

May 17, 2022

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.

**Notice regarding the Setting of Interim Target  
to Achieve Net Zero Greenhouse Gas Emissions from Investments  
by our subsidiary**

Please be informed that Sumitomo Mitsui Trust Asset Management Co., Ltd., a subsidiary of Sumitomo Mitsui Trust Holdings, Inc. today announced the attached press release.

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## Press Release

May 17<sup>th</sup> 2022

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### Sumitomo Mitsui Trust Asset Management Sets Interim Target to Achieve Net Zero Greenhouse Gas Emissions from Investments

In July 2021, Sumitomo Mitsui Trust Asset Management Co., Ltd. (Representative Director and President: Yoshio Hishida; hereinafter "SuMi TRUST") became a signatory to the Net Zero Asset Managers Initiative (NZAMI) and expressed its commitment to work towards achieving net-zero greenhouse gas ("GHG") emissions for investee companies by 2050. In accordance with its commitments under the NZAMI, SuMi TRUST is pleased to announce its interim 2030 target for GHG emissions from assets under its management.

The interim target for 2030 is for 50% of assets under management (approximately 43 trillion yen as of June 2021) to achieve a 50% reduction in their carbon footprint (greenhouse gas emissions per unit) compared to 2019. For now, assets without a calculation method for GHG emissions, such as sovereign bonds, have been excluded; these assets will be added as soon as the calculation of GHG emissions becomes possible.

SuMi TRUST aims to achieve both this interim target and its eventual goal of net-zero GHG emissions from the companies it invests in through engagement and the use of its voting rights in addition to collaboration with asset owners, government agencies and other stakeholders alongside a sophisticated investment strategy and the provision of sustainable investment opportunities to its clients.

SuMi TRUST has the ability to conduct comprehensive global engagements through its three bases in Japan, Europe (London) and North America (New York). It is undertaking a broad range of engagements across a variety of industries to work towards reducing GHG emissions and tackling climate change. So far, SuMi TRUST has identified around 100 companies\*<sup>1</sup> that have a significant impact on reducing global greenhouse gas emissions as being particularly important to focus on with regards to engagement activity. In exercising its voting rights, SuMi TRUST's policy is to oppose proposals for the election of directors if the investee company does not respond to an engagement offer or if, despite continuous engagement, the situation has not improved.

In addition, SuMi TRUST is actively involved in a number of initiatives to address ESG issues from a global perspective. It participates in Climate Action 100+ (CA100+) as a lead manager in the Asian region\*2 and also serves on the CA100+ steering committee as the investor representative for Asia. Also in Asia, SuMi TRUST is the lead manager of the Asian Utilities Engagement Program\*3 conducted by the Asia Investor Group on Climate Change (AIGCC). In North America, it participates in the Ceres Working Group on Land Use and Climate Terms of Reference\*4 organized through the Coalition for Environmentally Responsible Economies (Ceres).

In March this year, SuMi TRUST was appointed as the Asian representative member of the NZAMI Advisory Group, which consists of six signatory institutions, and participates in the overall management of NZAMI. Through these diverse collaborative efforts, SuMi TRUST will continue to proactively address the issue of climate change from a variety of perspectives.

SuMi TRUST endorses the Japanese version of the Stewardship Code and is a signatory to the United Nations Principles for Responsible Investment (PRI). As such, it aims to achieve sound growth and sustainability for companies and society as a whole by encouraging companies to resolve ESG issues through their business activities. Addressing issues surrounding climate change is an important component of this effort. The establishment of the 2030 interim target will be an opportunity to contribute further to the smooth transition to a low-carbon society and the realization of a society with net-zero greenhouse gas emissions in the years beyond.

Mr Yoshio Hishida, CEO of SuMi TRUST said: "Climate change is one of the biggest issues facing the international community and investment institutions have a major role to play in addressing it. It has been our unwavering policy since we began stewardship activities nearly 20 years ago to work with companies to encourage improvement. In pursuit of our challenging interim targets, we will strengthen further our voting policy on climate change and engage with investee companies to agree greenhouse gas emission reduction plans and promote research on the technologies required for net-zero emissions in 2050."

\*1: It is estimated that about 40 Japanese stocks and 60 foreign stocks cover approximately 40% of the total GHG emissions of all stock holdings of SuMi TRUST.

\*2: Engagement role on behalf of participating investment management organizations.

\*3: Collaborative engagement program targeting Asian utilities with high emissions from companies not designated as the focus companies in the CA100+ initiative.

\*4: Collaborative engagement program to address land use and climate change-related issues

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<Points to Consider>

### ■ Risk of Loss

Under an investment management agreement, based on the investment guideline provided by the client and discussion between the parties regarding the manner of the investment management, securities and other instruments which are subject to price fluctuations, including, without limitation, Japanese equity and fixed income, foreign currency denominated equity and fixed income, investment trusts, shares of collective investment schemes, loans, futures transactions, option transactions, swap transactions and foreign currency transactions, may be included in the investment portfolio. Price fluctuations in such investment assets may result in a loss in principal of the assets under management.

### ■ Price Fluctuations

Assets which are managed by Sumitomo Mitsui Trust Asset Management Co., Ltd. pursuant to an investment management agreement are subject to various risks, including, without limitation:

#### (1) Market Risk

Risk of the price movements in the managed assets due to fluctuations in financial markets and other indices, including (but not limited to) fluctuations in equity markets, interest rate markets, foreign currency markets and financial indices.

#### (2) Credit Risk

Risk of the price movements in the managed assets due to changes in the financial and/or business conditions of issuers, counterparties to a transaction or the counterparties of the issuers.

#### (3) Liquidity Risk

Risk of the trading of the any interests within the managed assets being restricted due to the market environment or the lack of trading volume. Similarly, there is a risk that the value of the managed assets being volatile due to the lack of market liquidity of such assets.

Furthermore, investments of the managed assets into hedge funds and securitized products may contain various risks related to investment approach and structure in of such investment in addition to the any of the risks mentioned above. For further information, please refer to the explanatory documents for each product.

### ■ Restrictions on Purchase and Redemption

To the extent permitted under the investment strategy as set forth in the investment management agreement, the managed assets may invest in other types of investment funds or financial products. Due to factors such as the nature of the target investments and/or investment structure, various restrictions, including, without limitation, restrictions on purchase and redemption, may be imposed in connection with certain investment products such as investments in hedge funds and/or securitized products. In particular, redemption of such investment product may require several months. For further information, please refer to the explanatory documents for each product. In addition, due to such factors as market liquidity, size of the purchase or redemption or other unavoidable reasons, redemptions of investment assets from such target investment funds may take some time, and the timing of the purchase of such investment assets may be limited.

### ■ Restrictions on Business Pertaining to Commodity Investment

In our commodity investment advisory business, we can not conduct transactions related to product investment with customers as opponents (excluding qualified institutional investors' customers). In addition, we and our affiliated companies (except Mitsui Sumitomo Trust and Banking Co., Ltd. which conducts banking business and trust business) cannot receive deposits of money or securities from customers in regard to the commodity investment advisory business, regardless of the nominal item.

### ■ Company Name and Other Information

Company Name: Sumitomo Mitsui Trust Asset Management Co., Ltd.

Financial Institution Registration Number: No.347 Kanto Finance Bureau of the Ministry of Finance

Commodity Trading Advisor License Number: #(1) No.25, the Minister of Economy, Trade and Industry

Participating Associations: The Investment Trusts Association, Japan, Japan Investment Advisers Association

### ■ Fees and Costs

(Management fees)

In principle, management fees are calculated on the basis of assets under management. However, the specific method of calculation for each transaction cannot be expressed in advance, as such method is determined through discussions and in consideration of the contents of the investment guidelines and the investment discussions between the parties. When entering into an investment management agreement, please be sure to confirm with our sales representatives the applicable calculation method of the management fee.

(Trading Costs)

A commission incurred through a trade of securities, overseas custody fees and other costs will be deducted from the entrusted assets under management. When investing in investment trust products organized and managed by other institutions, fees may be charged by the institutions concerned. Specific amounts and/or upper limits of costs cannot be expressed in advance, as such costs are determined, along with calculation methodology, based on type and volume of the assets under management.

(Securities Lending)

When entering into a security-lending agreement, a fee will be charged. This fee cannot be expressed in advance, as such fee will be determined based on separate discussion between the parties.

(Termination Fees)

When terminating an investment management agreement, a termination fee may be charged based on the terms and conditions set forth in such agreement.

(Other Expenses)

In addition to the above costs, other costs related to investment products, such as tax, levy, and/or operational costs may be deducted from the assets under management or be charged directly to the client.

(Cooling off Period)

A cooling off period, stipulated in Article 37-6 of the Financial Instruments and Exchange Act, does not apply to an investment management agreement.

## Disclaimer -3-

### ■Index

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The Sumitomo Mitsui Trust Group is a comprehensive financial services group consisting of numerous financial institutions including a trust bank, an asset management company, etc. By properly leveraging the expertise and specialist knowledge of each of our group companies and by working together, it is our firm belief that we can provide more value added financial products and services to our clients.

We would like to share certain information of our clients (excluding information which is subject to a confidentiality obligation under the agreement) within the Sumitomo Mitsui Trust Group and only to the extent that we believe to be necessary or required for this purpose.

Any client information shared within the Sumitomo Mitsui Trust Group will be used and treated with the utmost care to avoid any inappropriate disclosure.

If you do not wish to have your information shared within our group, please contact us at the e-mail or telephone number provided below. Thank you.

#### (1)Type of Client Information shared within the Sumitomo Mitsui Trust Group

- Client (company) name, client (company) address, client (company) telephone number, e-mail addresses, transaction records and information, public information and other information about the client.
- Product(s) sold and services rendered, transaction dates, balance of accounts, maturity of products, and general client transaction information.

#### (2)Common usage

Client information will only be shared amongst Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Asset Management Co., Ltd., Sumitomo Mitsui Trust Bank, Ltd. and its subsidiaries.

#### (3)Purpose

Research and development of various financial products

#### (4)Contact

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