

April 1, 2022

Sumitomo Life Insurance Company

## Signing of the Japan Impact-driven Financing Initiative

Further promoting responsible investment  
towards the realization of a sustainable society

Sumitomo Life Insurance Company (President & CEO: Yukinori Takada; hereinafter “Sumitomo Life”) has recently signed the “Japan Impact-driven Financing Initiative.” By further promoting responsible investment\*<sup>1</sup> and contributing to solving social issues, Sumitomo Life will work to create even more impact\*<sup>2</sup> going forward.

\*1 Asset management that considers medium- to long-term sustainability, including ESG (environment, society, governance), specifically referring to ESG investment and stewardship activities.

\*2 Social and environmental changes and effects resulting from business and activities.

### 1. Current Issue Recognition

Sumitomo Life is promoting responsible investment with the aim of contributing to the realization of a sustainable society and improving medium- to long-term investment return.

In fiscal 2021, we announced that it aims to reach net-zero GHG emissions by 2050 in April and set a reduction target for 2030 on our asset portfolio in June. In October, we worked to strengthen collaboration with Japanese and overseas institutional investors, such as by joining the international initiative “Net-Zero Asset Owner Alliance.”

However, the urgency of global warming continues to increase. In addition to this, many other social issues are mounting, such as human rights and biodiversity problems. As a responsible institutional investor, we believe that actively responding to these social issues will not only lead to the stabilization of society but will also contribute to the improvement of our own corporate value.

Therefore, we continue to promote effective initiatives to resolve these social issues while continuing to assume appropriate risks and returns.



### 2. Definition of responsible investment (Sumitomo Life asset management = responsible investment)

In fiscal 2021, ESG integration (incorporating an ESG perspective in the investment process) was started for all assets under management after considering asset characteristics. Going forward, we will clearly state that “all Sumitomo Life asset management is responsible investment” and promote responsible investment.

### 3. New initiatives to improve effectiveness of responsible investment

#### a. Signing of the Japan Impact-driven Financing Initiative

The Japan Impact-driven Financing Initiative is a domestic initiative that promotes impact investment\*<sup>3</sup> based on the idea of solving environmental and social issues

through finance such as investment.

Sumitomo Life upholds a purpose of “contributing to the advancement of social and public welfare” under its corporate philosophy and, take action to solve social issues toward realizing a society of affluence, vitality and longevity. As a responsible institutional investor, we recognize that creating impact is important as well, and we agreed with the initiative to create more impact. Going forward, we will work to create impact through responsible investment while accumulating knowledge in collaboration with other investors.

\*3 Please see the link <https://www.impact-driven-finance-initiative.com/en/>

\*4 Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

b. Start of thematic investment impact measurement

As a quantitative initiative, Sumitomo Life has set a thematic investment\*4 implementation target (3-year cumulative target from fiscal 2020) of ¥500 billion and have invested approximately ¥370 billion in these two years by promoting financing for projects that contribute to the achievement of SDGs.

At the same time, it is also important to check the quality of the projects to verify if they actually lead to the resolution of social issues. For example, in the case of green bonds, etc., opportunities are increasing for investors to measure the effects as issuing companies disclose the effects of reducing GHG emissions and other information in their annual reports. Therefore, from among the thematic investment projects implemented in the past, we will start from fiscal 2022 impact measurement for measurable projects such as those with disclosed information and disclose. In the future, we will also work on measuring the impact created by overall asset management.

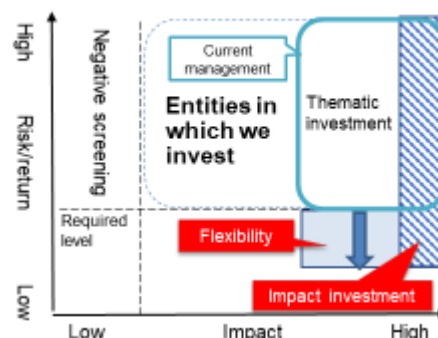
\*5 Investments in projects that contribute to the achievement of SDGs, which include investments in SDG bonds (green bonds, etc.) and renewable energy projects.

c. Flexible investment decisions on thematic investment

The balance between risk/return and impact is important when considering and implementing thematic investment projects. As a responsible institutional investor, Sumitomo Life will continue to make investment decisions from the perspective of appropriate risk/return since securing returns is an important responsibility.

However, future market expansion is expected in sectors that are considered to have great social significance (Transition financing and so on) in association with the increasing momentum towards the achievement of SDGs and a transition to a decarbonized society. And we can accumulate knowledge necessary for investors, which in turn will lead to the

[Relationship between risk/return and impact (image)]



strengthening of the base for investment returns in the future.

Therefore, we will flexibly set the required risk/returns before considering and implementing the investments in these sectors.

d. Full-scale implementation of impact investment

From fiscal 2022, we position impact investment as one of the responsible pillars of investment, and this year we aim to implement around ¥20 billion mainly on funds.

Since the practice of impact evaluation (IMM<sup>\*6</sup>) for impact investment is important, we will accumulate knowledge about impact investment by actively participating in the activities and various workshops of the aforementioned Japan Impact-driven Financing Initiative.

Moreover, in 2016, we made an investment in the Microfinance Fund<sup>\*7</sup>. This was Sumitomo Life's first impact investment project, intended to support women's entrepreneurship in ASEAN countries and other regions and create social impact through poverty reduction and the promotion of growth.

\*6 Abbreviation for Impact Measurement and Management.

\*7 Please see our news release (2016/9/12) "[Investment in Fund Investing in Microfinance Institutions in ASEAN Countries](#)" for details (not released in English).

END

**(Reference) Sumitomo Life Responsible Investment Initiatives**

Fiscal year	2019	2020	2021	2022
Structure	✓ ESG Investment Policy	✓ Reinforcement of the responsible investment structure	✓ Establishment of Responsible Investment Team	✓ Define responsible investment as Sumitomo Life asset management
Stewardship activities	✓ Listed stocks	✓ 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	✓ Manufacturers of cluster munitions ✓ Coal-fired power generation projects		✓ Manufacturers of controversial weapons ✓ Coal-fired power generation projects	
Thematic investment	✓ Investments mainly in SDGs bonds	✓ Cumulative total target (FY2020~FY2022) JPY 300bn	✓ Uplift of the target (FY2020~FY2022) JPY 500bn	✓ Start impact measurement and disclosure
Impact Investment	✓ Operated as part of thematic investment	(Same as left)	(Same as left)	✓ Aim to implement ¥20 billion in a year
Initiatives	✓ Signed PRI ✓ Endorsed TCFD recommendations	✓ Joined Climate Action 100+ <sup>*1</sup> and CDP <sup>*2</sup>	✓ Joined PCAF <sup>*3</sup> and AOA <sup>*4</sup>	✓ Signing of the Japan Impact-driven Financing Initiative
GHG emissions	–	Launch of GHG measurement of asset portfolio	✓ Commitment of Net-Zero GHG emissions by 2050 and Set reduction target for 2030	✓ Review 2030 reduction targets for GHG emissions(around September 2022)
Disclosure	✓ Stewardship activities report	(same as left)	✓ Responsible investment activities report	✓ Further improvements

\*1 Initiatives to request reduction in greenhouse gas emissions through engagement with companies. \*2 Initiatives for collaborative engagement while fostering information disclosure on climate change, water security and deforestation from major companies around the world. \*3 International initiative aimed at standardizing the measurement and disclosure methods for GHG emissions from asset portfolios. \*4: An international initiative aimed at keeping global temperature rise below 1.5 °C in collaboration with asset owners.