

Press Release

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Contact Information

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Global Business Development

Tel. +81 3 6453 3775

Email: global_sales@smtam.jp

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*¹ 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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Any enquiries regarding the products should be made to:

Hirofumi Hayashi

Head of Investment Management Department

Sumitomo Mitsui Trust International Limited

155 Bishopsgate, London EC2M 3XU, United Kingdom

Direct: +44 (0)20 7562 8405

Email: imd@smtil.com

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