

2022 Responsible Investment Report

- As a responsible asset owner -



October 2022

Empowering your future



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Sumitomo Life Responsible Investment Initiatives

Achieving “Well-being” Through Responsible Investment

Responsible investment by Sumitomo Life

- “Contributing to the advancement of social and public welfare.” This has been Sumitomo Life’s reason for existence (purpose) that has remained unchanged since the Company’s founding. In addition, we formulated the “Sustainability Management Policy” in May 2022. By contributing to a better life (= well-being) for all, we aim to make our society more affluent, and create a company that has integrity and is trusted by society, not only for our customers but also for society and for the future*.
- Under this policy, as an institutional investor, we are promoting asset management (responsible investment) that considers sustainability. From this fiscal year, we have adopted the position that “all Sumitomo Life asset management is responsible investment,” and we aim to both contribute to the realization of a sustainable society and ensure stable investment returns over the medium to long term.

Key initiatives in responsible investment

- Measures to address climate change are the most important and urgent issue in order to realize a sustainable society. In the previous fiscal year, Sumitomo Life announced our aim to achieve net-zero greenhouse gas emissions by 2050, and we set 2030 reduction targets.
- To achieve these goals, as an institutional investor, we are focusing on dialogue activities with investees mainly on the theme of decarbonization, and financing from a funding perspective, which is necessary for decarbonization.
- In particular, we are supporting decarbonization through proactive transition financing for high-emitting industries, which find it difficult to achieve decarbonization overnight.

Future responsible investment

- In future responsible investment, we aim to visualize the impact of investment on the environment and society, while ensuring appropriate risk/returns, and create even greater impact.
- As part of this, we have started impact investment from this fiscal year that both achieves financial returns and creates social and environmental impacts, and we will continue to promote this in the future.
- From the perspective of measures to address climate change, we will also address biodiversity in addition to our initiatives in carbon neutrality.
- There are many other social issues that need to be resolved, and I believe that among them, promoting respect for human rights is particularly important. We will work on these issues through dialogue activities with investees.
- Finally, the foundation for these initiatives is to incorporate them deeply into the Company. We aim to create an organization in which every individual understands responsible investment and works proactively by creating opportunities such as town meetings to share the ideals and beliefs of responsible investment with employees.
- We will continue to contribute to solving social issues through responsible investment while valuing dialogue with stakeholders and collaboration with domestic and international initiatives.

* Please refer to “[Annual Report 2022](#)” for our corporate policy.



Iwao Matsumoto,
Managing Executive Officer



1 . Responsible Investment Activity

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Policy and Basic Approach

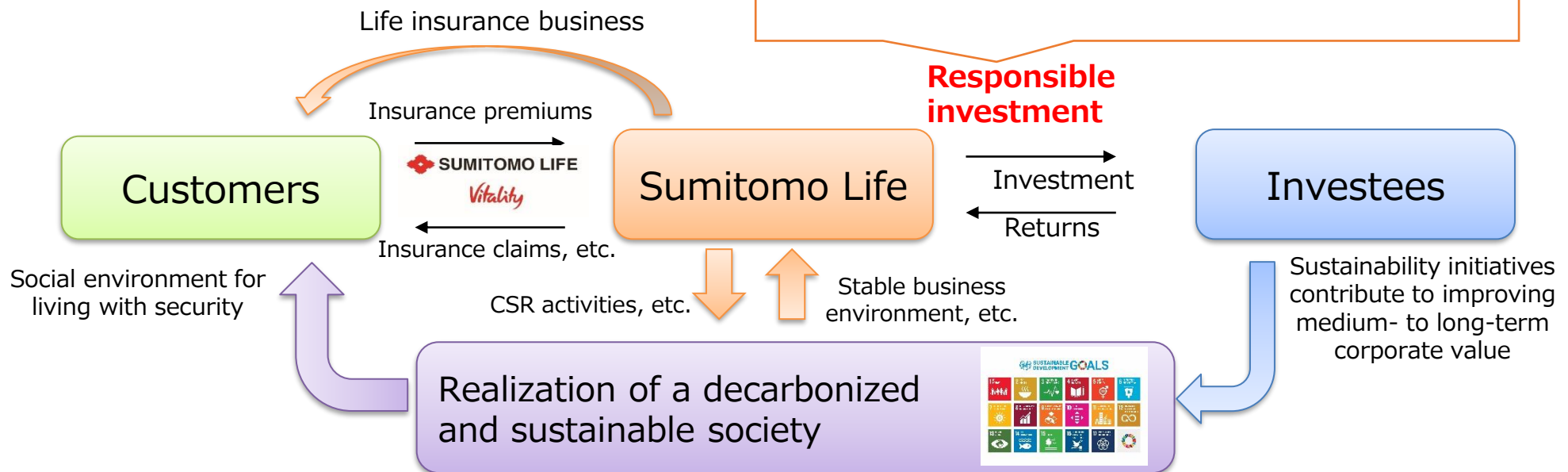
- ✓ Sumitomo Life is implementing initiatives needed to contribute to the realization of “well-being for all,” in order to realize a society of affluence, vitality and longevity from both the perspective as a life insurance provider and as an institutional investor*¹.
- ✓ From the perspective of an institutional investor, we consider ESG factors*² when managing all our assets. Since fiscal 2022, we have taken the approach that “all Sumitomo Life asset management is responsible investment,” and we are promoting responsible investment with the aim of both contributing to the realization of a sustainable society and securing stable investment returns over the medium to long term.
- ✓ In addition, from fiscal 2022 we are working to visualize and further create impacts*³ in order to improve the effectiveness of responsible investment.

*1 Please refer to “[Annual Report 2022](#)” for our corporate policy.

*2 Refers to Environment, Society, Governance

*3 Impact on society and the environment, such as the volume of reduction in greenhouse gases.

Conceptual diagram



Governance Structure

- ✓ Sumitomo Life established its Sustainability Management Policy in May 2022. This policy stipulates initiatives to solve social and environmental issues, and the initiatives correspond to “responsible investment” in asset management.
- ✓ In addition to disclosing our Basic Principles on Responsible Investment, we are promoting responsible investment under the framework shown in the chart below.

Basic Principles on Responsible Investment

1. Basic Approach to Responsible Investment
2. Basic Initiatives for Responsible Investment
 - a. ESG investment
 - b. Stewardship activities (dialogue and exercise of voting rights)
 - c. Information disclosure
 - d. Human resources development and improvement of capabilities
 - e. Collaboration with stakeholders
3. Response to ESG Issues
 - a. Environmental issues
 - b. Social issues
 - c. Governance issues

(Attachment) Adherence to Principles of Japan’s Stewardship Code

The Basic Principles on Responsible Investment are disclosed on the Company’s website.

Organizational Structure

Board of Directors/Executive Management Committee
(Including Sustainability Promotion Council*1)

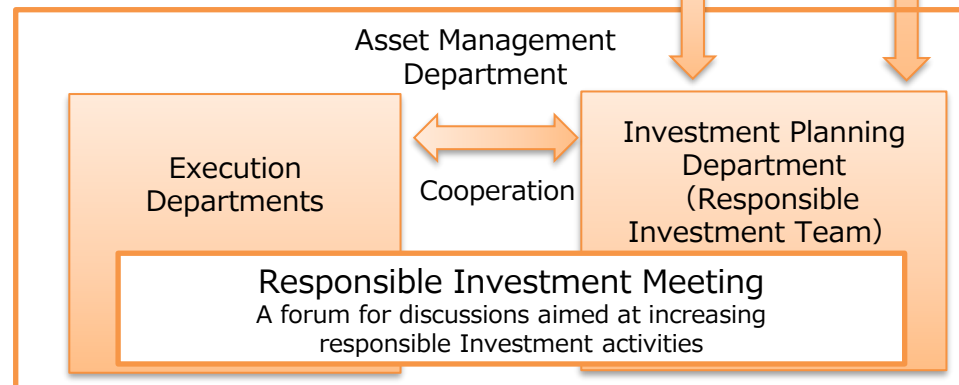
*1 Discussion and review of initiatives to achieve the SDGs, information sharing on social and environmental issues, etc.

Responsible Investment Committee
A forum for increasing responsible investment activities and confirming eligibility for exercising voting rights

Deliberation /Report

→Refer to page 6 for details

Deliberation /Report



Responsible Investment Committee

Committee composition

The Responsible Investment Committee consists of two external members and one internal member. It conducts wide-ranging discussion of responsible investment activities including the management of conflicts of interest in exercising voting rights*1.

Chairman: Ryota Miura	Lawyer, Miura & Partners	External
Katsuhiko Kokubu	Professor, Kobe University	External
Iwao Matsumoto*2	Managing Executive Officer (in charge of the asset management department)	Internal

*1 Conflicts of interest are managed and supervised by the Compliance Control Department

*2 Not involved in deliberations on conflicts of interest in exercising voting rights

Comments from external committee members

The subject for deliberation by the Responsible Investment Committee is the overall activities cycle of Sumitomo Life's responsible investment; namely, ESG investments, dialogue with investees, exercise of voting rights, and information disclosure. As a lawyer specializing in corporate legal affairs, I often express my opinions from the perspective of investee companies. However, as an external committee member, together with Katsuhiko Kokubu, who has in-depth knowledge of ESG, we engage in a wide range of active discussions on responsible investment at each meeting. The role of responsible investment in solving social issues continues to grow. Sumitomo Life has always been extremely proactive in responsible investment. Going forward, we will continue to do our utmost in supporting Sumitomo Life's responsible investment while taking into account changes in the external environment and always looking to our purpose of "contributing to the advancement of social and public welfare."



Chairman, Ryota Miura
Lawyer & Corporate Partner
Miura & Partners

Deliberation details in fiscal 2021

Period held	Main matters for deliberation
August 2021	• Review and plan for stewardship activities
February 2022	• Formulation of fiscal 2022 annual plan for responsible investment
March 2022	• Suitability of exercising voting rights at general meetings of shareholders • Report on status of stewardship activities
June 2022	• Suitability of exercising voting rights at general meetings of shareholders • Report on status of stewardship activities

Sumitomo Life is taking on the challenge of achieving the goals of promoting investment and financing that will contribute to solving social issues and ensuring stable returns. These goals are more than just a slogan. Sumitomo Life has declared its aim of realizing net-zero greenhouse gas emissions by 2050, and is continuing substantive activities through all its investment and financing activities. "Ensuring stable returns" requires a stable portfolio composition, and "solving social issues" requires the efforts of the companies comprising the portfolio, and the pillar that connects these two is stewardship activities. I believe that Sumitomo Life's stewardship activities have evolved to a level where they can exert a tangible impact on improving the management of companies with which they engage in dialogue. I look forward to further development in the future.



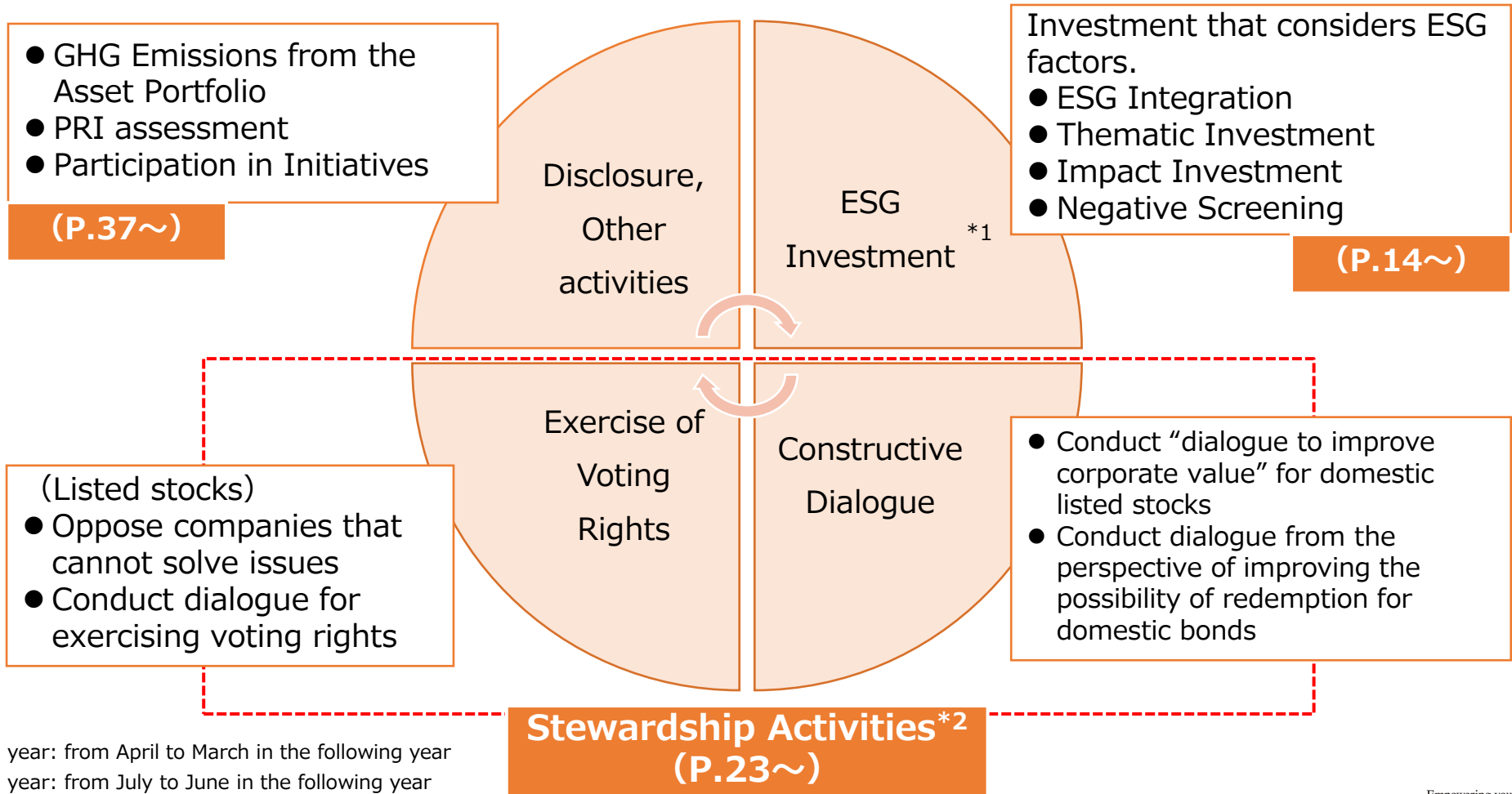
Committee Member, Katsuhiko Kokubu
Professor and Dean of Graduate School of Business Administration, Kobe University

Activity Cycle

Key ESG theme

- Efforts to Achieve Decarbonized Society
- Human Rights, Biodiversity

(P.8~)



*1 Fiscal year: from April to March in the following year

*2 Fiscal year: from July to June in the following year

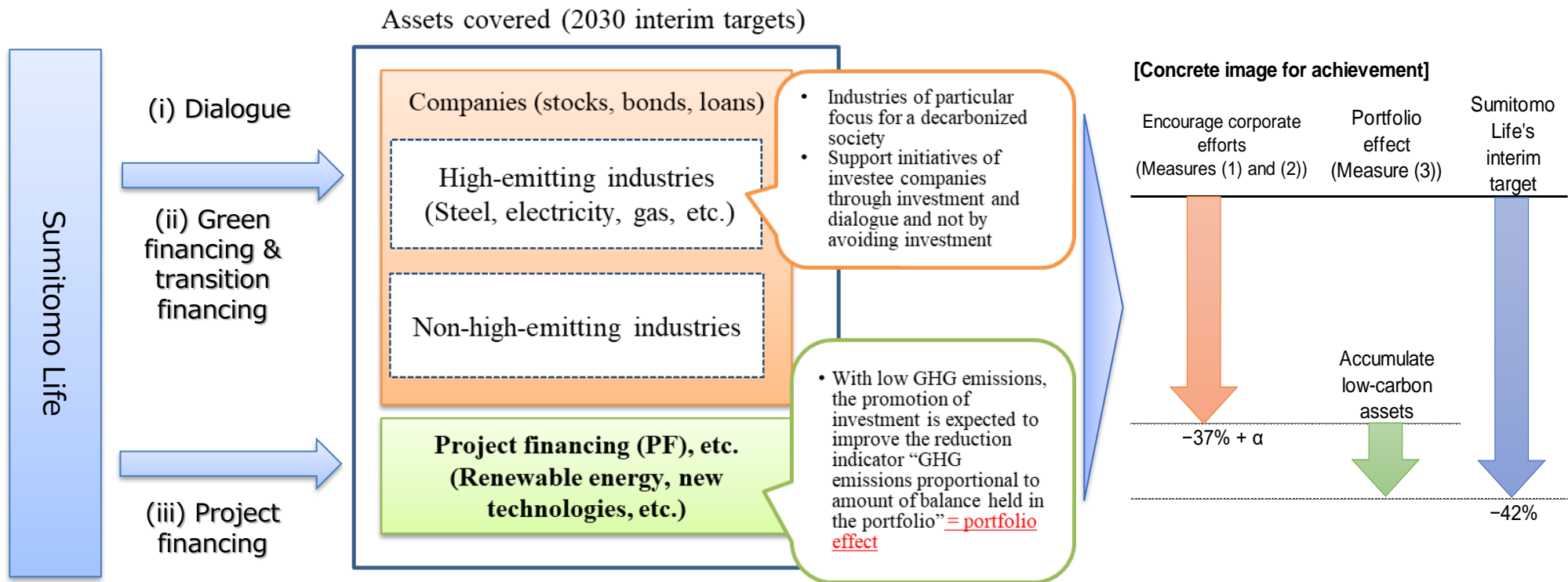
2. Responding to Key ESG Themes

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Efforts to Achieve Decarbonized Society(Target)

- ✓ Sumitomo Life announced our aim to achieve net-zero greenhouse gas emissions by 2050 in April 2021 and set 2030 reduction targets for the asset portfolio in June 2021 (42% reduction*1 compared with fiscal 2019).
- ✓ The main measures to achieve this are (i) dialogue with investee companies, (ii) green financing & transition financing, and (iii) project financing related to renewable energy, and we consider divestment as a last-resort measure.
- ✓ In order to accelerate decarbonization initiatives, we are considering raising our reduction targets for 2030 together with the formulation of the Company's next Medium-Term Business Plan (scheduled to be announced around March 31, 2023).

*1 Indicator : GHG emissions proportional to amount of balance held in the portfolio(GHG emissions divided by the current portfolio value)



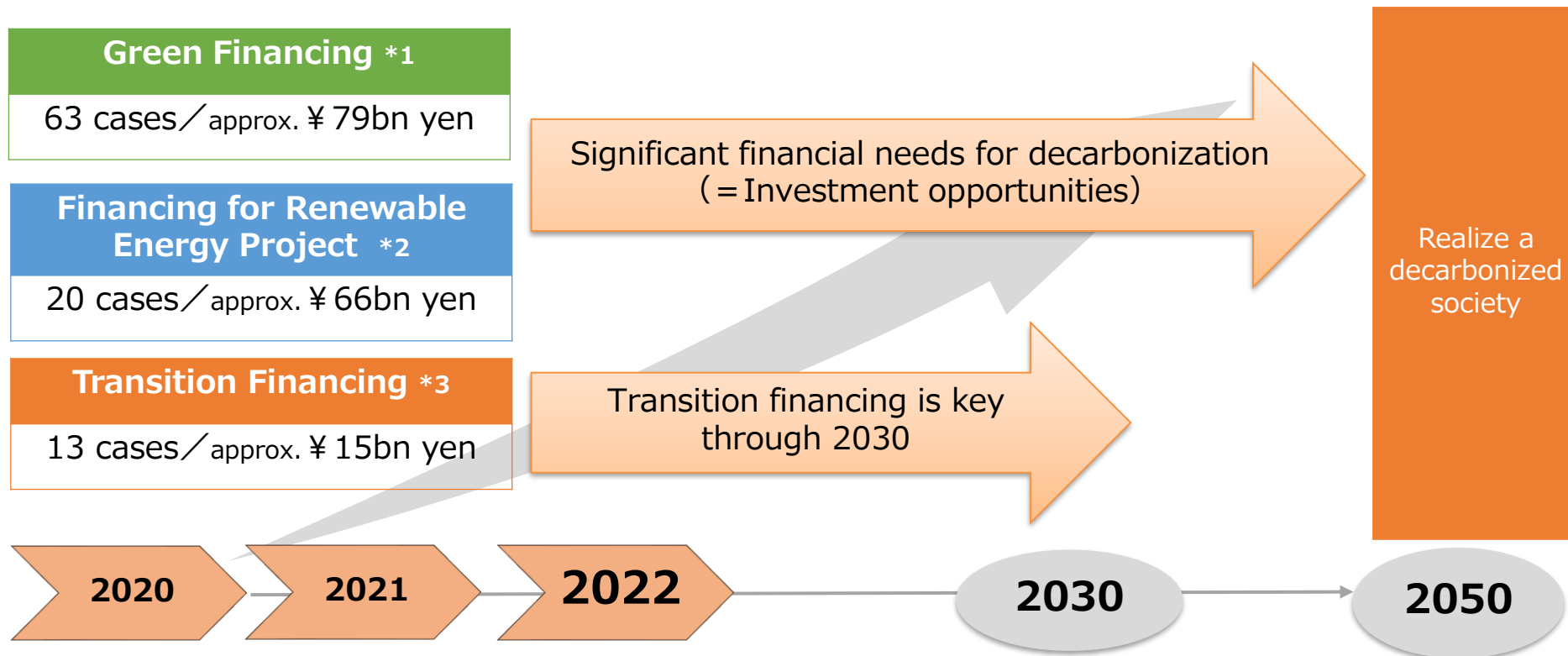
Efforts to Achieve Decarbonized Society(Measures)

Dialogue activities	Direct dialogue with high-emitting companies	<ul style="list-style-type: none"> ✓ In fiscal 2021, engaged in dialogues with 25 high-emitting companies from among domestic investees (over 80% of GHG emissions from domestic investees in our portfolio) aimed at reducing emissions ✓ In fiscal 2022, engaging in dialogues with domestic lenders from the perspective of financing 	
	Collaborative engagement	<ul style="list-style-type: none"> ✓ Participated in collaborative engagement with the Life Insurance Association of Japan and international initiatives CDP*1 and CA100+*2 <p>*1 Non-disclosure campaign requesting information disclosure *2 Changed from "Supporter" who supports dialogue to "Collaborating Investor" who participates in dialogue</p>	
	Dialogue with asset managers	<ul style="list-style-type: none"> ✓ From fiscal 2021, send questionnaires regarding responsible investment initiatives to all asset managers, and assess their efforts on climate change, etc. 	
Financing	Climate change-related financing	<ul style="list-style-type: none"> ✓ Promote thematic investment, including green & transition financing and renewable energy projects (next page) 	
Strengthening collaboration in Japan and overseas	PCAF	<ul style="list-style-type: none"> ✓ In September 2021, joined the international initiative PCAF, which aims to standardize the method of assessing and disclosing the amounts of greenhouse gas emissions from the asset portfolio 	
	Net-Zero Asset Owner Alliance	<ul style="list-style-type: none"> ✓ In October 2021, joined the "Net-Zero Asset Owner Alliance": an international initiative for institutional investors that aims for net-zero GHG emissions 	
	Support for the GX League Basic Concept	<ul style="list-style-type: none"> ✓ In March 2022, endorsed the GX League Basic Concept, in which industry, government, and academia work together to reduce GHG emissions and improve industrial competitiveness. 	

Efforts to Achieve Decarbonized Society(Financing)

- ✓ We anticipate a high volume of fund demand in order to realize a decarbonized society, and as a medium- to long-term institutional investor, we see this as an investment opportunity. We will proactively work on this while ensuring an appropriate risk/return.
- ✓ High-emitting industries, in particular, find it difficult to decarbonize overnight, which necessitates a steady transition toward decarbonization based on long-term strategies. Sumitomo Life will support the decarbonization of investee companies through financing that encourages transitions (transition financing).

Environmental awareness and amount of investment (cumulative total from fiscal 2020 to August 2022)



*1 Investments in green bonds and green loans, etc. *2 Investments in renewable energy projects

*3 Investments in transition bonds and transition loans, etc.

Initiatives for Biodiversity and Natural Capital

- ✓ In terms of measures to address climate change, we recognize that initiatives to be Nature Positive (halting the downtrend in biodiversity and moving toward recovery) are also important, in addition to initiatives to realize a decarbonized society.
- ✓ We have addressed biodiversity initiatives through dialogue with investee companies. In September 2022 we joined the TNFD Forum in view of its increasing importance in the future.

Past Efforts and Recognition of the Current Situation

We have been working to address biodiversity issues through dialogue with investee companies (e.g. forest protection, animal welfare) and thematic investments*1.

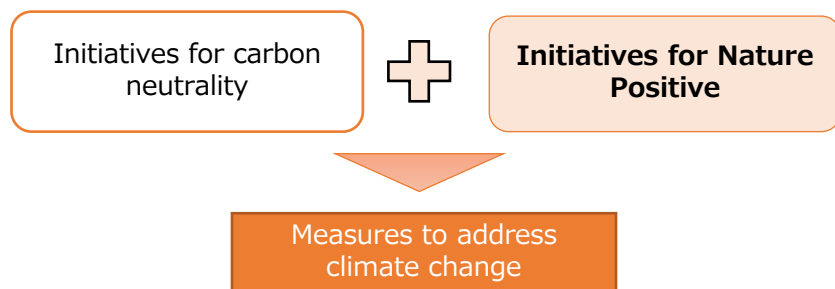


©IDB

- As biodiversity is closely linked to climate change, we recognize the importance of being Nature Positive in addition to engaging in carbon neutrality initiatives through asset management.

*1 Refer to "[Investment in Sustainable Development Bond Issued by IDB](#)" dated February 9, 2022.

(Image)



Joining the TNFD Forum



- The TNFD Forum is an organization established for the purpose of supporting the activities of TNFD to formulate a framework for biodiversity disclosure standards.
- The Company joined the TNFD Forum in September 2022. We will strive to understand the impact of biodiversity on our asset management while acquiring knowledge related to TNFD recommendations, etc.

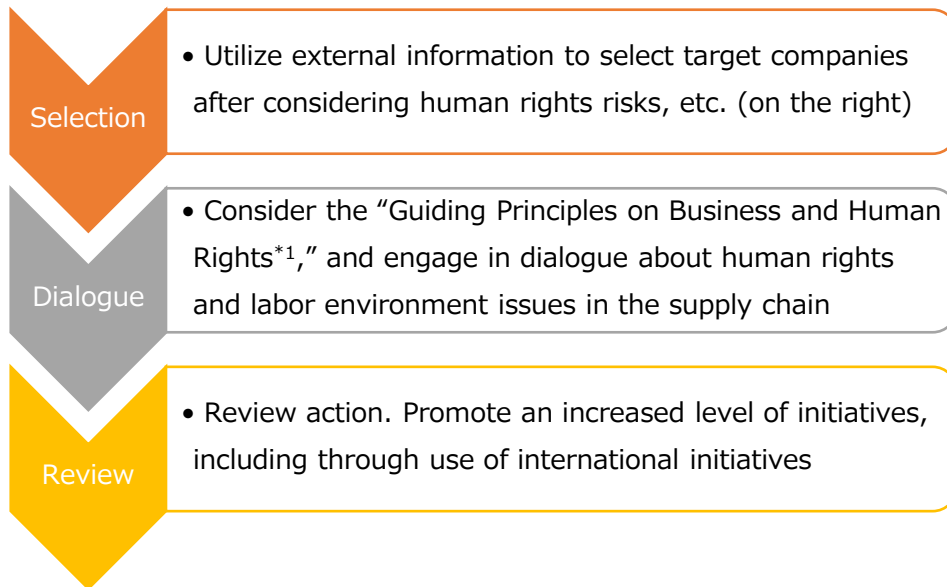
TNFD Recommendations (Overview)

- TNFD (Taskforce on Nature-related Financial Disclosures) was launched in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI) and others.
- Currently, TNFD is formulating a framework for assessing the impact of biodiversity on corporate business activities and disclosing information (TNFD Recommendations), which is expected to be finalized in September 2023.

Efforts in Respecting Human Rights

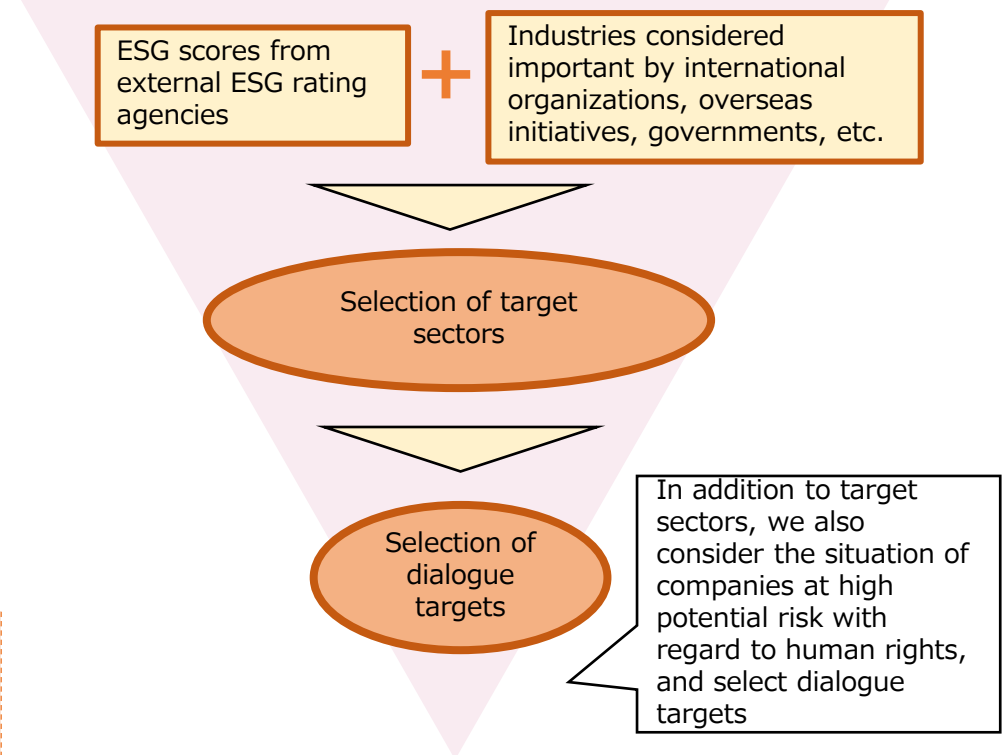
- ✓ There are many social issues in the world other than climate change. Respect for human rights is a particularly important issue. Sumitomo Life formulated the “Sumitomo Life Group Human Rights Policy” last year, which the Company has been working on since.
- ✓ As an institutional investor, we have previously addressed this through dialogue activities with investees of domestic listed stocks. However, as from fiscal 2022, we will raise the level of our response by positioning this initiative as a theme to be addressed in our asset management as a whole.

Dialogue (Steps)



*1 The United Nations' Guiding Principles on Business and Human Rights require companies to (i) formulate a human rights policy, (ii) conduct due diligence in human rights, and (iii) respond to remedial measures.

Process for Selecting Target Companies in Dialogue Regarding Human Rights



3 . ESG Investment

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Overview

① ESG Integration

→Refer to page16

- ✓ A method that incorporates ESG perspectives in addition to financial information in the investment decision-making process.
- ✓ In fiscal 2021, **we began ESG integration that considers ESG factors for all assets under management** based on asset characteristics.

(Method)

Financial analysis

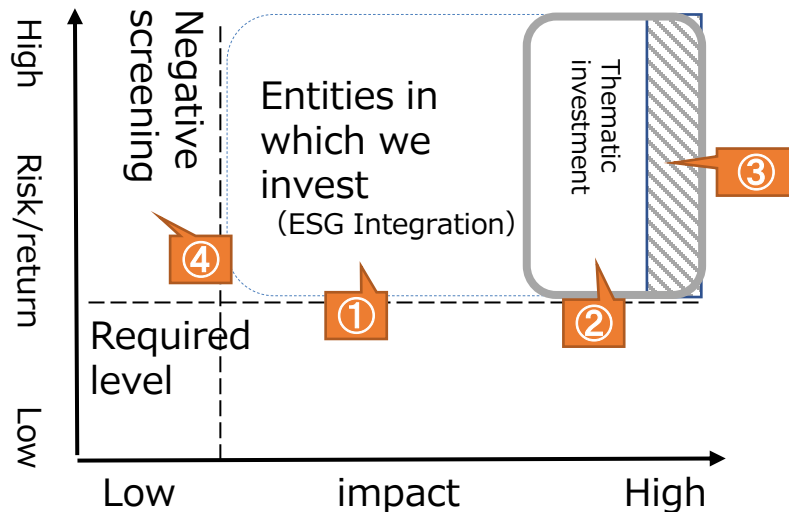


Non-Financial analysis

(e.g.)profitability, etc

(e.g.)analysis of materiality, etc

【ESG investment risk/return(image)】



② Thematic Investment

→Refer to page17

- ✓ Investments aimed at solving ESG issues and achieving the SDGs
- ✓ **In fiscal 2022, we began quantitative impact measurement.**

Target	Cumulative: ¥ 500 billion (Fiscal 2020~2022)
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③ Impact Investment

→Refer to page19

- ✓ An investment approach that intends to create social and environmental impact alongside monetary return.
- ✓ **In fiscal 2022, we began to promote Impact investment.**

Target	¥ 20 billion (Fiscal 2022)
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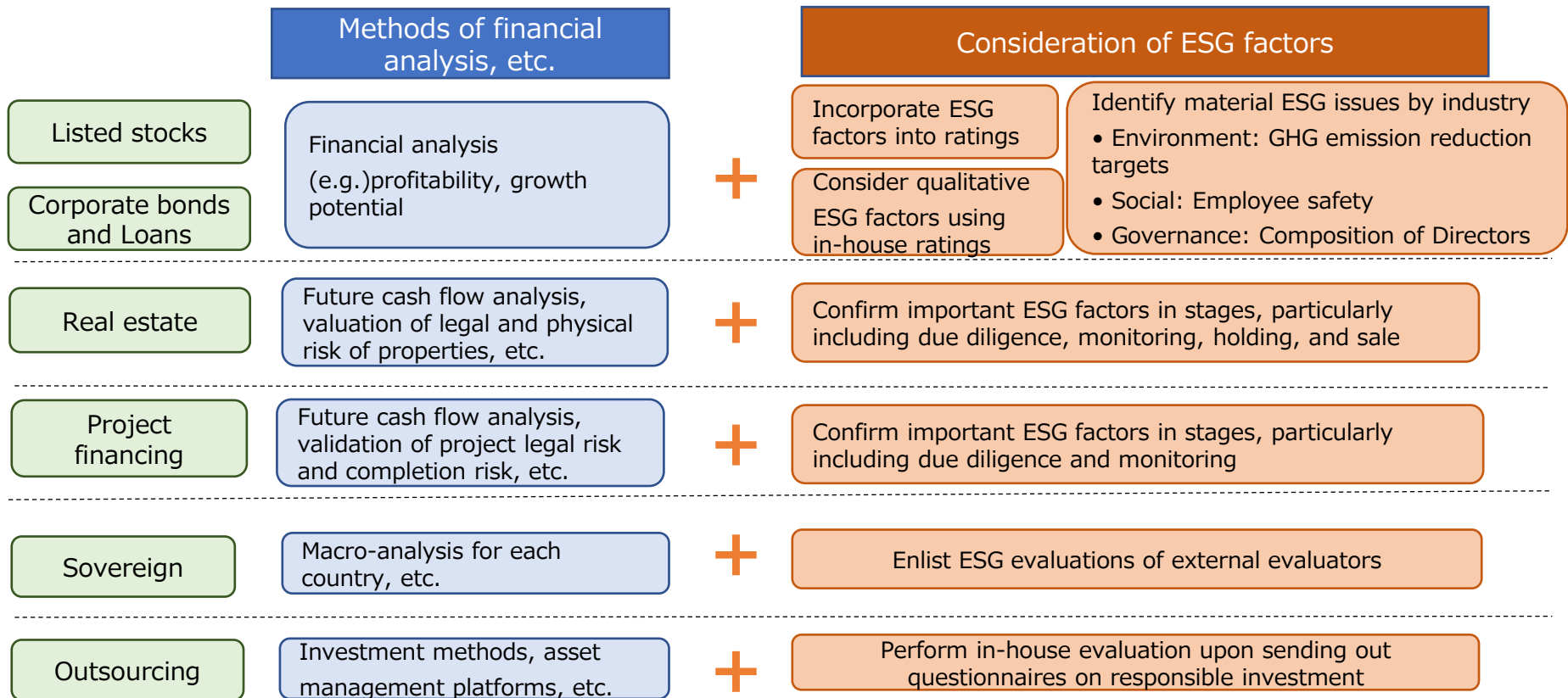
④ Negative Screening

- ✓ A method to exclude specific industries and uses of funds from the scope of investments.
- ✓ We prohibit investments in the manufacturers of inhumane weapons (biological and chemical weapons, anti-personnel landmines, etc.), as well as investments to finance coal-fired power generation projects.

ESG Integration

- ✓ The sustainability initiatives of investees are an important aspect as they affect future corporate value.
- ✓ Therefore, in fiscal 2021, we launched ESG integration for all assets under management.
- ✓ When making investment decisions, the final decision is made by our analysts, but we use data from external ESG rating agencies as a reference. We also communicate with them if necessary and strive to deepen our understanding of their evaluation methods and reasons.

ESG Integration Method

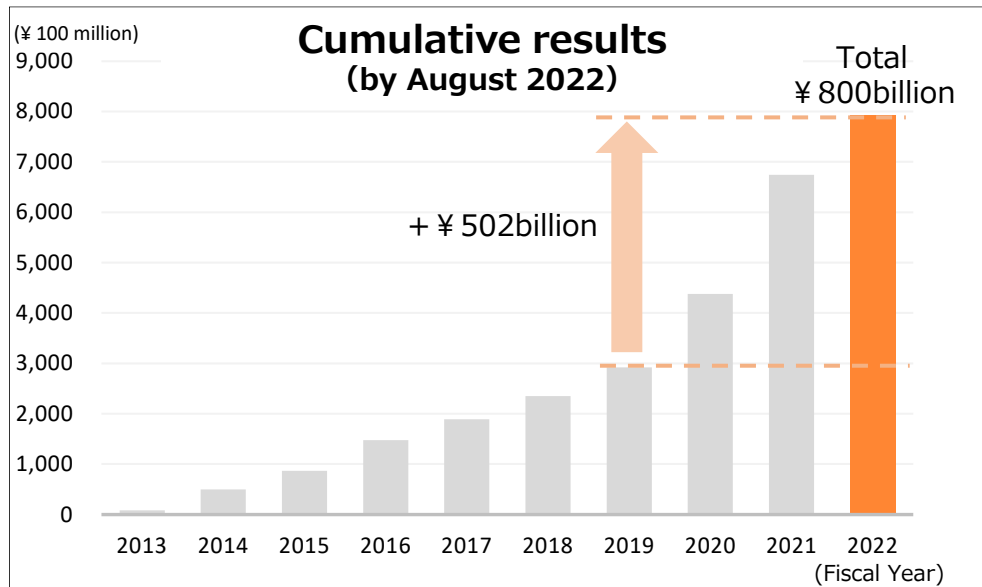


Thematic Investment

- ✓ When considering thematic investment, after carefully assessing risk and return, we work on projects that can be expected to have an impact, while assuming they will secure a certain level of return.
- ✓ This fiscal year, for thematic investment that we have been working on over the years, we quantitatively measured the annual contribution to emission reductions within the extent possible, based on data disclosed by issuers, etc. Disclosure by issuers related to impact is still limited, but we believe that it is important to specifically understand the impact our investments have on society, and we have therefore conducted this measurement and disclosure.

Target and results

Target (Fiscal2020-2022)	Results (April 2020 to August 2022)
Cumulative : ¥ 500 billion	Approx. ¥ 502 billion (Achieved)



Quantitative Impact Measurement of Thematic Investment

Annual contribution to avoided emission
Approx. 834,000 t-CO₂e











Assets covered	Annual contribution to avoided emission
(i) Project financing (renewable energy)	Approx. 42,000 t-CO ₂ e
(ii) SDGs bonds (operating companies)	Approx. 176,000 t-CO ₂ e
(iii) SDGs bonds (international institutions)	Approx. 615,000 t-CO ₂ e

Calculation method for each asset covered

- (i) Based on the actual amount of electricity sold of each project (from April 2021 to March 2022), we measured the annual volume of CO₂ that contributed to the reduction in emissions (attributable to our investment). This is calculated based on the assumption that GHG emissions due to fossil fuel power generation have been avoided as a result of renewable energy power generation (solar power generation, etc.).
- (ii)(iii) Based on the data disclosed by each issuer, we measured the annual volume of CO₂ that contributed to the reduction in emissions (attributable to our investment). In addition to green bonds, (ii) includes sustainability bonds.

Thematic Investment

- ✓ Of the thematic investment projects executed in fiscal 2020 and fiscal 2021 (cumulative total: approx. ¥382 billion), the amounts for the four key initiative issues set as our responsible investment are as follows.

Focus Areas	Description	Related SDGs	Amount(approx.)
Climate change response	An urgent and important issue that could cause damage to the asset value. We promote the transition to a decarbonized society through responsible investment.	 	¥160 billion
Health and welfare / Aging population	As a life insurance company, we will address the issues of health and welfare and aging population, including COVID-19 response.		¥40 billion
Economic growth (including diversity)	We promote the medium- to long-term corporate value improvement of investees through dialogue. We will also address diversity, including the active participation of women, as an important issue.	 	¥4 billion
Development of social infrastructure	We provide medium- to long-term funding for the development of social infrastructure.	 	¥150 billion
(Reference) Contribution to other SDGs	In addition to the above issues, we are conducting investment and financing in Japan and overseas with themes such as poverty issues and the enhancement of education.	   etc.	¥30 billion

Calculation method

The amount is the accumulated result that is calculated by the Company based-on the details of each project and the 17 SDGs the projects are expected to contribute to. For projects that are expected to contribute to multiple SDGs, the amount is proportionally divided according to the number of applicable items.

Impact Investment

- ✓ Sumitomo Life has started impact investment from fiscal 2022 to further contribute to solving social issues.
- ✓ Since the practice of impact evaluation (measurement and management) is important in impact investment, we will accumulate knowledge through the "Japan Impact-driven Financing Initiative," which we joined in April 2022, and various study groups.

Fiscal 2022 Plan

- We started impact investment in fiscal 2022. This fiscal year, we aim to invest approximately 20 billion yen, mainly in funds.
- Since it is important to practice impact measurement and management, we will actively participate in the activities of the Japan Impact-driven Financing Initiative and in various study groups to accumulate knowledge.

What is impact investing? (Overview)

- Refers to investments made with the intention of creating social and environmental impacts in addition to financial returns.

Four requirements for impact investment*1

1. To have an intention
2. To aim for financial return
3. To include diverse asset classes
4. To measure and manage social impact

*1 As defined by GIIN (Global Impact Investing Network)

Status of Impact Investment

- In July 2022, we invested in the Global Sustainable Equity Open Investment Trust operated by Nomura Asset Management Co., Ltd.

Target amount	Results (April 2022 to September 2022)
¥20 billion (Fiscal 2022)	¥10 billion (Progress rate: 50%)

What the Japan Impact-driven Financing Initiative is (Overview)

- The Japan Impact-driven Financing Initiative is a domestic initiative that promotes impact investment based on the idea of solving social issues through finance such as investment and financing.
- We decided to participate in this initiative because we believe that visualization and further creation of impact are important initiatives for responsible investment in the future.

Case Study①

Farmland Forest Fund

farmland and related businesses globally, including in North America, and its revenue sources include the sale of harvested crops and fees from farmland leasing. We aim to obtain stable returns by diversifying regions and crops. In addition to improving productivity through operational improvements and the introduction of technology, efforts are also being made to reduce environmental impact, and we hope to contribute to the promotion of sustainable agriculture through the efficient use of water resources and the protection of ecosystems.



Yutaro Ichijo
Assistant
Manager
ALM Securities
Investment Dept.

JICA Peacebuilding Bonds

"JICA Peacebuilding Bonds" are bonds whose use of funds is limited to projects that contribute to the peace, stability and reconstruction of countries and regions affected by conflicts and civil wars. As the peace and security of people around the world are threatened, we decided to invest in the bonds because we agree with the philosophy of "contributing to the realization of a peaceful society" and because they are in keeping with our long-term investment needs. As a responsible institutional investor, we will continue to invest in such socially significant bonds.



Eiko Takeda
Assistant Manager
Fixed Income
Investment Sect.
ALM Securities
Investment Dept.

Global Sustainable Equity Open Investment Trust (Impact Investment)

This fund is an impact investment fund that aims to solve social issues while earning high investment returns. The fund has set impact goals such as "the control of climate change" and "the improvement of medical problems" and is working to create impacts. Our scope of investments is companies all over the world, including Japan. The recent abnormal weather and pandemic are not just a problem for Japan. I would like to fulfil my responsibilities as an asset management professional without forgetting our global perspective.



Toshiya Nakamura
Assistant General
Manager
Balanced Portfolio
Investment Dept.

Case Study②

Transition Bonds

Transition bonds are bonds that are used for projects that contribute to the reduction of GHG emissions and the realization of a decarbonized society. We make investments based on the concept of supporting companies that are engaging in initiatives to realize a decarbonized society, which is a major issue for society as a whole, by investing in bonds.

Going forward, we will continue to fulfil our responsibilities as an investor by investing in transition bonds and other bonds that contribute to the achievement of the SDGs and through engagement with investee companies.



Chihiro Shibuya
Assistant Manager
Structured &
Corporate Bond
Sect.
ALM Securities
Investment Dept.

Renewable Energy Project

Project financing for renewable energy projects helps reduce GHG emissions by replacing fossil fuel power generation with renewable energy power generation (solar power generation, etc.), and is therefore expected to contribute to the SDGs climate change response. I empathized with the Company's purpose of contributing to the social and public welfare, and joined the Company thinking about how I could make a contribution at the Asset Management Department. Responsible investment makes us feel that we are contributing to society and motivates us. We will continue to engage in active investments in order to contribute to the realization of a sustainable society.



Eri Kadowaki
Assistant Manager
Project Finance Sect.
Loan Dept.

Asian Development Bank Health Bonds

Health Bonds are an initiative to contribute to "high-quality medical care" in Asia. There are still some regions in Asia where people are unable to receive necessary treatment due to the lack of a sufficient medical system. We decided to invest in the hope that such people living in Asia will be able to receive medical care as a matter of course, by way of finance through the Asian Development Bank. I would like to continue to think about how we can contribute to global issues such as poverty and global warming.



Masahiro Itahana
Assistant Manager
Foreign Exchange & Global Bond
Sect.
Balanced Portfolio Investment
Dept.

Real Estate Investment

Real Estate Investment that Considers the Environment and Society

✓ Initiatives for decarbonization in collaboration with local communities

At the Yokohama Gate Tower*¹, which was completed in September 2021, we are promoting various initiatives to reduce the environmental burden and achieve the SDGs. In addition, as a facility participating in the Ministry of the Environment's "Decarbonization Leading Areas," we will continue to develop various initiatives with the aim of reducing CO₂ emissions associated with electricity consumption to virtually zero by fiscal 2030.

*¹ A joint venture with KAJIMA CORPORATION and Mitsui Sumitomo Insurance Co., Ltd.



Yokohama Gate Tower

✓ Safe and Secure City Creation Post-COVID-19

For the office building*² that we are planning with Fukuoka Jisho Co., Ltd., we will promote post-COVID-19 initiatives, including the development of open-air spaces and contactless elevator call buttons. In addition, we will contribute to a reduction in global warming by using wood products, adopting concrete that reduces CO₂ emissions during manufacturing, and installing solar power generation equipment.



(Tentative name) Sumitomo Life Fukuoka Building/ Nishidori Business Center Reconstruction Plan

Initiatives for Existing Buildings

We are working to promote energy conservation by upgrading to energy-saving equipment. In order to reduce GHG emissions, we have formulated an LED conversion plan and are proceeding with construction. In addition, we are planning to gradually introduce electricity derived from renewable energy, and have started introducing it in some buildings since April 2022.

GHG emissions (unit: 1,000t-CO₂e)

	FY2019	FY2020	FY2021
Real estates for investment	70	62	61

Acquisition of Environmental Certification

We have acquired environmental certification that assesses efforts that consider the environment and society in real estate., mainly for large-scale buildings.

Message from the person in charge of promotion

We are strengthening our initiatives for ESG in real estates for investment every year, and are working on measures mainly for large buildings. Reducing GHG emissions, which is one of the major issues, is something common not only to us but also to our tenants. We work closely with management companies, which listen directly to the voices of tenants, to create sustainable buildings through the promotion of energy conservation and the introduction of renewable energy, while providing a comfortable office environment.



Kumiko Kumata
Task Force Manager
Responsible Investment
in Real Estate,
Real Estate Dept.



4. Stewardship Activity

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Stewardship Activity Transition

Fiscal year (From July to June in the following year)		2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of dialogues	Corporate value	218	125	124	151	142	94	105	119	(Target) 140
	Voting rights	347	313	254	258	227	186	170	175	–
	Domestic bonds							10	10	(Target) 10
Main structural changes	One dedicated staff for dialogue			Two dedicated staff for dialogue			Three dedicated staff			Four dedicated staff for dialogue
	Analyst attends dialogue						Responsible Investment Committee			
Change in themes for dialogue	Management strategy, capital efficiency, shareholder returns, governance						Important industries (regional banks), collaborative engagement			Human rights issues in the supply chain
	Important theme (ESG)			Decarbonization			Response to COVID-19			
Change in criteria for exercising voting rights	Outside officers' attendance rate, retirement benefits for outside auditors, one outside director						ROE criteria			Revise the number and proportion of independent outside directors
	Independence criteria for independent officers, strengthen criteria for dividend payout ratio						Two outside directors from Tokyo Stock Exchange First Section		Two outside directors from TSE prime & standard market	
Change in disclosure	Status of annual stewardship activities, Guidelines for Exercising Voting Rights						Summary table for voting rights exercise			"Basic Principles of Responsible Investment", "Guidelines for Exercising Voting Rights"
	Individual disclosure (quarterly)						Reasons for opposition			
	Reasons for approval									

Review on Fiscal 2021 Dialogue [Key Items]

(July 2021 to June 2022)

We conducted 119 dialogues in fiscal 2021 (cumulative total of 402 companies over 6 years, accounting for 36% of the issuers of our portfolio, and 83% of the market value we hold). As a result of implementing the PDCA cycle for the dialogues and considering their importance, we will have more in-depth dialogue in fiscal 2022 on matters such as ESG theme (see page 29-30 for fiscal 2022 plan).

Theme content		Main requests		
Key themes (ESG)	Dialogue on carbon neutrality	➤ Achieve both environmental measures and economic rationality (Refer to page 27 for details)		
	Dialogue from other environmental and social perspectives	➤ Increase efforts to address human rights and labor environment issues in the supply chain Identify issues related to human rights, and conduct surveys and disclose information on plants and regions where issues are inherent		List main business partners
Key industries	Dialogue with regional banks that serve as pillars in revitalizing local communities	➤ Expand non-interest business	Monetize consulting business, recruit and train specialists, convert to a holding company, etc.	
		➤ Further improve efficiency	Reduce system costs, such as by moving core systems to the cloud, and reduce various costs	
Other sustainable growth	Dialogue on responses based on industry trends, etc.	➤ (e.g.) EV strategy Reconcile EV conversion with profitability (reduced battery cost)		
	Dialogue with companies that consider continuous tracing necessary	➤ Improve governance	Increase the number of independent outside directors, and ensure the independence of independent outside directors, etc.	
Collaboration	Collaborative engagement with the Life Insurance Association of Japan	➤ Enhance shareholder returns	Increase dividend payout ratio and total return ratio, and improve capital efficiency	
		➤ 11 life insurance companies participating in the Stewardship Activities Working Group of the Life Insurance Association of Japan jointly sent letters requesting the following.	Enhance shareholder returns	Comprehensive disclosure including enhanced disclosure of ESG information

Review on Fiscal 2021 Dialogue [Improvement]

(July 2021 to June 2022)

We focus on dialogue on management strategies that lead to an improvement in corporate value over the medium to long term. In fiscal 2020 (July 2020 to June 2021), we requested 308 items, and confirmed improvements in 126 of them (improvement rate of 40.9%). We will implement highly effective engagement through the PDCA cycle to continuously improve their corporate value, thorough monitoring the progress of improvements in corporate issues and holding dialogues again as necessary.

<Results of improvement upon our requests>

■ Fiscal 2020

Request (case)
308

■ Fiscal 2021

Improvement	Partial improvement	Not yet improved	Rate of improvement
126	86	96	40.9%

Improvement : Achieved tracked items or showed signs of progress/improvement in line with the request
 Partial improvement : Improvement has been made, but not to the level required
 Not yet improved: Not achieved, or no signs of progress/ improvement in line with the request

<Breakdown>

■ Fiscal 2020 requests

Item	Request
ESG	92
Environment/Social	70
Governance (management)	22
Business strategy (growth scenario etc.)	117
Revision of business portfolio	42
Revenue (profitability)	59
Shareholder returns	5
Disclosure	11
Others	24

■ Fiscal 2021 confirmation

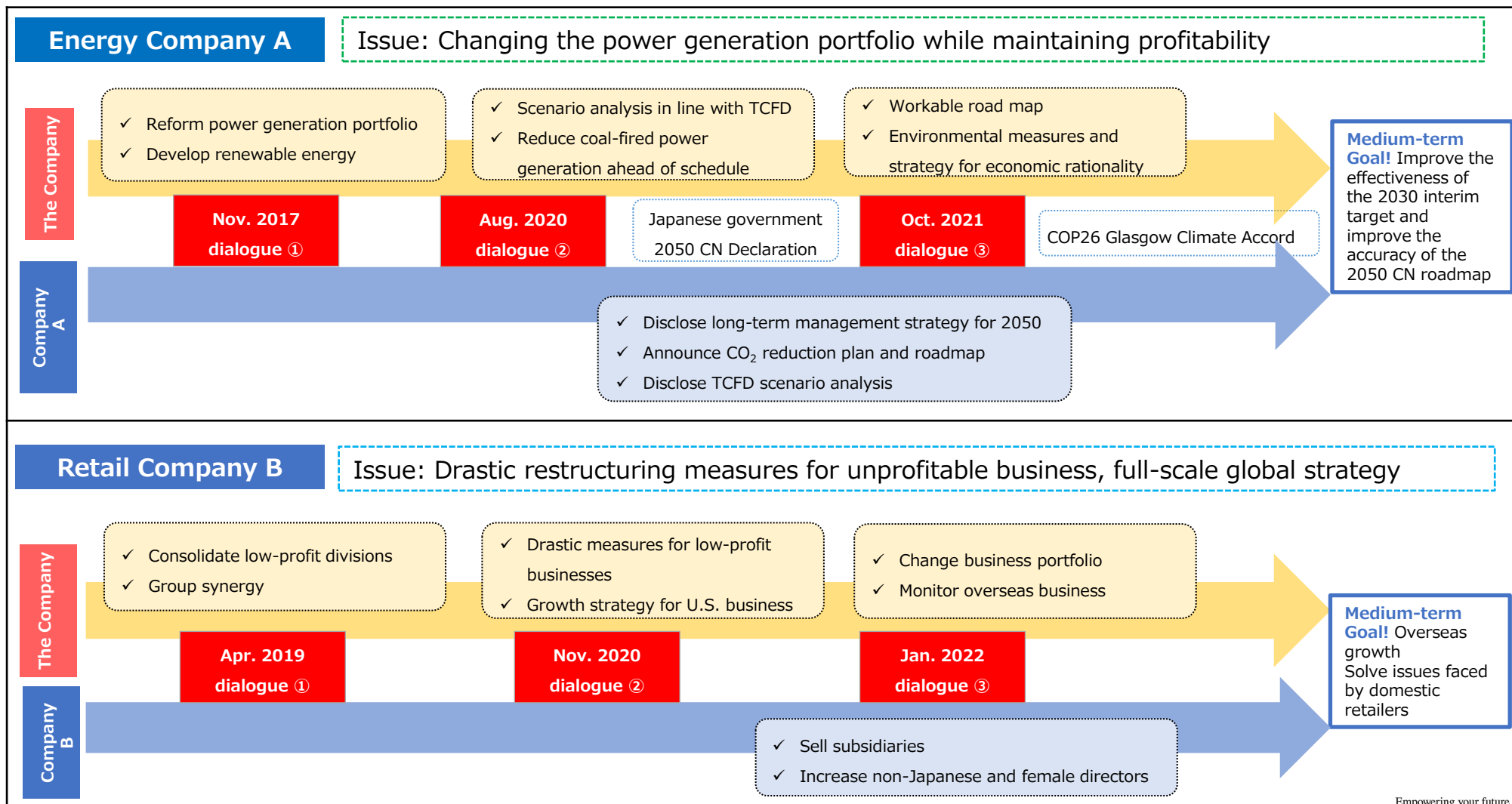
Improvement	Partial improvement	Not yet improved	Rate of improvement
43	25	24	46.7%
34	22	14	48.6%
9	3	10	40.9%
43	36	38	36.8%
18	12	12	42.9%
27	15	17	45.8%
2	0	3	40.0%
4	3	4	36.4%
7	7	10	29.2%

In fiscal 2022, we continue to engage in dialogue with investee companies whose improvements are insufficient or who face new issues, as a "continuous tracing companies."

Review on Fiscal 2021 Dialogue [Case study]

(July 2021 to June 2022)

The following are examples of dialogues that led to increased corporate value through multiple dialogues. We will continue to hold dialogues going forward.



Review on Fiscal 2021 Dialogue [Survey Results]

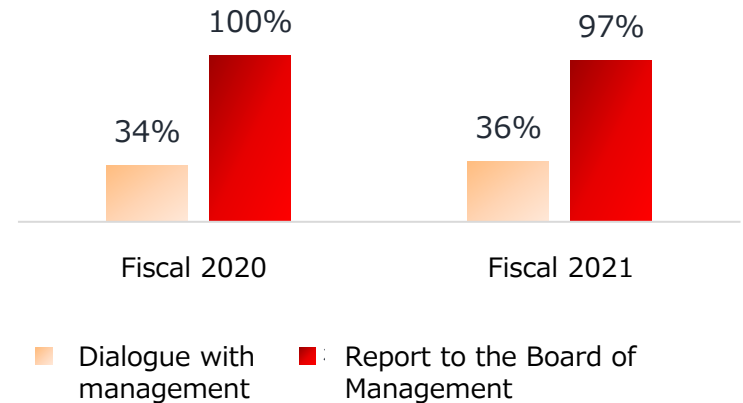
(July 2021 to June 2022)

We requested and received the cooperation of many companies with which we engaged from the perspective of improving dialogue aimed at increasing corporate value. The survey results indicate many companies continue to rank our dialogue highly, with a high proportion sharing the dialogue with management. We will strive to improve the quality of dialogue and initiate efforts to enhance our proposal capabilities based on the opinions expressed.

<Survey results (response rate : 51.3%) >

Items (5-ranking of evaluation)	Fiscal 2020	Fiscal 2021
Overall evaluation	4.8	4.9
Was there adequate understanding, as well as research and analysis?	4.9	4.9
Did dialogue lead to the promotion of mutual understanding?	4.9	4.9
Were the opinions beneficial?	4.9	4.9

<Percentage of companies engaged in dialogue with management and reporting to the Board of Management>



<Extract from survey results>

Highly-appreciated opinions	<ul style="list-style-type: none"> ➤ While other institutional investors (shareholders) often engage in dialogue in the form of presenting issues for reducing CO₂ emissions and obtaining a commitment for their reduction, your company's dialogue was carefully analyzed in advance, and issues were pointed out from the perspective of improving corporate value. Your company offered and explained a solution that could be easy not only for the management team but also for the person in charge to put into practice. ➤ The business situation and published content were carefully and clearly researched and analyzed, and we received valuable opinions and suggestions from various perspectives. We were also given the opportunity to offer explanations, making it an extremely meaningful dialogue. Going forward, we would like to request the continuation of such dialogue.
Other opinions and requests	<ul style="list-style-type: none"> ➤ There was a question that overlapped with the previous dialogue. I think that by having your company share in advance the content of past meetings, it will lead to more meaningful dialogue within the limited time available.

* Extracts from some of the opinions and requests that we received

Fiscal 2022 Dialogue [Stocks]

(July 2022 to June 2023)

Recognizing the growing importance of sustainability initiatives to improve medium- to long-term corporate value, we set our main themes for dialogue in fiscal 2022, including ESG themes and regional banks, etc. Based on these, we will select the companies with which we have dialogue from the perspective of improving the value of the entire portfolio.

Theme	Dialogue company	Details of dialogue
Key initiative theme "ESG"	High GHG-emitting companies	Dialogue with the top 20 GHG (Scope 1+2) emission companies in our stock portfolio. Verify GHG emission reduction targets and scopes → Improve targets and accuracy of effectiveness
	Companies with ESG issues	Discuss improvement and response measures for companies with environmental and social issues after confirming their awareness of these issues. Environment: Scope 3 is relatively higher Social: Issues related to human rights, etc. in the supply chain
Key industry	Regional banks	Request regional banks, which are expected to be pillars in revitalizing local communities, to improve their capital efficiency and disclose their cash flow allocation plans.
Dialogue for sustainable growth	Companies that we consider need dialogue to improve their corporate value	Discuss improvement and response measures after confirming awareness of issues with the following companies, etc. Holdings are large and management issues are transitional Corporate value is expected to improve Guidelines for Exercising Voting Rights may be violated
Collaborative engagement		Collaborative engagement with the Life Insurance Association of Japan, international initiatives CDP and CA100+.

Review on Fiscal 2021 & Fiscal 2022 Dialogue [Bonds]

We take a long-term perspective in our discussions with companies and encourage them to take the appropriate response to risk to increase the possibility of redemption of domestic bonds. In addition, we will also conduct dialogue for reducing GHG in our asset portfolio.

When conducting dialogue, we operate with a unified sense of purpose, collaborating with the Equities Investment Division and the Responsible Investment Team.

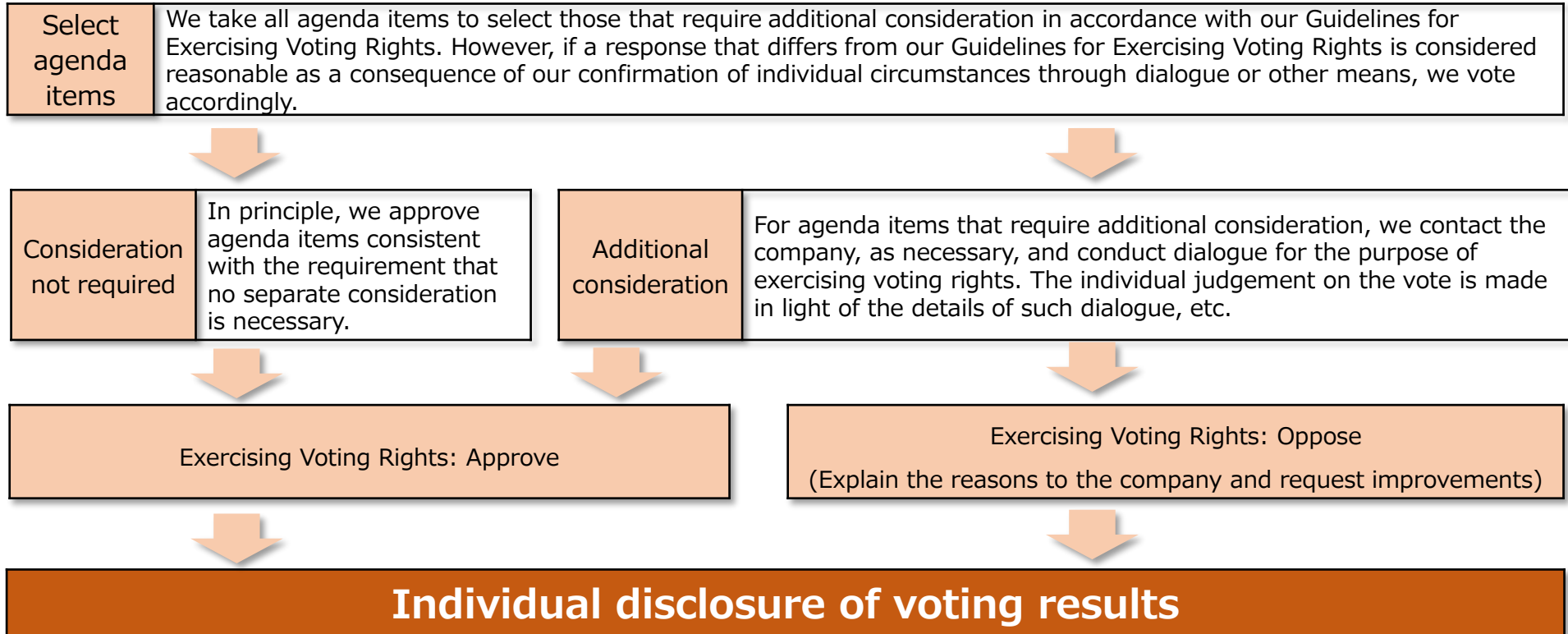
Review on Fiscal 2021 Dialogue (July 2021 to June 2022)	
Domestic bonds	<ul style="list-style-type: none"> ➤ Similarly to fiscal 2020, we engaged in dialogue activities with 10 investee companies, with the aims of increasing the possibility of maturity redemption of corporate bonds and reducing GHG emissions in our asset portfolio.
Overseas bonds	<ul style="list-style-type: none"> ➤ Started new engagement. Participated in collaborative engagement utilizing international initiatives (CDP).
Fiscal 2022 Dialogue (July 2022 to June 2023)	
Increase the possibility of redemption	<ul style="list-style-type: none"> ➤ Broad discussion as a bond investor from a long-term perspective on matters such as the company's business strategy, financial strategy and ESG materiality. ➤ As a responsible investor, confirm matters with issuers of SDG bonds (green bonds, etc.) such as the status of usage of the proceeds, the impact that has been achieved and future measures. And we propose the use of SDG bonds.
GHG Reduction	<ul style="list-style-type: none"> ➤ Discuss from the perspective of reduction of long-term transition risks and physical risks, particularly with high GHG emitting companies. ➤ Discuss the formulation and implementation of a specific roadmap towards decarbonization, utilizing the TCFD framework, etc. ➤ Propose the use of transition bonds*1 and sustainability-linked bonds*2, etc. as a finance measure for solving issues.

*1 Bonds for funding companies that are undertaking initiatives to reduce GHG in line with a long-term transition strategy to achieve a decarbonized society.

*2 Bonds with pre-determined targets (sustainability performance targets) for KPIs concerning the company's sustainability management, with varying terms and conditions, such as the future payment of coupons, according to whether such target is achieved.

Stance on Exercising Voting Rights

Our company has established “Guidelines for Exercising Voting Rights” and determines whether to vote for or against a proposal when exercising our voting rights, in light of dialogue with investee companies and the state of their initiatives on issues, etc. Specifically, we select agenda items that require additional consideration according to our Guidelines from perspectives such as the investee company’s financial performance/conditions, capital policy, legal compliance structure, stance on distribution of returns and sustainability initiatives, and make careful decisions. We recognize that exercising voting rights is also an important method for encouraging the sustainable growth of investee companies. When considering whether to approve or oppose an individual agenda item, our decisions are not a mere formality. We listen to investee companies about their response to issues and conduct dialogue through which we explain our opinions and concerns to encourage their sustainable growth.



Fiscal 2021 Voting Results (July 2021 to June 2022)

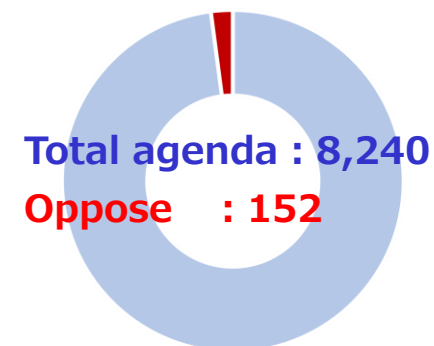
Our voting results is shown below. We voted against 152 agenda items (1.8% of a total 8,240 agenda items) and voted against 133 companies (6.5% of a total of 2,039 companies).

We were able to confirm improvement in terms of governance on the investee companies as they have proceeded to respond to the revised Corporate Governance Code.

Breakdown of main agenda items we opposed

Agenda items	Fiscal 2020	Fiscal 2021
Director election proposals (excluding retained earnings criteria)	40	45
Poor performance (Loss for three consecutive years)	4	3
Low ROE (Below 5% for five consecutive years)	4	5
Failed to meet criteria for number of independent outside directors	30	27
Low attendance rate for outside directors at Board of Directors meetings, etc.	3	9
Lack of independence of independent outside directors	1	4
Low attendance rate for auditors, etc. at Audit & Supervisory Board meetings, etc.	2	1
Granting stock options and retirement benefits to auditors	57	53
Retained earnings criteria (appropriation of retained earnings, appointment of directors)	28	32
Scandal	5	7
Other	4	14

<By number of proposals>
Opposed ratio 1.8%
(▲0.3pt YoY)



<By number of companies>
Opposed ratio 6.5%
(+0.3pt YoY)



Fiscal 2021 Voting Results [Improvement] (July 2021 to June 2022)

Some companies with which we had dialogue or voted against improved in terms of governance, but the ratio of improvement was low in terms of financial performance, independence of directors and payment of retirement benefits to auditors.

【Status of improvement for the same companies that we voted against】

Agenda items	Fiscal 2020 opposed items
Director election proposals (excluding retained earnings criteria)	27
Poor performance (Loss for three consecutive years)	1
Low ROE (Below 5% for five consecutive years)	2
Failed to meet criteria for number of independent outside directors	19
Low attendance rate for outside directors at Board of Directors meetings, etc.	4
Lack of independence of independent outside directors	1
Low attendance rate for auditors, etc. at Audit & Supervisory Board meetings, etc.	1
Payment of retirement benefits to auditors* ¹	23
Retained earnings criteria (appropriation of retained earnings, appointment of directors)	9
Other	14

Fiscal 2021	
Improvement	Ratio of improvement
16	59%
1	100%
0	0%
10	53%
4	100%
1	100%
0	0%
6	26%
4	44%
14	100%

*¹ Six out of 23 cases have been counted as improvements because payment has been discontinued.

Fiscal 2021 Voting Results

[Shareholder Proposals] (July 2021 to June 2022)

Among the shareholder proposals deliberated by the Responsible Investment Committee, which were analyzed and considered from the perspective of a responsible institutional investor, the following are examples of climate change-related shareholder proposals and dividend-related shareholder proposals that have been recently attracting attention.

	Points for consideration and reasons for decision making
Climate change-related shareholder proposals	<p>[Details of shareholder proposal] Partial amendments to the Articles of Incorporation (addition of the following environment-related provisions, including decarbonization): (i) formulate and publish business plans including short-, medium-, and long-term GHG reduction targets consistent with the Paris Agreement, and disclose the progress status of the plans; (ii) disclose assessments of consistency between capital investment and GHG reduction targets; and (iii) disclose details of how the remuneration policy promotes the achievement of GHG reduction targets.</p> <p>[Opposition to shareholder proposal] The company has already formulated and published short-, medium-, and long-term GHG reduction targets that are consistent with the Paris Agreement, and we were able to confirm their progress in our annual reports, etc. The company has already publicly disclosed the priority allocation of investment funds for the development of renewable energy, and we have determined that the company has demonstrated maximum corporate efforts, even if not stipulated in the Articles of Incorporation. We agreed with the company's opinion that it is necessary to balance energy supply with climate change response in order to improve corporate value, and that it is not appropriate to stipulate only the achievement of GHG emission reduction targets in the remuneration policy.</p>
Annual dividends-related shareholder proposals	<p>[Details of shareholder proposal] Requests that 100% of annual dividends received from shares held by the company be returned to shareholders, and 50% of net profit be returned to shareholders.</p> <p>[Opposition to shareholder proposal] We were able to confirm that in addition to initiatives for developing the regional economy, the company has indicated a policy of actively utilizing shareholder returns and capital to an even greater extent and is considering measures to be taken in the next medium-term plan. In addition, the company is steadily implementing each initiative aimed at achieving the medium-term plan, and we believe that there is a high probability that the plan will be achieved. Therefore, we thought it is desirable to leave the decision on shareholders return to the company that is putting its policies into practice based on its belief that it is important to contribute to the development of local communities and achieve a good balance among growth investment, ensuring financial soundness, and enhancing shareholder returns. So we voted against the shareholder proposal.</p>

Main Revisions to the Guidelines for Exercising Voting Rights

Dialogue and the exercise of voting rights are some of our most important initiatives in fulfilling our stewardship responsibilities. In addition to amending the philosophy in our Guidelines for Exercising Voting Rights, we have now explicitly stated our perspective and philosophy on ESG initiatives, so that our philosophy is better understood. Last year, we publicly disclosed the criteria for exercising voting rights and will implement the changes as planned. Please refer to the Guidelines for Exercising Voting Rights for details.

Overview

- Number and ratio of independent outside directors meeting our independence criteria

Main changes in the criteria for exercising voting rights [Director election proposals, takeover defense measures]

Item	Market category	Current standard	From April 2023
A company other than those described below	TSE Prime	At least 2	At least 1/3
	TSE Standard	At least 2	At least 2
	Other	At least 1	At least 1
A company with a parent company	TSE Prime	At least 1/3	At least 1/2
	Other		At least 1/3
A company with takeover defense measures	TSE Prime	At least 2	At least 1/3
	Other		

Self-evaluation of Stewardship Activity

Principle	Japan's Stewardship Code (Details)	Self-evaluation and future initiatives (✓: Compliant)	
Principle 1	Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	✓	➤ This policy has already been formulated and published as the "Basic Principles on Responsible Investment."
Principle 2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	✓	➤ The Compliance Control Department comprehensively manages in accordance with the "Policy on Management of Conflicts of Interest." This was deliberated three times at the Responsible Investment Committee during the previous fiscal year and we publicly disclosed the results. We will continue the initiatives.
Principle 3	Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	✓	➤ We collect financial information and non-financial information including ESG and conduct both quantitative and qualitative corporate analysis (ESG integration). We also strive to accurately understand the status of investee companies.
Principle 4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	✓	<ul style="list-style-type: none"> ➤ We share our recognition of issues with investee companies and strive for improvement through adequately prepared dialogue. ➤ In fiscal 2021, we strengthened our dialogue especially on promoting decarbonization as an ESG issue. In fiscal 2022, we plan to take up human rights issues as an important theme.
Principle 5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	✓	➤ We judge in accordance with the guidelines after grasping the company's situation. We disclose our voting results in accordance with the policy. We will continue to work on substantive judgments by presenting our thinking in various publications so that they do not become a mere formality.
Principle 6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	✓	<ul style="list-style-type: none"> ➤ As of fiscal 2021, the former "Stewardship Activities Report" has been expanded and published as the "Responsible Investment Report." ➤ We will continue to enhance our disclosure.
Principle 7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	✓	<ul style="list-style-type: none"> ➤ We are currently improving the structure for stewardship activities and promoting human resources development that includes improvement to corporate analysis capabilities. ➤ We will enhance initiatives for decarbonization across assets, strengthen collaboration with outside organizations, and work to further increase the effectiveness of stewardship activities.



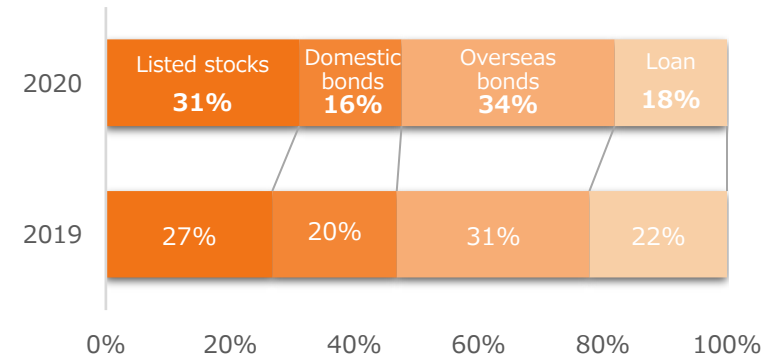
5 . Other Disclosure

- | | |
|--|-------|
| ✓ GHG Emissions from the Asset Portfolio | …P.38 |
| ✓ PRI Assessment | …P.39 |
| ✓ Participation in Initiatives | …P.40 |

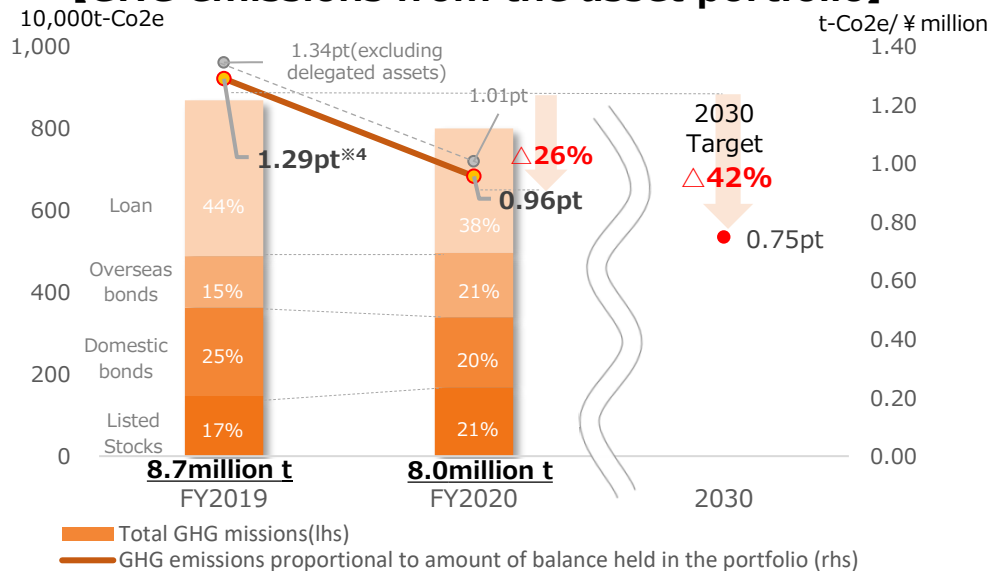
GHG Emissions from the Asset Portfolio

- ✓ GHG emissions from the asset portfolio*1 (results for fiscal 2020) decreased from the previous fiscal year to 8.0 million t-CO2e*2 on a total basis, and GHG emissions proportional to the amount of balance held in the portfolio*3 significantly improved to 0.96 t-CO2e/million yen (year-on-year change: down approximately 26%). There are two main reasons for this as follows.
- ✓ The GHG emissions of each investee decreased due to the economic slowdown caused by the COVID-19 pandemic.
- ✓ The increase in the investment balance of listed stocks and overseas bonds, which have relatively low GHG emissions proportional to the amount of balance held in the portfolio, also contributed to the improvement.

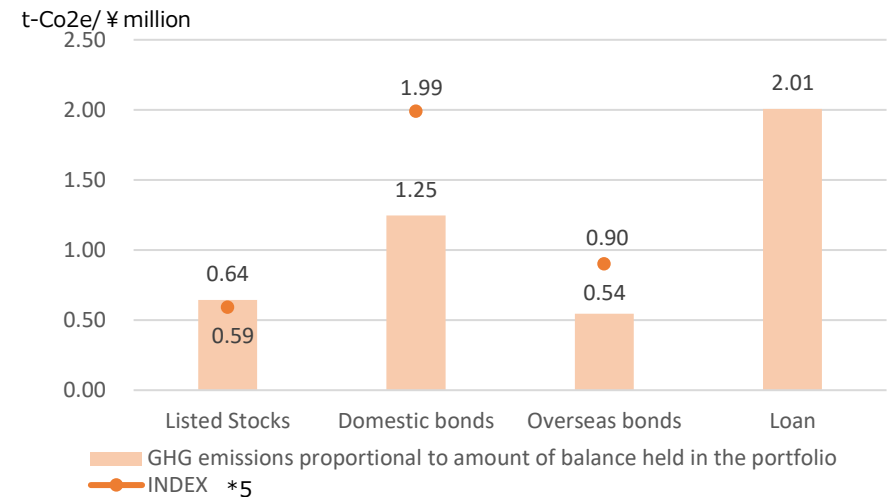
【Composition of assets subject to measurement*4】



【GHG emissions from the asset portfolio】



【GHG emissions from each assets】



*1 The absolute amount of GHG emissions from the asset portfolio(formula is below).We use published figures and estimated data for companies provided by MSCI. In the event that no GHG emissions data is distributed, we supplement by using parent company data or average figures by industry.

$$\sum_{i=1}^n \left(\frac{\text{current value } i}{\text{issuer's market capitalization } i} \times \text{issuer's Scope1 + 2i} \right)$$

1) numerator: Fair value for listed stocks, Book value for others
 2) denominator: Market capitalization + Book value of debt

*2 "Independent Third-Party Assurance Report" obtained from Sustainability Accounting Co., Ltd.

*3 GHG emissions divided by the current portfolio value

*4 Listed stocks and overseas bonds include a certain amount of GHG emissions data from the funds that is available to measure.

*5 INDEX is calculated by us using TOPIX for listed stocks, ICE BofA Japan Corporate Index for domestic bonds, and ICE BofA US Corporate Index for overseas bonds.

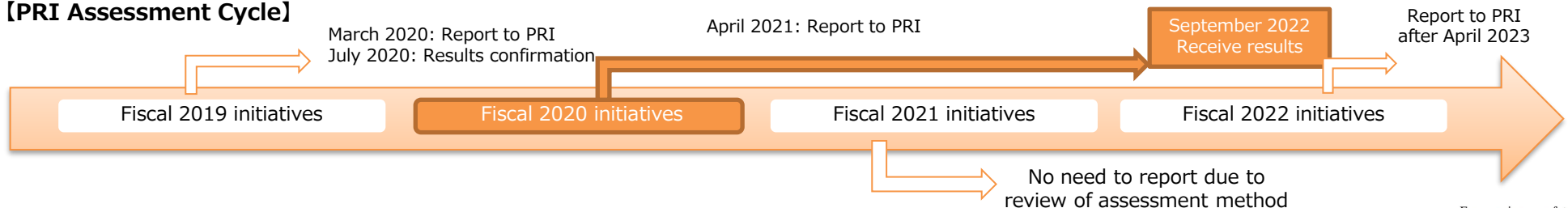
PRI Assessment (Fiscal 2020)

- ✓ The PRI receives annual reports on responsible investment initiatives from member institutions and evaluates the content of these initiatives.
- ✓ The evaluation results for fiscal 2020 were confirmed in September this year after a delay due to a review of the PRI assessment method.
- ✓ We obtained a maximum rating of 5 stars for 5 items out of a total of 6 items. Although a simple comparison is difficult due to a change of the assessment method, our understanding is that this is an improvement from the previous assessment. Looking at this latest assessment, we will further improve the content of our initiatives.

Item	Assessment subject	Assessment (☆1-5)	Previous assessment*1 (E-A+)
Investment & Stewardship Policy	Responsible Investment Policy/Governance	☆☆☆☆☆	A
Listed equity/Active fundamental - incorporation	Incorporation of ESG factors into the investment process of listed equity	☆☆☆☆☆	A
Listed equity/Active fundamental - voting	Dialogue with investee companies and exercise of voting rights for listed equity	☆☆☆☆☆	A+
Fixed income/ Corporate Bond	Incorporating ESG factors in the corporate bond investment process	☆☆☆☆☆	B
Fixed income/SSA	Incorporating ESG factors in the sovereigns bond investment process	☆☆☆☆	
Real estate	Incorporating ESG factors in the real estate investment process	☆☆☆☆☆	B

*1 The evaluation system was reviewed by the PRI Secretariat and changed from a 6-level evaluation (E to A+) to a 5-level evaluation (☆1 to 5).

【PRI Assessment Cycle】



Participation in Initiatives

Signatory of:



- A set of investment principles launched by the United Nations in 2006 that calls for institutional investors to incorporate ESG perspectives into their investment decision-making processes.
- Sumitomo Life signed the PRI in April 2019.



- A private sector-led task force established by the Financial Stability Board (FSB) in December 2015. In June 2017, TCFD released its final report (TCFD recommendations) providing a framework for companies' voluntary disclosure of information regarding climate-related risks and opportunities
- Sumitomo Life announced the endorsement of the TCFD recommendations in March 2019.



- An initiative to seek the reduction of GHG emissions through engagement with companies (five-year project that started in December 2017).
- Sumitomo Life signed the initiative in December 2020.



- An initiative to encourage major companies around the world to disclose information on climate change, water, forests, etc., and to engage in collaborative engagement. Launched in 2000.
- Sumitomo Life signed the CDP in December 2020.



- A global partnership of financial institutions launched in 2019, working to develop and implement a standardized approach to assess and disclose the greenhouse gas emissions associated with loans and investments.
- Sumitomo Life joined PCAF as the first Japanese life insurer in September 2021.

Net-Zero Asset Owner Alliance

- An international initiative that aims to achieve the Paris Agreement's goal of limiting temperature rise to 1.5°C through the cooperation of asset owners. Under the leadership of the United Nations Environment Programme Finance Initiative (UNEP FI) and PRI, the AOA has been active since 2019.
- Sumitomo Life joined AOA in October 2021.



Japan Stewardship Initiative

- An initiative established for considering countermeasures for practical issues across industries and sharing best practices from the perspective of the development of stewardship activities.
- Sumitomo Life joined JSI in November 2019.

Japan Impact-driven Financing Initiative

- A Japanese initiative launched in November 2021 to aim for the practice and promotion of impact investment by financial institutions that seek to resolve environmental and social issues through investment activities.
- Sumitomo Life joined it in April 2022.



- An organization was established for the purpose of supporting the activities of TNFD (Taskforce on Nature-related Financial Disclosures) to formulate a framework for biodiversity disclosure standards.
- Sumitomo Life joined in September 2022.

[appendix] Sumitomo Life Responsible Investment Initiatives

Fiscal year	2019	2020	2021	2022
Structure	✓ “ESG investment Policy”	✓ “Basic Principles of Responsible Investment”	✓ Establishment of Responsible Investment Team	✓ Define responsible investment as Sumitomo Life asset management
Stewardship Activity	✓ Listed stocks (since fiscal 2014)	✓ Addition of domestic bond	✓ Encouraging investees’ progress for decarbonization	✓ Strengthen dialogue with asset managers
ESG Integration	✓ Listed stocks	✓ Addition of corporate bonds & loans	✓ Expanding to all asset class	✓ Utilize expanded disclosure information
Negative Screening	<ul style="list-style-type: none"> ✓ Manufacturers of cluster munitions ✓ Coal-fired power generation projects 		<ul style="list-style-type: none"> ✓ Manufacturers of cluster munitions ✓ Coal-fired power generation projects 	
Thematic Investment	✓ Invested mainly in SDGs bonds	✓ Cumulative total target: ¥ 300bn FY2020-FY2022	✓ Uplift of the target ¥ 500bn	✓ Start impact measurement
Impact Investment	✓ Operated as part of thematic investment	(same as left)	(same as left)	✓ Aim to implement ¥ 20bn in a year
Initiatives	<ul style="list-style-type: none"> ✓ Signed PRI ✓ Endorsed TCFD recommendations 	<ul style="list-style-type: none"> ✓ Joined Climate Action100+ and CDP 	<ul style="list-style-type: none"> ✓ Joined PCAF and AOA 	<ul style="list-style-type: none"> ✓ Signed Japan Impact-driven Financing Initiative and TNFD forum
Efforts for Decarbonization	–	✓ Launch of GHG measurement of asset portfolio	<ul style="list-style-type: none"> ✓ Commitment of Net-Zero GHG emissions by 2050 ✓ set reduction target for 2030 	<ul style="list-style-type: none"> ✓ Review 2030 targets for GHG emissions(around March 2023) ✓ Start dialogues with domestic lenders
Disclosure	✓ Stewardship activity report	(same as left)	✓ Responsible Investment Report	✓ Further improvements



Empowering your future



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