risk analysis (climate change, etc.)

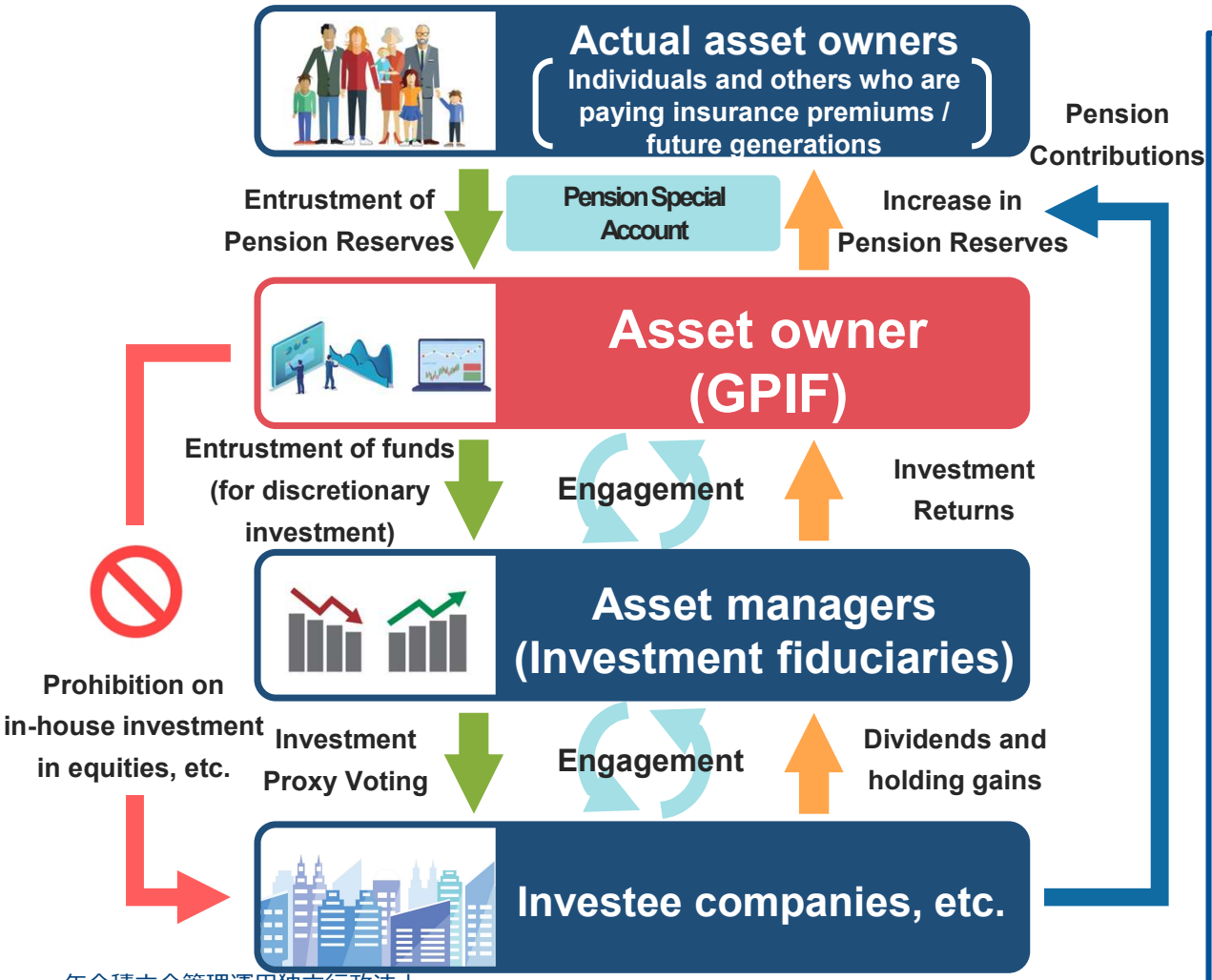
- GPIF plans to insource TCFD and TNFD analysis for “Sustainability Investment Report,” to be published in August 2026.

F Collaboration with related organizations

- GPIF continues to co-host “Keidanren (Japan Business Federation) - GPIF Asset Owners’ Roundtable.”
- GPIF shares insights on sustainability investment with other global asset owners, etc. at Pacific Pension & Investment Institute (PPI), PRI, ICGN and others.

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Promotion of Investment Chain



Promotion of virtuous cycle of investment chain

- As a proxy of the people who are the actual asset owners, GPIF promotes companies' sustainable growth (improvement of corporate value) through "constructive dialogue" (engagement) between asset managers and investee companies, and ultimately contributes the result to the insureds, aiming for "a virtuous cycle of investment chain."
- By promoting the whole system (investment chain), from asset managers, investee companies, to index providers, GPIF, as an asset owner, contributes to the sustainable growth of the investee companies as well as the whole market, fulfilling stewardship responsibilities.

(Reference) PRI "The Future of Responsible Investing," April 2026

"Regarding responsible investing and the role of asset owners, (asset owners are) required a system-wide and forward-looking approach."

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Long-term enhancement of corporate value: 3 Key items

Long-term enhancement of corporate value

1 Management conscious of cost of capital and stock price

Directly linked to corporate value

Financial

E.g.

Interview with asset managers on engagement regarding "management conscious of cost of capital and stock prices"

2 Sustainability management and disclosure (based on materiality)

Reduction of risks
(enhancing opportunities)

Non-financial

E.g.

Excellent
Sustainability Disclosures

3 Effective corporate governance

Pre-condition for 1 and 2

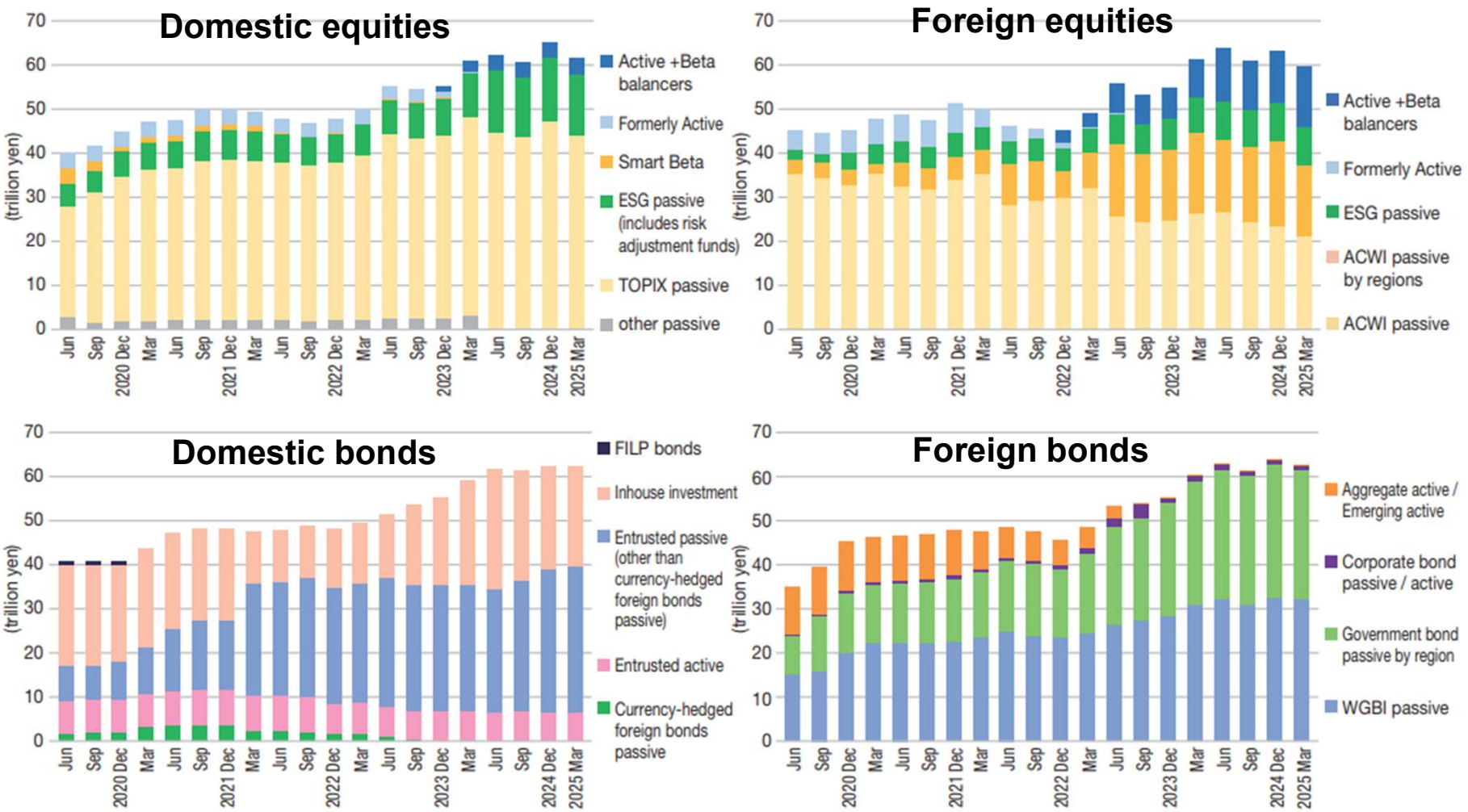
Non-financial

E.g.

Dialogue with asset managers regarding
Corporate Governance Reform

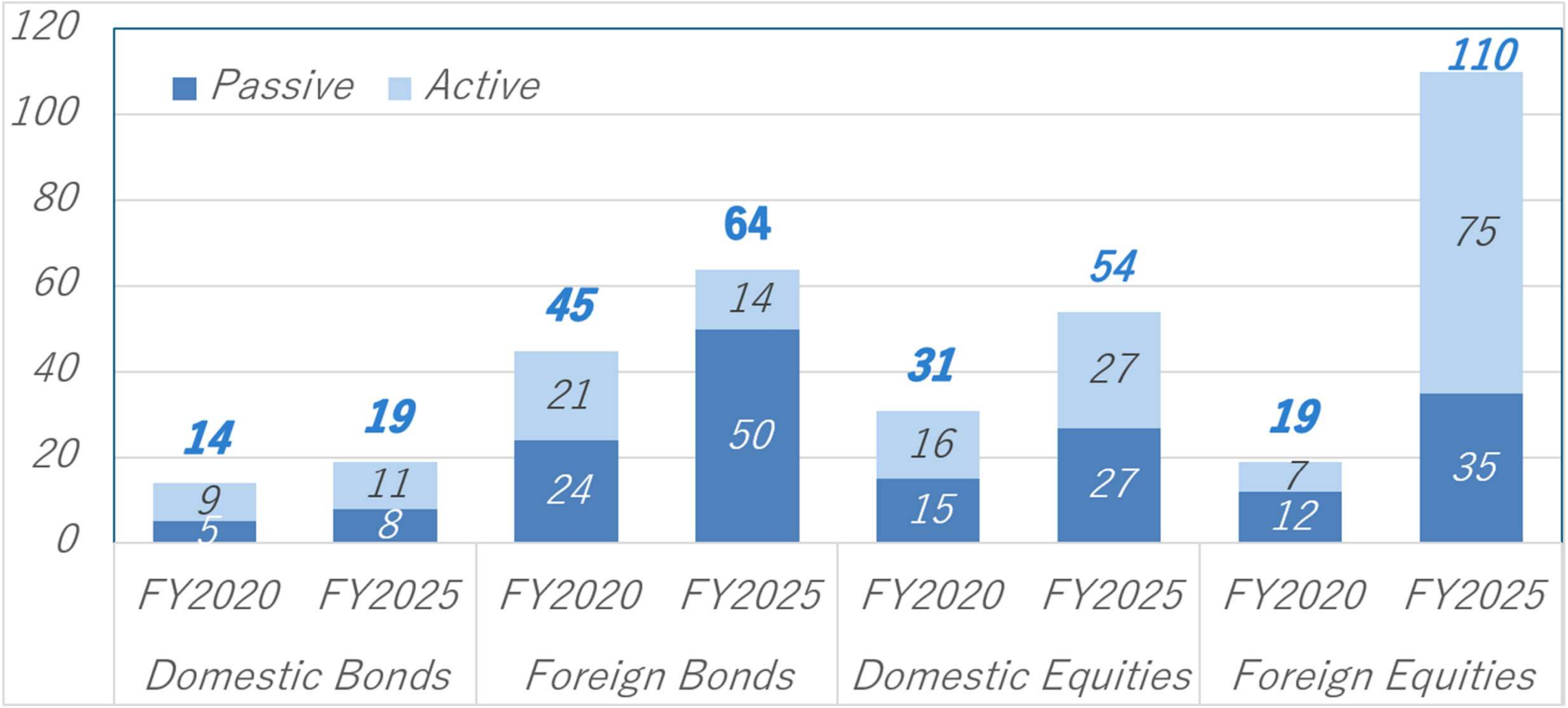
Copyright © 2026 Government Pension Investment Fund All rights reserved.

GPIF Traditional Asset Management (by Strategy)



Copyright © 2026 Government Pension Investment Fund All rights reserved.

The Number of Externally Managed Funds Has Doubled Over the Past Five Years



Copyright © 2026 Government Pension Investment Fund All rights reserved.

GPIF's Manager Registration System: Strengthening Collaboration with Foreign Asset Managers Based in Japan

- December 2023: Requirements on AUM and operating history of external asset managers abolished.
- Proactively and flexibly engaging with asset managers that offer innovative investment strategies, including promising emerging managers.By gathering information on investment products, GPIF aims to build more sophisticated portfolios and further enhance its investment capabilities.
- In FY2025, GPIF appointed a one-year-old emerging manager for an active developed-market equities mandate.
- In recent years, more overseas asset managers have established a presence in Tokyo, which is expected to enhance communication on investment strategies and risk analysis.

Copyright © 2026 Government Pension Investment Fund All rights reserved.

Closing

Corporate governance reform coupled with the normalization of interest rates, we are seeing Japanese corporate value creation, raising hopes that we have entered a phase of sustainable growth.

As GPIF, we intend to actively engage in this process to foster a virtuous cycle within the investment chain.

(1) Promoting dialogue and engagement between our external asset managers and investee companies
(2) Stewardship activities that prioritize financial materiality
(3) Encouraging the adoption of sustainability disclosure standards （Enhancing transparency）;
(4) Collaborating with Keidanren (Japan Business Federation).

We work closely with all key stakeholders to support Tokyo’s evolution into a transparent, innovative, and globally trusted financial hub through our asset management expertise.

Copyright © 2026 Government Pension Investment Fund All rights reserved.


GPIF