

The Group's Initiatives to Reduce Its Environmental Impact








Initiatives to Reduce Environmental Impact

The Group has an effect on natural capital and the environment through the consumption of resources such as energy and paper, as well as CO₂ emissions and waste generated from its business activities. We are committed to reducing the environmental impact stemming from our operations and to minimizing the negative impact on society, and we consider this an issue of materiality.

We are striving to reduce both the environmental impact directly attributed to our business activities as well

as the indirect environmental impact created by our borrowers and investees. Our goal is to reduce the burden on the environment at the societal level.

The Sustainable Development Goals (SDGs) have set numerous goals and targets related to environmental issues. The initiatives we are undertaking in relation to the 17 SDGs in response to environmental issues resulting from the Group's business activities include the following.

| | | | |
|---|---|---|---|
| Reduction, appropriate management, recycling, and disposal of general waste such as paper waste, PCBs, and waste that contains chemicals like chlorofluorocarbons |  | Acquiring certification for our main office building under the CASBEE for Real Estate system for displaying building environmental performance |  |
| Efficient water use |  | CSR procurement of paper that takes the environment and human rights into consideration when cutting down trees in tropical rainforests for raw materials |   |
| Utilization of renewable energy through solar power generation at four branches that have been established since 2013 |  | Energy-saving activities primarily focused on reducing power usage |  |

Our Group's Initiatives to Reduce Emissions

The Group operates an Environmental Management System (hereinafter EMS) based on its Sustainability Policy.

Our goal is to contribute to the realization of a sustainable society by systematically and continuously engaging in environmental conservation activities.

Specifically, we have set targets and are making efforts toward the following five items.

- (1) Paper (usage amount, ratio of recycled and eco-friendly paper purchases, paper waste)
- (2) Electric power (power usage, GHG emissions)
- (3) Waste (waste generation, paper waste)
- (4) Green procurement (ratio of green procurement when purchasing stationery)
- (5) Water (usage amount)

In the SuMi TRUST Group Carbon Neutral Commitment announced in October 2021, we declared that the GHG emissions (Scope 1, 2) of the SuMi TRUST Group will be net zero by 2030. We also disclosed the "Progress of Our Approach to Carbon Neutrality" report in October 2022 in accordance with the declaration.

We will continue to reduce energy consumption and accelerate the transition to renewable energy, with a focus on electric power. We will also ensure that efforts to reduce GHG emissions take root throughout the Group, and we will aim for the early achievement of net zero GHG emissions Group-wide, including at key overseas offices and Group companies.

Status of EMS Initiatives

| | KPI | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-------------------|--|--------------------|--------|--------|--------|--------|--------|
| Paper | Paper usage | t | 738 | 706 | 676 | 472 | 450 |
| | Ratio of recycled and eco-friendly paper purchases | % | 100 | 100 | 100 | 100 | 100 |
| Waste | Waste generated | t | 1,332 | 1,304 | 1,268 | 1,269 | 1,059 |
| | Paper waste | t | 1,050 | 1,025 | 933 | 950 | 752 |
| Green procurement | Green procurement ratio | % | 87 | 86 | 89 | 81 | 80 |
| Water | Water usage | 1000m ³ | 139 | 127 | 122 | 114 | 119 |

Calculation range: Domestic bases (some branches excluded for water usage)

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Zero CO₂ Emissions Initiatives

The details of the Group's efforts to achieve net zero greenhouse gas emissions by fiscal year 2030 are as follows. For a more detailed report on the status of our efforts.

refer to the TCFD Report (December 29, 2022). [PDF https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf](https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf)

Reductions in Scope 1 and 2 emissions

Energy Consumption and CO₂ Emissions (Domestic Offices)

| Energy use | | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|------------------------------|-------------------------|-------------------------|---------|---------|---------|---------|---------|
| Total floor space | | thousand m ² | 396 | 370 | 365 | 366 | 363 |
| Scope 1 (direct emissions) | Example: City gas | thousand m ³ | 1,996 | 1,869 | 1,893 | 1,890 | 1,954 |
| Scope 2 (indirect emissions) | Example: Electric power | thousand kWh | 60,444 | 56,003 | 54,753 | 53,940 | 52,370 |
| Total energy consumption | | MWh | 204,448 | 191,375 | 188,100 | 186,174 | 181,678 |

| CO ₂ emissions | | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|--------------------------|---------------------------------------|--------|--------|--------|--------|--------|
| Scope 1 (direct emissions) | | t-CO ₂ | 4,575 | 4,362 | 4,421 | 4,297 | 4,211 |
| Scope 2 (indirect emissions) | Basic emission factor | t-CO ₂ | 32,493 | 29,142 | 26,906 | 25,732 | 24,138 |
| | Adjusted emission factor | t-CO ₂ | 31,665 | 28,502 | 26,419 | 25,198 | 16,940 |
| CO ₂ emissions (Scope 1 + 2 total) | Basic emission factor | t-CO ₂ | 37,068 | 33,504 | 31,327 | 30,029 | 28,349 |
| | Adjusted emission factor | t-CO ₂ | 36,240 | 32,864 | 30,840 | 29,495 | 21,151 |
| Emission intensity (CO ₂ emissions per floor space) | Basic emission factor | t-CO ₂ /1000m ² | 94 | 91 | 86 | 82 | 78 |
| | Adjusted emission factor | t-CO ₂ /1000m ² | 92 | 89 | 84 | 81 | 58 |

Scope of calculations: Offices of SuMi TRUST Bank in Japan subject to the Act on the Rational Use of Energy.

Group companies, including Sumitomo Mitsui Trust Asset Management, are tenants in some office buildings.

Calculation methods: Calculated according to provisions set out in the Act on the Rational Use of Energy.

CO₂ Emissions and Reduction Obligation of Offices Covered by the Tokyo Metropolitan Government's Environmental Preservation Ordinance

| Plan period: FY2020 to FY2024 | Unit | Fuchu Building | | Head Office Building | | |
|-------------------------------|-------------------------------|-------------------|--------|----------------------|--------|--------|
| | | FY2020 | FY2021 | FY2020 | FY2021 | |
| Targets | (1) Base emissions | t-CO ₂ | 25,704 | 25,704 | 13,287 | 13,287 |
| | (2) Emissions upper limit | t-CO ₂ | 18,764 | 18,764 | 11,294 | 11,294 |
| | (3) Mandatory reductions | t-CO ₂ | 6,940 | 6,940 | 1,993 | 1,993 |
| Results | (4) CO ₂ emissions | t-CO ₂ | 10,670 | 9,845 | 9,053 | 9,112 |
| | (5) Emission reductions | t-CO ₂ | 15,034 | 15,859 | 4,234 | 4,175 |
| | (6) Excess reductions (5)-(3) | t-CO ₂ | 8,094 | 8,919 | 2,241 | 2,182 |

*The reduction situation of the Fuchu Building and Head Office Building, which have a responsibility to reduce emissions under the Tokyo Cap-and-Trade Program of the Tokyo Metropolitan Environmental Security Ordinance.

Regarding the Head Office Building, which is jointly owned, the obligation rate of each unit owner has not been stipulated. The reduction obligation rates of the Fuchu Building and Head Office Building are 27% and 15%, respectively, and the maximum emissions and reduction obligations were calculated on a single-year basis. Emissions values were verified by a third-party verification agency.

Other Initiatives to Reduce Environmental Impact

SuMi TRUST Bank Initiatives

CSR Procurement

Goal 12 of the SDGs, “Responsible Consumption and Production,” aims to ensure sustainable manufacturing and consumption patterns, and calls on consumers to engage in activities that lead to sustainable management and efficient use of natural resources, prevention of soil, air and water pollution, and waste reduction.

SuMi TRUST Bank, based on the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” strives to prioritize the procurement of goods and services that take the environment and society into consideration.

Through its cooperation with suppliers who care about the environment and society and efforts to spread CSR procurement, the Group seeks to contribute to

sustainable social development as a corporate group trusted by the public.

CSR Procurement Policy

Papers, stationery goods, fixtures and equipment used by SuMi TRUST Holdings in its businesses have been procured through a long supply chain that begins with the mining of resources and extends to its processing, manufacturing and sales. Throughout this process, it is a duty of consumers to procure products and services that have been designed not to pollute the environment or cause human rights issues. SuMi TRUST Group has formulated a CSR procurement policy to promote procurement that gives consideration to the environment and society.

1. Fair Transactions

We select suppliers through a fair and transparent method by taking comprehensive account of economic rationality, appropriate quality, delivery punctuality, compliance with social norms, consideration for social challenges and consideration for the environment.

We do not provide profits to or impose undue disadvantages on specific clients without due reason.

2. Compliance with Laws, Regulations, etc.

We respect laws and social norms in procurement and never violate them in any case. We are not involved with antisocial forces in any way and reject unjust demands.

3. Consideration for Social Challenges

We strive to conduct transactions with and procure products and services from suppliers who respect basic human rights,

give consideration to industrial safety and health and avoid violations of human rights, such as unjust discrimination, forced labor and child labor.

4. Consideration for the Environment

We strive to conduct transactions with and procure products and services from suppliers who promote efforts to reduce the environmental burden and contribute to mitigating and easing environmental problems, including climate change and biodiversity problems.

5. Cooperation with Suppliers

We seek cooperation from and promote cooperative initiatives with suppliers in order to give consideration to social challenges and the environment across supply chains in our procurement activities.

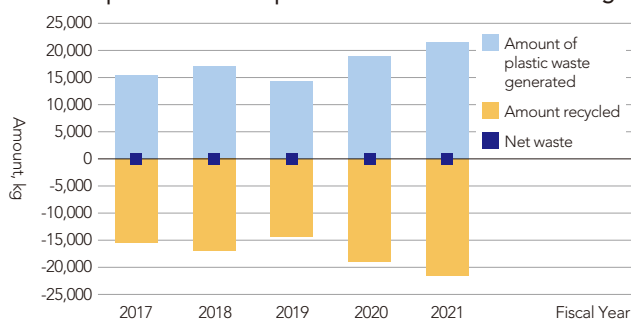
Measures to Address Plastic Garbage

Ocean pollution caused by “marine plastic garbage” washed into from rivers and elsewhere is a global problem which has an enormous impact on marine ecosystems, and on industries such as fisheries and tourism.

In April 2019, the Group has established the “SuMi TRUST Group Zero Plastic Waste Declaration,” which aims to eliminate plastic garbage that is thrown away without recycling by 2030, as concrete action against this global marine pollution problem. Based on this declaration, we are now promoting concrete initiatives under the two pillars of: (1) not producing plastic waste by our employees and (2) not allowing our clients to produce plastic waste.

SuMi TRUST Bank has not provided items such as shopping bags and straws with purchases at the convenience stores operated for employees in our large office buildings. Since the formulation of the Zero Plastic Waste

Status of plastic waste disposal at the Head Office Building



Declaration, original posters calling for waste separation and plastic waste reduction have been displayed throughout the Group, and mainly domestic branches have established their own Plastic Waste Reduction Activity Month to visualize the actions of each individual, and efforts to have

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employees bring their own bags and bottles are expanding. That being said, plastic waste generated in the Head Office Building was on the rise between fiscal years 2017 to 2021. At the Head Office Building, we make sure that plastic waste is recycled, and we have secured a 100% recycling rate. We will continue to strive for the reduction and recycling of waste plastic. In addition, as an initiative for preventing clients from producing plastic waste, we are encouraging the review and replacement of materials used for various distribution products.

In June 2022, as a continuation of the nationwide online in-house study sessions conducted in fiscal year 2021, we conducted "How to Handle Plastic - Advanced Edition," in which 708 participants from 85 branches took part. Two

members of the Sustainability Management Department explained the issues with plastic, the law promoting resource circulation related to plastic (the New Plastic Law), and materials that can serve as alternatives to plastic. They also called for practical ways to start immediately handling plastic effectively.

The biannual With You Eco Festival (see page 170), which targets sales branches, has been working on increasing the visibility of the results of activities based on the theme of "eco-friendliness," such as power conservation and plastic reduction. In the first half of 2022, the With You Eco Festival contributed to a reduction of 7,215 kg of CO₂ as of the end of September.

Chronology of Activities

| | |
|---------------------------------------|--|
| April 2019 | Formulation of the SuMi TRUST Group Zero Plastic Waste Declaration 1 |
| October 2019- | The entire Group will gradually switch from biochemical film to Graphan (pulp material) as the material for the plastic windows of windowed envelopes used in business operations and for mailing to clients |
| October 2019 | Promote reduction of plastic at celebrations and informal receptions |
| April 2021- | Gradually switching from plastic to LIMEX as the material for handbag plastic bags to be given to clients 2 |
| July 2021- | Exhibition of Thinking about Plastic Waste posters at branch offices nationwide 3 |
| August 2021 | Hold internal online study session on how to engage with plastic |
| October 2021- January 2022 | Hold With You Eco Festival for branch offices nationwide |
| November 2021- | Changed the tea serving service to clients visiting office buildings to environmentally friendly paper-bottled beverages (tea) 4 |
| June 2022 | How to Handle Plastic - Advanced Edition online in-house study session held 5 |
| July-August 2022 | With You Eco Festival held for all sales branches nationwide |
| August 2022 | Switched the material used for plastic sleeves handed out to clients at some branches from plastic to "Clearpreco" made with paper |



Nikko Asset Management Initiatives

Nikko Asset Management Co., Ltd. recognizes the threat that climate and environmental risks pose to the world, believing that it has a responsibility to minimize the impact of its business activities on the environment. Ever since first introducing an environmental policy in 2010,

it has committed to actively considering environmental issues in its business activities.

The revised 2021 Environmental Policy focuses on the following eight areas.

1. Compliance with laws and regulations, etc.
2. Reduction of greenhouse gas emissions
3. Pursuing resource efficiency
4. Selecting vendors and purchasing products with consideration to the environment
5. Reduction of disposable plastic
6. Protecting biodiversity in the natural environment
7. Enhanced reporting and disclosure
8. Promoting employee education and advocacy

In addition, as a quantitative goal, we aim to reduce the greenhouse gas emissions per employee of the entire Nikko Asset Management Group by 40% compared to 2019 by 2030.*¹

*1 Covers direct and indirect emissions by the company under Scope 1 and Scope 2 (emissions from fuel combustion, electricity supply, and other uses) as defined in the Greenhouse Gas Protocol, as well as some indirect emissions under Scope 3 (emissions from fuel and energy activities and business trips not included in Scope 1 and Scope 2).

The company has been measuring, evaluating, and offsetting the Group's greenhouse gas emissions since 2018. Based on data for power usage, transportation, and business trips at global sites, external consultant Carbon Footprint Ltd. converted these factors into carbon dioxide (CO₂) emissions and performed an evaluation.

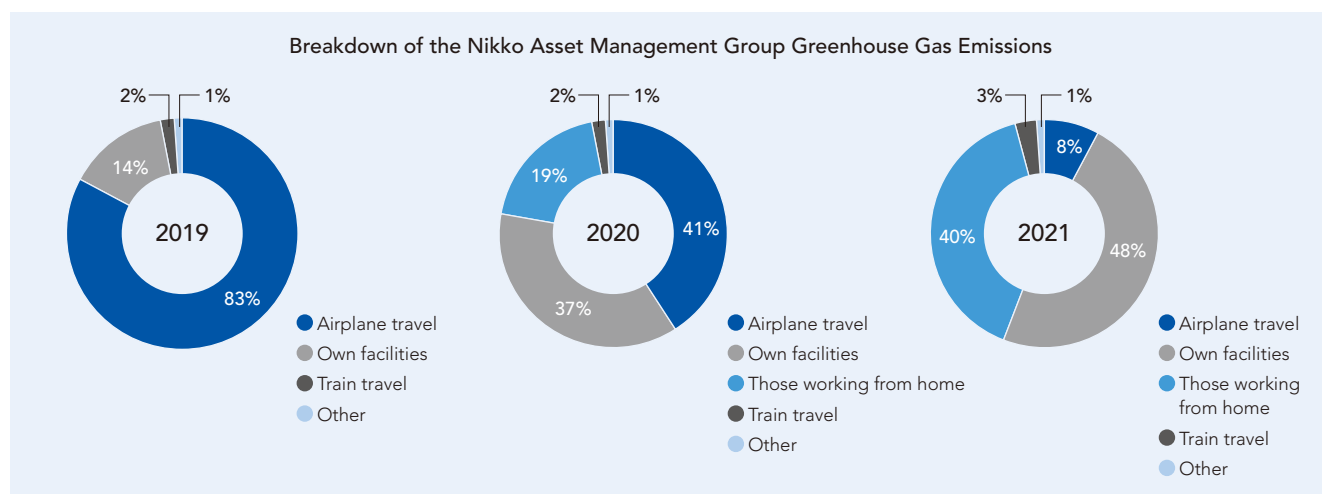
We have confirmed the total CO₂ emissions of the Nikko Asset Management Group and the emissions per employee in 2021 as follows.

Nikko Asset Management Group Greenhouse Gas Emissions

| Item | 2019 | 2020 | 2021 | Compared to base year (2019) |
|--|----------|----------|---------|------------------------------|
| Total CO ₂ emissions (tCO ₂) | 5,906.90 | 1,822.80 | 1,127.3 | -80.9% |
| CO ₂ emissions (tCO ₂) per employee | 6.36 | 2.10 | 1.2 | -81.0% |

Including Nikko AM Group's officers, contract employees, and temporary staff (as of December 31, 2021)
Past performance is not indicative of future results.

The following graph shows how various elements contributed to Nikko Asset Management Group's greenhouse gas emissions over the past three years, including the baseline year of 2019.



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Continuing from 2020, the factor that most significantly contributed to the total reduction in emissions was the decrease in business travel due to the COVID-19 pandemic and associated travel restrictions. As a result of reduced business travel, emissions from air travel were cut by 98% compared to the baseline year of 2019. While power usage at our offices was also reduced by 36%, this was surpassed by the increase in power usage associated with employees working from home.

Even in 2021, there was a significant decrease in emissions compared to the baseline year (2019), continuing the trend from 2020. However, we fully recognize that this was achieved under exceptional circumstances. As the world gradually returns to normal, the company is aware of the need to leverage what it has learned during this period to mitigate any rebound increase in greenhouse gas emissions. By clearly defining our long-term emission reduction goals, we are confident that we can facilitate the achievement of these goals.

With regard to the two major sources of greenhouse gas emissions at the company, namely power usage and

business travel, we have transitioned to renewable energy as much as possible and revised our travel guidelines.

To reduce greenhouse gas emissions associated with power usage at our Tokyo office, we have entered into "Green Power Contracts" similar to the "Green Tariff" system that the company already introduced in the UK beginning in fiscal year 2022. While the 2019 power usage of the Tokyo office constituted approximately 10% of total greenhouse gas emissions, the introduction of green power is expected to reduce the office's market-based emissions to zero.

Given that business travel by plane is indispensable to our operations, we do not anticipate maintaining low levels as the pandemic subsides. However, in the long term, we aim to curb any rebound increase as much as possible. As the first step, we have added to the application process for overseas business trips the requirement that CO₂ equivalent emissions be calculated and submitted based on the specified method. This aims to raise employee awareness about greenhouse gas emissions associated with business trips.

Sumitomo Mitsui Trust Panasonic Finance Initiatives

At Sumitomo Mitsui Trust Panasonic Finance, in addition to continuing to make efforts to reduce power usage, photocopying paper usage, and gasoline usage, we are also committed to Reduce-Reuse-Recycle (3R) activities in an effort to make effective use of resources.

In fiscal year 2021, the spread of remote work and paperless meetings, as well as the utilization of workflow-enabled electronic approval processes, enabled us to reduce photocopying paper usage by 5.7% year on year. Additionally, while activity restrictions due to COVID-19 were relaxed compared to fiscal year 2020, leading to increased office use and opportunities for power usage, we have managed to limit the increase to a marginal 0.5% year on year by continuing internal initiatives to conserve electricity.

Moreover, we are promoting efforts that contribute to the environment and society (health and safety), such as reducing CO₂ emissions by switching from the use of company vehicles for business activities to public

transportation (such as the utilization of trains and rental cars), and reducing long-distance drives to alleviate driver fatigue and prevent traffic accidents. As a result of these efforts, the amount of gasoline used in our company vehicles has been trending downward every year, and we have managed to reduce it by 1.9kℓ (2.8%) year on year. This reduction is equivalent to approximately 4.4t-CO₂ when converted to CO₂ emissions.

Furthermore, as part of our 3R activities, we are not only facilitating the reuse of surplus stationery and other items within the company and providing used plastic sleeves to resource recycling businesses to be recycled, but we are also committed to initiatives that make effective use of resources and contribute to society. These include donating unused envelopes for which the period of validity has passed to special needs schools as teaching materials for practical training.

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | YoY comparison |
|--------------------------|-----------------|--------|--------|--------|--------|--------|----------------|
| Electricity consumption | thousand kWh | 982 | 984 | 938 | 906 | 911 | +0.5% |
| Gasoline consumption | kℓ | 80.3 | 77.4 | 73.5 | 66.7 | 64.8 | -2.8% |
| Copier paper consumption | thousand sheets | 17,508 | 17,567 | 18,499 | 14,984 | 14,121 | -5.7% |