

April 1, 2021

Sumitomo Life Insurance Company

Sumitomo Life sets reduction targets toward net-zero greenhouse gas emissions

Sumitomo Life Insurance Company (President and CEO: Yukinori Takada; hereinafter “Sumitomo Life”) has decided to aim for net-zero greenhouse gas (“GHG”) emissions by 2050, and has set reduction targets for 2030, in order to contribute to the realization of a decarbonized and sustainable society.

1. GHG Emissions*1 Reduction Targets

Sumitomo Life previously announced its Scope 1 and Scope 2 emissions and reduction targets. Based on the results of the new Scope 3 emissions calculations, the Company has set the following interim targets, aiming for net-zero GHG emissions by 2050.

Category	2030 Target	2050 Target
Scope 1 + 2	-40% (compared with 2013)	Net zero
Scope 3*2	-30% (compared with 2019)	
Asset portfolio*3	To be decided	

*1 Scope 1, 2, and 3 are concepts in the GHG emissions accounting and reporting standards for businesses stipulated by the GHG Protocol and refer to the following.

- Scope 1: Direct emissions from fuel use at Sumitomo Life
- Scope 2: Indirect emissions from use of electricity and heat purchased by Sumitomo Life
- Scope 3: Indirect emissions from business activities other than those in Scope 1 and 2

The results of this calculation of GHG emissions will be published separately on the Sumitomo Life website, etc.

*2 This covers the items in which emissions are to be reduced through the proactive efforts of Sumitomo Life and its employees.

It includes Category 1 (Purchased Goods and Services), Category 3 (Fuel and Energy-Related Activities Not Included in Scope 1 or Scope 2), Category 4 (Upstream Transportation and Distribution at the expense of Sumitomo Life), Category 5 (Waste Generated in Operations), Category 6 (Business Travel), Category 7 (Employee Commuting), Category 12 (End-of-Life Treatment of Sold Products), and Category 13 (Downstream Leased Assets). As we work to reduce emissions in these categories, we will consider adding other categories in the future if necessary. Category 15 (Investments) will be managed separately as emissions from the asset portfolio.

*3 From the perspective of tackling global social issues, all assets including overseas assets (excluding government bonds, etc.) will be covered. Government bonds, etc. are excluded from the viewpoint of covering the core economic activities, such as production and consumption, which lead to GHG emissions.

2. Efforts as a life insurance company to achieve the 2030 targets

We will further promote energy and resource conservation efforts in our equipment and facilities, which we have been working on for some time, as well as employee-participatory efforts, such as reducing waste by promoting reusable bags and personal use thermos bottles.

In addition, we will promote the introduction of equipment with high environmental performance and renewable energy related initiatives, such as the planned relocation of the Tokyo Head Office in fiscal 2022 and the introduction of electricity derived from renewable energy sources for use in our buildings.

3. Efforts as an institutional investor to achieve the 2030 targets

We have been promoting responsible investment (ESG investment and stewardship activities) with the aim of achieving both the realization of a sustainable society and the improvement of medium- to long-term investment returns. In particular, in response to the climate change issue, we have been promoting initiatives to reduce GHG emissions of counterparties we invest in, including dialogue activities on environmental issues and investment that contributes to decarbonization. We are also a signatory to the “Climate Action 100+” and “CDP” international initiatives in order to motivate counterparties in cooperation with other investors, etc.

In the future, we will further promote the efforts we have made to date, as well as take the following actions from the perspective of ultimately aligning the GHG emissions of our asset portfolio with the goals of the Paris Agreement, an international framework for reducing greenhouse gas emissions:

a. Set 2030 targets for our asset portfolio to achieve the net-zero target in 2050

We are currently calculating the emissions from our asset portfolio on a trial basis, and will set and disclose actual emissions and reduction targets for 2030.

b. Strengthen the system for promoting responsible investment

Under the supervision of the Responsible Investment Team newly established in the Investment Planning Department, the PDCA cycle will be appropriately implemented to promote responsible investment through the framework of the Responsible Investment Committee*4 and the Responsible Investment Meeting.*5

*4 The Committee is composed of outside experts and was reorganized from the former Third-party Committee Regarding Stewardship Activities.

*5 Newly established as a meeting body to discuss and improve the level of responsible investment activities throughout the asset investment division.

c. Promote ESG integration*⁶

We will start ESG integration for all assets in fiscal 2021. Particularly when evaluating counterparties we invest in, we will make further efforts to accurately understand investment opportunities and risks associated with the transition to a decarbonized society.

*⁶ A method of systematically taking ESG factors into account in the decision-making process for investment.

d. Promote dialogue (engagement) with counterparties we invest in

In order to reduce the GHG emissions of each counterparty, we focus on developing solutions together and encouraging improvements through dialogue activities. In actual dialogue activities, we will engage in collaborative dialogue with other investors as well as on our own, and encourage dialogue activities with our delegated asset managers. Since divestment does not directly lead to the reduction of GHG emissions, we recognize that it is a last resort for a responsible investor.

e. Promote thematic investments, including environment-related financing

The target of 300 billion yen in thematic investments (cumulative total for three years from fiscal 2020) has been revised upward to 500 billion yen, as investment opportunities are expected to increase with the transition to a decarbonized society. In terms of structure, we will establish a Project Finance Sect.*⁷ in the Loan Department to further promote investment in renewable energy projects, etc.

*⁷ By reorganizing the Loan Sect.

Sumitomo Life considers efforts to protect the global environment to be one of its most important management issues, given the public nature, scale, and social impact of its business, and has established the “Sumisei Environmental Policy” as a specific policy for activities concerning the global environment. In addition, based on our management policy of “contributing to the advancement of social and public welfare,” we are promoting CSV, which is a business management concept referring to the achievement of both “resolution of social issues” and “enhancement of corporate value” through initiatives within an enterprise’s main business targeting social issues.

By aiming to achieve net-zero GHG emissions, we aim to become an “indispensable” company for society by addressing the social issue of climate change, which is a problem that affects the whole world, not only Japan, in both our core businesses of life insurance and institutional investment.

*For more information on our sustainability initiatives, please refer to the official website of Sumitomo Life.

<Sustainability Initiatives>

<https://www.sumitomolife.co.jp/english/about/ir-stock.html>