

March 29, 2024

Sumitomo Life Insurance Company

Promotion of Initiatives to Address Social and Environmental Issues through Asset Management -Establishment of the "Sumisei Sustainable Finance Framework" and Other Initiatives-

Sumitomo Life Insurance Company (President & CEO: Yukinori Takada; hereinafter "Sumitomo Life") has established the "Sumisei Sustainable Finance Framework" (hereinafter "the Framework") and the "Policy for Sectors with High Social and Environmental Risk" to address social and environmental issues through asset management more actively than ever before, and also joined the "Japan's Impact Consortium." Going forward, we will focus on social and environmental impact through asset management based on this framework and other initiatives.

1. Current Initiatives

Sumitomo Life promotes responsible investment as part of its efforts to realize a sustainable future. Responsible investment is the practice of asset management that takes sustainability into consideration, with the aim of securing stable returns over the medium to long term while addressing social and environmental issues.

As a signatory of the Principles for Responsible Investment (PRI), we have worked to improve our responsible investment initiatives. In the PRI's annual assessment announced in December 2023, we received the highest rating of five stars in both evaluated items.

【PRI Annual Assessment Results for 2023】

Item	Outline	Assessment
Policy, Governance and Strategy	Policies, governance, and strategies for responsible investment and stewardship activities	★★★★★ (5 stars)
Confidence Building Measures	Review of reported data, third-party assurance, etc.	★★★★★ (5 stars)

On the other hand, the urgency and importance of measures against global warming are increasing, and social and environmental issues such as human rights and biodiversity are piling up. Therefore, we recognize that it is becoming more important than ever before to promote initiatives regarding impact on society and the environment (i.e., (1) creating positive

impact, (2) mitigating negative impact, and (3) visualizing the impact of our investment).

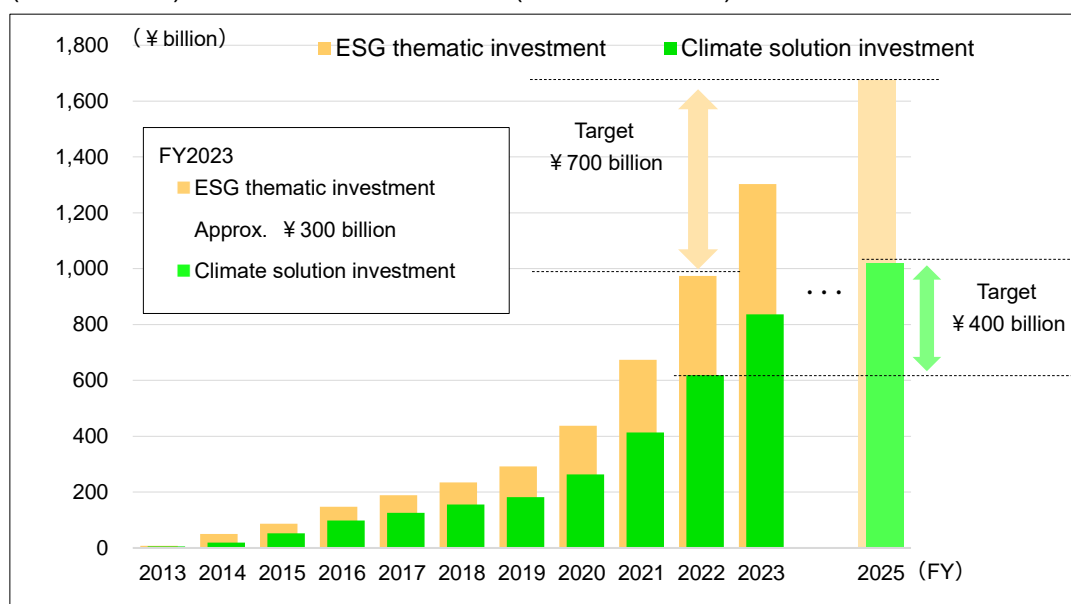
2. Creation of Positive Impact

a. ESG Thematic Investment

As an example of Sumitomo Life's efforts, we are actively engaged in ESG thematic investment (investment in projects etc. with use of proceeds contributing to the achievement of the SDGs). We set a three-year cumulative target of 700 billion yen for the current medium-term business plan period, including a target of 400 billion yen for climate solution investment. In fiscal year 2023, we are making steady progress in both areas.

In particular, we focus on transition finance to support the decarbonization of companies with high GHG (greenhouse gas) emissions. For example, we have invested in all 20 issuers in Japan (as of March 2024) with thorough evaluations of their investment returns. We will continue our efforts across assets, including stocks, bonds, and loans.

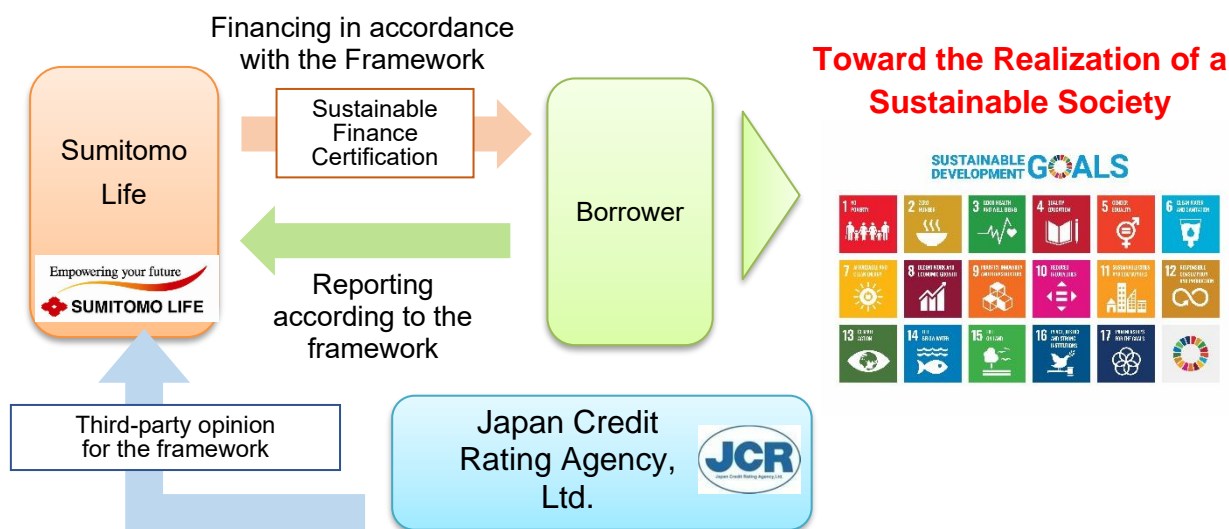
(Reference 1) ESG thematic investment (Cumulative total)



b. Sumisei Sustainable Finance Framework

Sumitomo Life has established the Framework with the aim of creating further positive impact. The Framework is designed to meet the financial needs of companies as they promote their sustainability initiatives. The framework is in alignment with international guidelines and has received a third-party opinion (Japan Credit Rating Agency, Ltd.).

【Diagram of the Framework】



【Content of the Framework】

Framework	Contents
Green Loan	Loans used only for green projects with clear environmental benefits
Sustainability Linked Loan	Sustainability performance targets are set, and loan terms are modified according to the achievement of these targets. Loan proceeds are not tied to specific projects.
Transition Loan	Loans to companies/projects that are working to reduce GHG emissions in accordance with a long-term strategy to achieve a decarbonized society. Transition strategies and eligibility of use of proceeds are assessed.

3. Mitigation of Negative Impact

Sumitomo Life's efforts to mitigate negative impact include negative screening (a method of prohibiting investment for specific uses of proceeds), and to date we have prohibited investments to inhumane weapons manufacturing companies and coal-fired power generation projects.

The transition away from fossil fuels was agreed upon at COP28 last December in response to climate change, and social and environmental issues that need to be addressed are growing year by year, including human rights and biodiversity. Therefore, to address these issues comprehensively, we have established a "Policy for Sectors with High Social and Environmental Risk." We will review the policy as necessary and strive to mitigate negative impacts through our investments.

【Overview of the policy update】

Policy	Contents
Policy to date	Prohibits investment in inhumane weapons manufacturing companies and coal-fired power generation projects
Updated policy	We have established the "Policy for Sectors with High Social and Environmental Risk" and added nuclear weapons manufacturing companies, etc. to the list. Please see the Appendix for details.

4. Visualization of Impact

Sumitomo Life has quantitatively measured the social and environmental impact of ESG thematic investment that we have executed in the past and has disclosed the results in the Responsible Investment Report since fiscal year 2022. In measuring the impact, it is essential that investee companies and projects disclose their own impacts. However, as the current disclosure is not sufficient, we will encourage them to disclose the impact, especially for investments with large execution amounts.

5. Membership in the Japan's Impact Consortium

Since joining the Japan Impact-driven Financing Initiative in April 2022, we have been promoting initiatives for investments aimed at creating impact through active participation in its activities.

Recently, "Japan's Impact Consortium" was established as a platform for collaboration and dialogue among a wide range of stakeholders, including financial institutions, companies, and local governments, aiming to expand investments that create impact. Sumitomo Life has joined this consortium last December and will leverage these initiatives through our active participation to create even greater impact.

END

Appendix Policy for Sectors with High Social and Environmental Risk

Theme	Sector	Assets	Policy(Underlines are added this time)
Human rights	All Sectors	Equity, corporate bonds, loans, and project finance	<ul style="list-style-type: none"> ✓ In accordance with the “Sumitomo Life Group Human Rights Policy,” we will require our investee companies to respect for human rights. ✓ <u>We will not invest in companies or projects that cause child labor, forced labor, or human trafficking. If an investee company or project is found to have caused these human rights problems, we will ask the company or project to take corrective action and prevent recurrence. If no action is taken after a certain period of time, we will carefully consider whether to continue the investment.</u>
	Inhuman Weapons		<ul style="list-style-type: none"> ✓ From a humanitarian perspective, we do not invest in companies or projects that manufacture specific weapons (cluster munitions, biological weapons, chemical weapons, anti-personnel landmines, <u>nuclear weapons</u>, etc.).
Climate change	Coal, oil and gas	Project finance	<ul style="list-style-type: none"> ✓ We do not invest in <u>coal, oil or gas related projects</u>. (except for projects that are in line with our transition criteria.)
Biodiversity	Palm oil, forest	Equity, corporate bonds, loans, and project finance	<ul style="list-style-type: none"> ✓ We will require our investee companies to address biodiversity issues. ✓ <u>Especially, we will require investee companies engaged in palm oil and forestry business to establish and publicly disclose policies (e.g., NDPE*1) to ensure compliance with zero deforestation, etc.</u>

*1 No Deforestation, No Peat, No Exploitation