

October 20, 2021

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.

SuMi TRUST Group Carbon Neutral Commitment
and Participation in Net Zero Banking Alliance

Sumitomo Mitsui Trust Holdings, Inc. (Director, President: Toru Takakura, hereinafter, “SuMi TRUST Holdings”) hereby announces the following Carbon Neutral Commitment with the aim of reduction of greenhouse gas emissions worldwide and solving other climate change related issues in society. Further, in order to steadily promote this commitment, SuMi TRUST Holdings has joined the Net Zero Banking Alliance (NZBA)¹.

Social and industrial structures are starting to be largely transformed by the vision of achieving carbon neutrality, and consequently, the technological developments and capital investments needed to facilitate that vision will require enormous sum of capital. Along with such capital requirements, structuring to more appropriate risk profiles and adding asset administration functions enables us to provide attractive financial products to investors in a low interest rate environment, which in turn offers investment opportunities to the asset formation needs of households in an age of 100-year life.

The SuMi TRUST Group (hereinafter, “the Group”) defines its purpose (reason for existence) as follows: *creating new value with the power of trusts and let prosperous future for our clients and society bloom*. As we work towards the decarbonization of society, the Group will aim to create both social and economic value in a balanced manner and achieve a sustainable society by pushing ahead with the Group’s original financial intermediary business model for developing new markets and new investment opportunities with the use of not only our investment and loan functions, but also the asset management and asset administration businesses unique to a trust banking group.

SuMi TRUST Group Carbon Neutral Commitment

- (1) Contribute to achieving carbon neutrality in society by leveraging the trust banking group’s wide-range and flexible functions
- (2) Target net-zero GHG² emissions in investment and loan portfolios by 2050³
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA
- (3) Achieve net-zero GHG emissions in the SuMi TRUST Group by 2030⁴

(1) Net Zero Banking Alliance—a banking industry alliance established by UNEP FI (United Nations Environment Programme Finance Initiative) that aims to achieve net-zero GHG emissions from investment and loan portfolios by 2050. Signatory financial institutions are requested to set medium- to long-term GHG emission reduction targets and report on the progress of reductions in accordance with NZBA guidelines

(2) Greenhouse gases

(3) Scope 3 Standard (emissions of other companies related to the SuMi TRUST Holdings’ activities) of the GHG Protocol, a GHG emissions measurement and reporting standard developed by the global GHG Protocol Initiative

(4) Scope 1 and Scope 2 of the GHG Protocol

Scope 1: Direct GHG emissions by SuMi TRUST Holdings

Scope 2: Indirect emissions from the use of electricity or heat and steam supplied from other companies

To execute the Group's commitment, specific initiatives will be implemented in the following three areas.

1. Contributions that leverage the attributes of a trust banking group

As Japan's only trust banking group, the Group aims for a balanced creation of both social and economic value by harnessing the power of trusts. We will support to achieve a net-zero carbon emissions society through our transactions with clients by leveraging the broad range of functions across the Group, including investments and loans from our own accounts, asset management, asset administration, and various advisory services.

As a concrete initiative, we will pursue to achieve net-zero GHG emissions in investment management operations as Asia's largest asset management group boasting an AUM of ¥122 trillion⁵. Both Sumitomo Mitsui Trust Asset Management (hereinafter, SMTAM) and Nikko Asset Management (hereinafter, Nikko AM) have thus far carried out stand-alone engagement activities with companies they invest in, but they have also led the way in Asia by participating in the Climate Action 100+ and other global initiatives to conduct joint engagement activities targeting corporations thought to be major greenhouse gas emitters.

In July 2021, SMTAM joined the Net Zero Asset Managers Initiative (NZAMI), a global initiative comprising asset managers committed to supporting the goal of net-zero GHG emissions by 2050. Through its participation in NZAMI, SMTAM aims to realize net-zero GHG emissions at the companies in which it invests. Nikko AM too, as an institutional investor with asset management operations worldwide, will continue to employ measures geared towards net-zero GHG emissions at investee companies, including its additional participation in global climate change initiatives.

Furthermore, in the real estate business, we were the first Japanese financial institution to set up a dedicated organization providing consultation services for environmentally friendly property in 2010. Since then we have launched various business lines aimed at popularizing environmentally friendly property, including providing assistance to clients looking to switch to renewable energy, as well as consulting services concerning energy-saving building equipment, and more particularly CASBEE for Real Estate certification support consulting to evaluate the overall environmental performance of buildings. Up ahead, we plan to start offering support plans for achieving net-zero GHG emissions at properties entrusted with us for asset administration worth approximately ¥20 trillion⁵, the largest amount in Japan.

(5) As of March 31, 2021

2. Contributions through net-zero GHG emissions in investment and loan portfolios

Along with our stated goal of achieving net-zero GHG emissions in our investment and loan portfolios by the year 2050, in order to strengthen that commitment, we have joined the UNEP FI convened NZBA. In FY2022 we will formulate a milestone target for 2030 in accordance with the framework of the NZBA.

Moreover, in October 2021, Sumitomo Mitsui Trust Bank, Limited (hereinafter, "SuMi TRUST Bank")—the Group's mainstay company—signed "the Call to Action for Shipping Decarbonization" that was announced by the Getting to Zero Coalition (ZGC) in an effort to encourage decarbonization in the maritime shipping industry. SuMi TRUST Bank is already a signatory to the Poseidon Principles⁶ in the marine transportation sector. The signatories to the Call to Action commit to achieving net-zero GHG emissions from international shipping by

2050 and to urge governments to take action on formulating policies with the aim of deploying commercially viable zero-emission vessels by 2030.

Going forward, the Group will provide attentive support in accordance with the circumstances of our clients in order to support their efforts towards decarbonization.

(6) A set of principles established in June 2019 by 11 major financial institutions in Europe and the US with the objective of tackling climate change risks in the marine transportation industry and to facilitate financial contributions for that same purpose

3. Contributions from the Group's own initiatives

Even though we previously announced a target of zero CO₂ emissions by 2050 for SuMi TRUST Bank, the rapid developments in the carbon neutrality movement in recent times prompted us to set a 2030 net-zero GHG emissions target for the Group.

SuMi TRUST Bank is making progress on adopting “green” electricity at its office buildings mainly in the Greater Tokyo area and therefore has its sights set on reducing CO₂ emissions by 40% compared to FY2019.

SuMi TRUST Bank will aim to achieve net-zero GHG emissions as soon as possible mainly by expanding the scope of its reduction activities and continuing to embrace the use of “green” power.

Key measures for contributions to carbon neutral society

In addition to the initiatives outlined above, the Group will also focus on the following measures to help bring about a carbon neutral society.

(1) Creating virtuous circulations by promoting the Group's original financial intermediary model

We are advancing a unique financial intermediary business model that aims to set in motion a various circulation of funds, assets, and capital to help bring about a carbon neutral society. For the needs of new decarbonization investment, we intend not only to provide financing from our own accounts but also to invite investment capital as new investment opportunities for households and investors alike thorough leveraging asset management and asset administration functions and various unique asset conversion functions of trusts.

As an example of a circulation business model, regional financial institutions can collaborate with local governments and the like to tackle ESG issues in the local community and actively engage in ESG regional financing activities. Through these kinds of activities, a virtuous circulation can be realized for local residents, who ultimately benefit from the regional economy's revitalization and the improvement in value of regional corporations.

(2) Promoting impact businesses

We have identified issues of materiality that affect stakeholder (clients, shareholders, employees, society, etc.) value over the medium to long term, as well as growth in our management foundation (various capitals). In particular, we consider the corporate activities that have impacts on the economy, society, and the environment to be items of “impact materiality” and we take steps to strengthen the connections between

those activities and our business operations.

In the field of sustainable finance, we actively implement positive impact finance, a solution whereby we comprehensively analyze and assess the impact of a client's corporate activities on the economy, society, and the environment. We then work together with the client to set goals that they commit to achieving.

We also contribute to assist impact investing in asset management and promote businesses that incorporate an impact-oriented approach, such as impact evaluations in investment funds.

(3) Deploying innovative technology in society

Enormous sums of capital will be needed to realize a decarbonized society, but innovative technology also holds the key. With the objective of assisting the deployment of cutting-edge technology in society from a financial perspective, we set up a technology-based finance (TBF) team of mainly science and engineering experts that possess technological know-how. This represents a new challenge for us, and even for the financial industry, but we believe TBF could potentially contribute to build systems for solving social issues.

In September 2021 we launched working on a project to dramatically lower manufacturing costs for the production of hydrogen, one key factor in achieving a net-zero carbon society.

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