

Setting an Interim Targets for 2030 Based on Commitment to the Net Zero Asset Managers Initiative

Sumitomo Mitsui DS Asset Management Company, Limited. (President and CEO: Takashi Saruta, hereinafter "SMDAM") supports the efforts of the international community to achieve net zero greenhouse gas (hereafter, "GHG") emissions by 2050 or earlier and became a signatory of the Net Zero Asset Managers Initiative, an initiative by global asset managers to achieve this goal.

SMDAM is pleased to announce that it has set the following 2030 interim targets for GHG emissions based on the commitments it made when joining the Net Zero Asset Managers Initiative.

Setting of interim targets for 2030

1. Assets under management (hereafter, "AUM")

SMDAM initially commits to manage domestic and foreign equity and corporate bonds portfolio in line with net zero. The aggregated amount is equivalent to 54% of our AUM at the end of March 2022. Going forward, the scope will be expanded to include assets for which international standards for calculating GHG emissions are in place.

2. Target

SMDAM targets to reduce the carbon footprint* of the AUM as of the end of March 2021 by 50% by 2030. Upon calculation of carbon footprints we take account of portfolio Scope 1 & 2 emissions.

* Carbon footprint = GHG emissions per million USD of portfolio value
= Portfolio GHG emissions ÷ Portfolio value in million USD

3. SMDAM's approach to achieve its interim targets

SMDAM has identified climate change as a high priority item in "ESG Priority Themes" announced in 2020 and "Materiality for Investment Management" published in 2022. Since then, we have been implementing various measures.

Engagement

We focus primarily on key sectors and target companies materially involved in climate change, engaging in dialogue and making recommendations that are truly valuable to all stakeholders.

Exercise of voting rights

We place greater emphasis on the results of dialogue and also encourage investee companies to actively disclose information on climate change while we oppose the election of directors in case that disclosure is insufficient and there is no intention to improve the situation.

About Net Zero Asset Managers Initiative

The Net Zero Asset Managers Initiative was launched in December 2020 aiming to facilitate the asset management industry to commit to a goal of net zero emissions by 2050 or earlier. Member asset management companies are required to make three commitments below and ten others at the time of membership.

Specifically, my organisation commits to:

- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management ('AUM')
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner
- Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included

(Source) Net Zero Asset Managers Initiative

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