

# Natural Capital

CSR REPORT 2016



# SuMi TRUST Group's Eco-Trustution

The Group has coined the word “Eco-Trustution” to represent its environmental financial business based on the concept of providing solutions to ecological issues through the use of our trust function. We will continue to develop and provide solution-based financial instruments and services.

## Solutions that use the unique functions of a trust bank

### Editorial policy

The CSR Report 2016 consists of a full report, and five feature booklets on *Climate Change*, *Natural Capital*, *Responsible Investment*, *Environmentally Friendly Property* and a digest report for seniors (available only in Japanese). We have published a digest version of our CSR report along with feature booklets so that readers can gain a deeper understanding of our Group's proactive initiatives. You can visit our website to view our other CSR initiatives.

<http://smth.jp/en/csr/index.html>

\* This booklet introduces various initiatives and activities by our Group, led by SuMi TRUST Bank.



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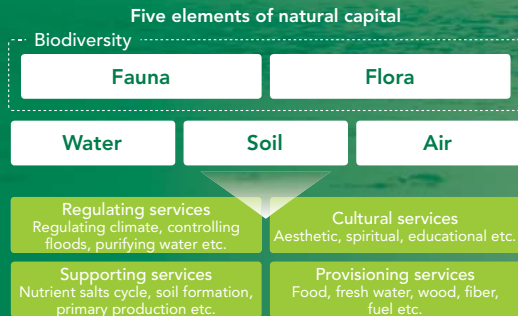


# Natural Capital: Foundation for All Environmental, Social, and Economic Spheres

Natural capital is made up of diverse living creatures and the water, soil, and air that sustain them. These are the foundation sustaining life on earth and conserving them needs to be prioritized ahead of everything else.

## Natural Capital's Blessings

The way we live depends on natural capital and the ecosystem services they provide. We thus feel continued wise use of natural resources emanating from natural capital over the long run goes beyond mere environmental conservation. It must extend to putting communities on a solid social foundation to enable sustainable economic development.



Four categories of ecosystem services



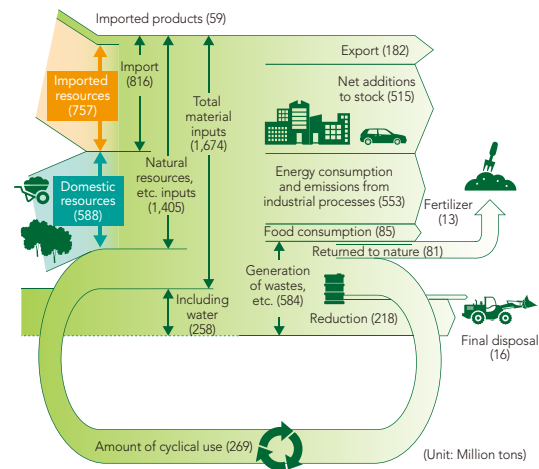
## Global Supply Chain: Natural Capital Risks Facing Japan's Economy

Of the total material inputs into Japan's economy, about 84% are natural resources. Of those, Japan imports about 760 million tons, or about 54% of the natural resources used in its economy. Japan has halved natural resource inputs sourced in Japan going back a little more than the past ten years but its reliance on global procurement has steadily increased.

Adding imported products to natural resource imports increases import tonnage to about 820 million tons. The production and distribution of these import categories require large amounts of natural capital usage such as water. In such ways, Japanese companies rely on importing raw materials from overseas, so the size of the environmental impacts and the natural capital dependence in their supply chains may form hidden risks for corporate management.

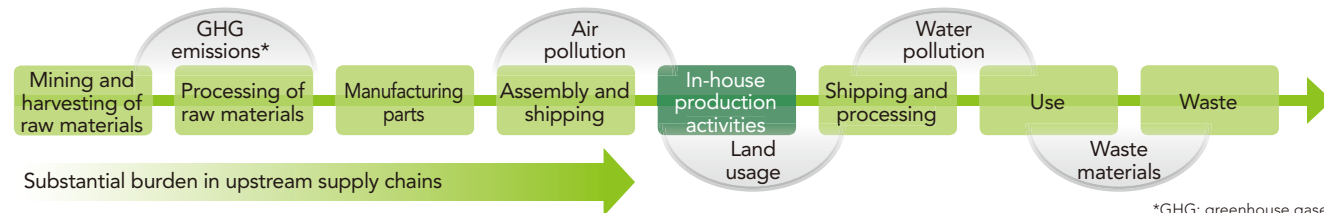
Two important factors (materiality) for sustainable corporate management are properly identifying the scale of water use, materials use, and CO<sub>2</sub> emissions across supply chains and managing natural capital impacts, especially in the upstream supply chain.

### Material Flow in Japan (Fiscal year 2013)



Source: Annual Report on the Environment, Sound Material-Cycle Society, and Biodiversity 2016

### Natural Capital Should be Managed Globally



## Natural Capital: Foundation for All Environmental, Social, and Economic Spheres

# Our Natural Capital Initiatives and Policies

## Natural Capital Finance Alliance (formerly The Natural Capital Declaration)

SuMi TRUST Holdings became a signatory to the Natural Capital Declaration (NCD) proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) at the United Nations Conference on Sustainable Development “Rio+20” held in Rio de Janeiro in June 2012. SuMi TRUST Holdings is the only financial institution in Japan to have signed the declaration when it originally promulgated. NCD signatories are working toward implementing NCD commitments through Natural Capital Finance Alliance (NCFA) projects overseen by a steering committee of signatories and supporters and supported by a secretariat.



### Commitment of Financial Institutions under the Natural Capital Finance Alliance (Excerpt)



We will support the development of methodologies that can integrate natural capital considerations into the decision-making processes for all financial products and services including loans, investment, and insurance policies.

- (a) We will apply a holistic approach to the evaluation of bonds and stocks by integrating natural capital considerations in environmental, social, and governance (ESG) risk analysis in short-, medium-, and long-term growth forecasts of investee companies.
- (b) We will systematically incorporate the consideration of evaluating natural capital into the credit policies of specific sectors, including commodities, that have a major impact on natural capital, either directly or indirectly through the supply chain.

## Sumitomo Mitsui Trust Holdings Action Guidelines for Preserving Biodiversity

### 1. Implementing Measures and Providing Support for Biodiversity Preservation

We will strive to actively protect endangered and native species. In our role as a corporate citizen, we will work to support activities for the preservation of biodiversity.

### 2. Providing Products and Services

We will endeavor to develop and provide products and services that contribute to the preservation of biodiversity, by conducting appropriate economic and social evaluations of the ecosystem and encouraging the sustainable use of living resources through our financial functions.

### 3. Collaboration with Stakeholders

We will engage in dialogue and cooperation with our stakeholders while working to preserve biodiversity.

### 4. Education and Training

We will ensure thorough implementation of these action guidelines at all Group companies and will work to provide education and training aimed at the preservation of biodiversity.

### 5. Information Disclosure

We will actively disclose information about our efforts to preserve biodiversity.

## Business and Biodiversity Initiative: Activities based on Leadership Declaration

SuMi TRUST Holdings signed a leadership declaration under the Business and Biodiversity Initiative “Biodiversity in Good Company” at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 9) held in May 2008 in Germany. Since then, we have continued to carry out activities in line with the principles of the declaration, which was led by the German government.



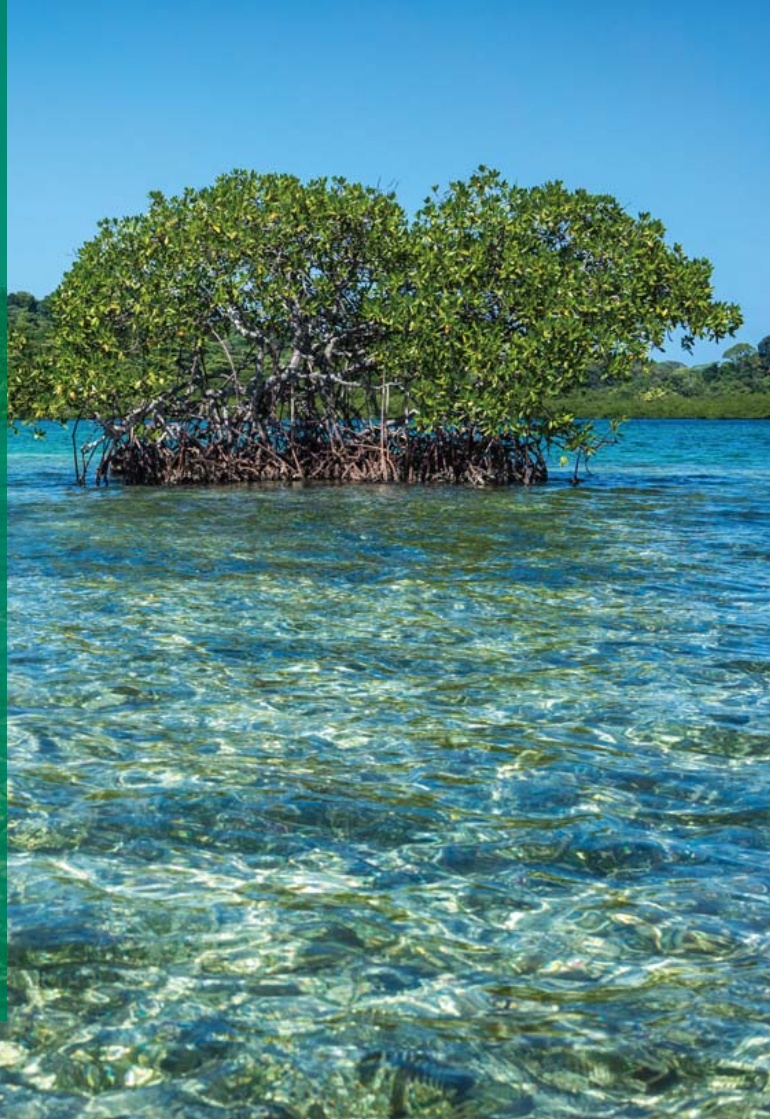
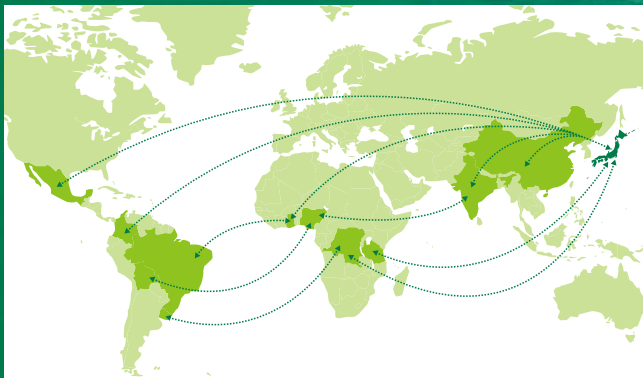
Declaration	Status of initiatives during 2015-2016
1. Analyzing corporate activities with regard to their impacts on biological diversity	We continued to provide investment trusts that assess impact on biodiversity and loan products that include impact on natural capital in their assessment criteria.
2. Including the protection of biological diversity within their environmental management system	In our CSR promotion system, we draw up a plan for each fiscal year on efforts related to natural capital and review their performance semiannually.
3. Appointing a person in the company responsible for steering all activities in the biodiversity sector and reporting to the Management Board	The Chief Sustainability Officer in the Corporate Planning Department supervises all activities and reports to the Executive Committee.
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years	We have set objectives in the CSR Midterm Plan for measures including those related to natural capital, and we review performance at the Executive Committee.
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report	We publish a yearly Natural Capital feature report. We disclose our biodiversity initiatives in our CSR report and at various events.
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step	We apply our procurement policy regarding illegal logging in tropical rain forests, which has a large detrimental impact on biodiversity, beyond copier paper to a broader range of office supplies.
7. Exploring the potential for cooperation with scientific institutions non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.	We strengthen our relationships with NGOs focused on tropical rain forests and biodiversity as a part of our approach to risk management.



# Caring for Natural Capital: a Global Perspective

## Importance of Natural Capital for Japanese Companies

For the many Japanese companies that procure resources from overseas, taking into account natural capital dependence in their supply chains is a risk management issue. For companies with domestic sales bases as well, bountiful natural capital at home is a necessary condition for them to grow sustainably, so they will need to actively contribute to conserving it.





# Natural Capital Risk Management for Loans

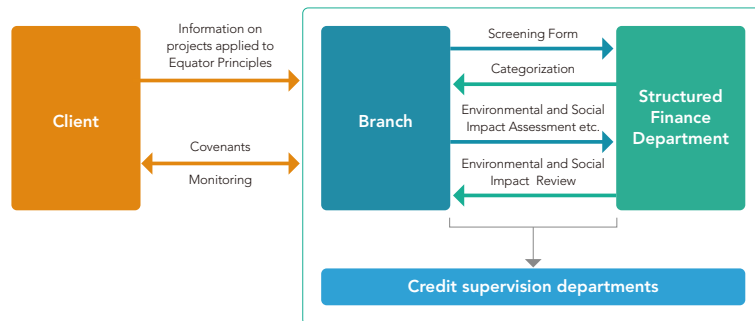
## Equator Principles

Based on its Sustainability Policy, SuMi TRUST Group has drawn up environmental and human rights policies with the aim of moving toward a sustainable society, and it is working to further strengthen its ESG risk management system in line with international standards.

As a part of these efforts, we have specified processes for identifying priority issues (materiality) regarding sustainability. In light of the importance taking into account the environmental and social risks and impacts of those receiving our loans or investments, SuMi TRUST Bank in February 2016 integrated use of the Equator Principles, guidelines for private-sector financial institutions, into its decision-making processes for loans in project finance and related fields as a risk management tool.

SuMi TRUST Bank is aware that financing large-scale projects such as mine development, oil and gas development, power plants, petrochemical plants and infrastructure development may indirectly have an adverse effect on natural capital. We also believe it is the responsibility of a sound financial institution to avert or mitigate risks of deterioration in loan receivables due to project suspensions as a result of environmental or social problems.

## Systems and Processes for Evaluating Environmental and Social Risks



**Application processes:** Following internal policies based on procedures for evaluating social and environmental impacts, the Structured Finance Department carries out assessments of environmental and social impacts relating to individual projects.

**Implementing environmental and social impact reviews:** Our reviews of the environmental and social impacts of a project proposed by developers take into account its industry, the country where it is sited, and whether it meets standards based on the Equator Principles, and from there, we arrive at a comprehensive risk assessment.

**Monitoring compliance:** Compliance with important items concerning environmental and social impacts have been reflected into loan agreements, and compliance with these is regularly confirmed through such methods as reports on project compliance status on these fronts.

**Company training programs:** We provide regular training sessions for employees in departments and sections relating to sales, assessment, and screening to foster a thorough understanding of internal operations supporting environmental and social impact reviews and raise their awareness about related concepts.

## Caring for Natural Capital: a Global Perspective

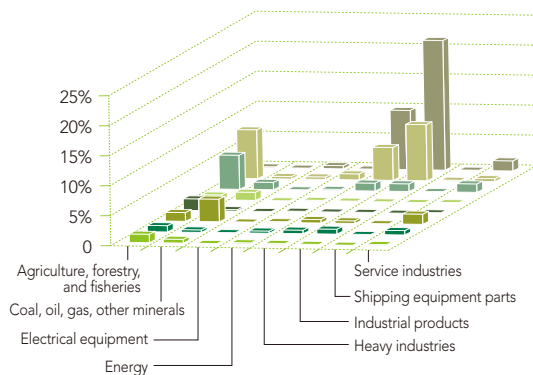
# Evaluating Supply Chain Impacts on Natural Capital

## Natural Capital Evaluation

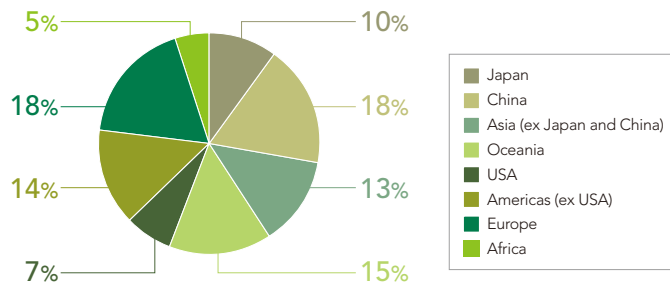
Natural capital evaluation is a service that calculates natural capital dependence arising from corporate activities and estimates the degree of impact for each input item sourced and for each country and region, tracing back through supply chain levels.

### Example of output from a Natural Capital Assessment Tool

Breakdown of water usage volume in each region by sector



Ratio of land usage area by region



GHG emissions volume is likewise calculated by sector and region.

## Benefits of Natural Capital Evaluation

### (1) Gaining quantitative risk data related to the supply chain that can be used for management judgments

Can obtain previously hidden risk data related to environmental impacts and the use of resources that are essential to global supply chain management

### (2) Obtaining quantitative data on environmental impacts that can be used for information disclosure

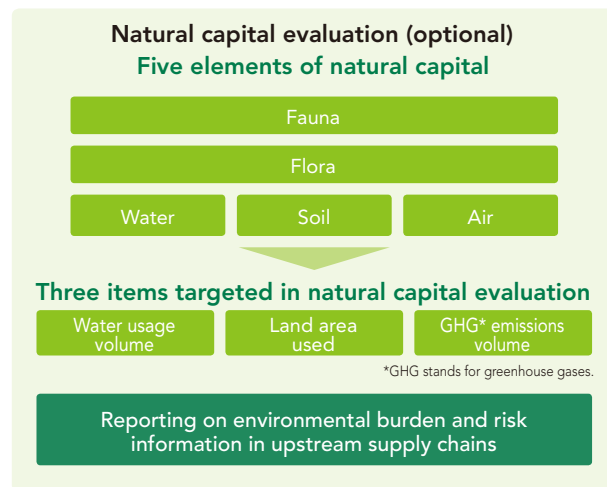
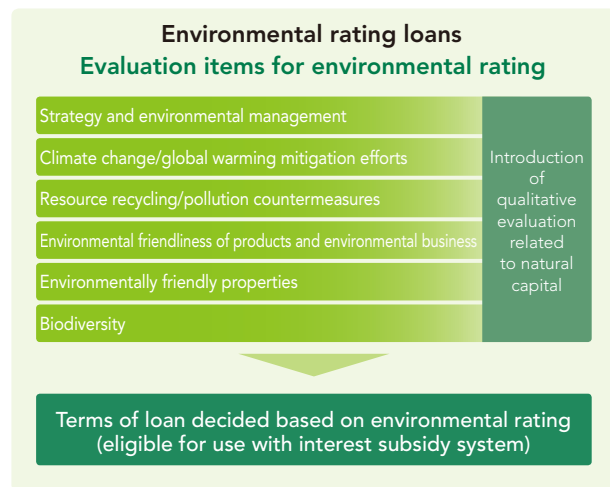
Can use scope 3 disclosure responses to surveys such as the Carbon Disclosure Project (CDP) and disclosures in integrated corporate reports

# Initiatives for Loans

## Environmental Rating Loans with Evaluation of Natural Capital Preservation

The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that efforts to address issues related to natural capital across the global supply chain as well are an indispensable part of management strategy.

In April 2013, SuMi TRUST Bank launched its Environmental Rating Loans with Evaluation of Natural Capital Preservation, which embed the concept of evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and our efforts have been cited in Japanese government environmental white papers and European Commission reports as an example of leading-edge practice.



Note: "Optional" refers to ESCHER calculations provided by PwC Sustainability Co., Ltd. that are not available without loan products.

## Caring for Natural Capital: a Global Perspective

# Natural Capital Risk Management for Portfolio Investments

## Principles for Responsible Investment

SuMi TRUST Bank became a signatory to the Principles for Responsible Investment (PRI), which was jointly established by the UN Global Compact and the UNEP FI. These principles require institutional investors and fund management institutions to give consideration to ESG factors when making investment decisions.

## Engagement with Investee Companies

SuMi TRUST Bank is an active participant in engagement activities, collaborating with other PRI signatories to address global ESG challenges. In fiscal 2016, we engaged on several fronts such as participating in the PRI-sponsored Collaboration Platform and taking part as a member in PRI working groups in the two thematic areas of water risk and problems involving tropical rainforest development such as palm oil resource development. With the aim of further improving our engagement activities, we have started from fiscal 2016 to engage investee companies that seem unmotivated about change in light of global norms or rules using the specialist services offered by ISS-Ethix, a consultant offering ESG-related advisory services.

## Engagement with Palm Oil Companies

Widely used in industrial goods and everyday consumer products, palm oil is refined from oil derived from oil palm trees grown in plantations. Demand for palm oil is surging owing to its ease of use and the growing preference for health foods but reckless plantation development is contributing to tropical rainforest destruction and biodiversity loss. As a result, SuMi TRUST Bank is engaging plantation companies such as Company A in Malaysia regarding their development plans and methods.

Moreover, SuMi TRUST Bank participated in onsite PRI-led inspections of plantations in Sumatra, Indonesia. In November 2016, we took part in the Roundtable on Sustainable Palm Oil (RSPO), an annual conference that was held in Bangkok, offering our views as a financial institution.



Engagement at a palm oil plantation in Indonesia



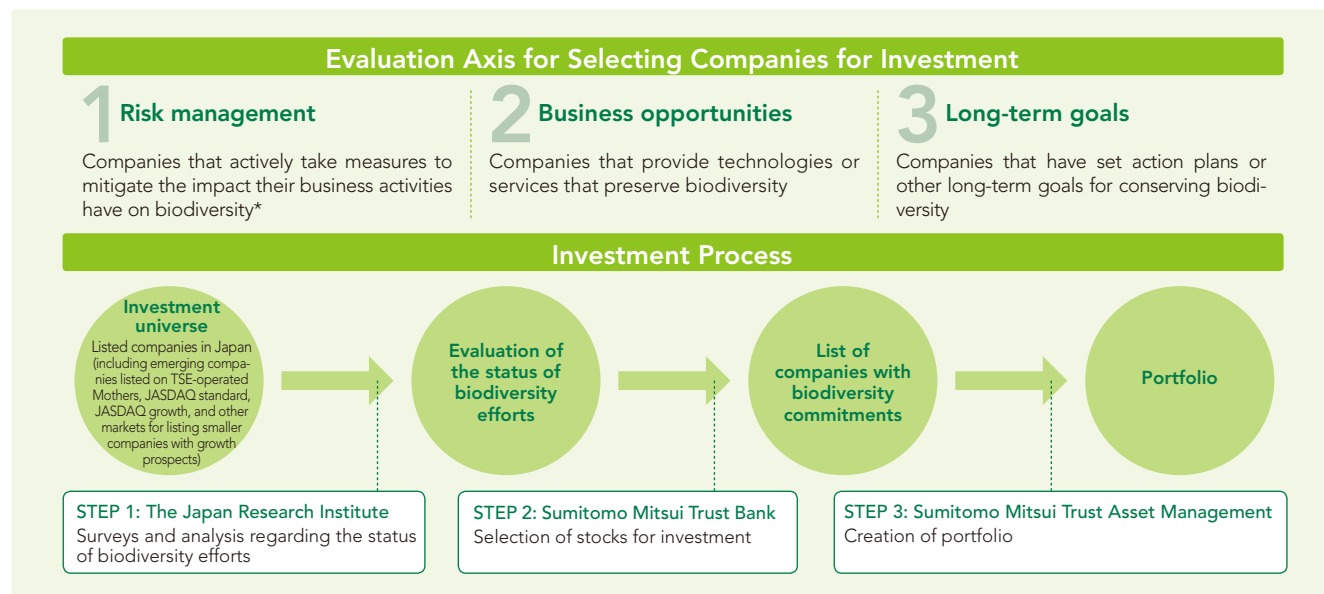
Discussions at the PRI working group on palm oil



# Initiatives for Asset Management: Responsible Investment

## Biodiversity Companies Support Fund

In 2010, SuMi TRUST Group developed the world's first Japanese equity fund that evaluates the status of biodiversity efforts at companies from a global perspective such as sustainable use and conservation of biological diversity, an important component of natural capital, and uses those evaluations to screen and select stocks for investment. According to our research, no other Japanese equity fund is designed around such a concept.



\*We use a risk metric to measure the capacity of companies to respond to natural capital risk, referencing the Natural Capital Efficiency Index (NCEI factors in the relationship of net sales to energy & water use and waste generated). The metric is an index of the magnitude of natural capital risk that could lower NCEI (NCEI/amount of goods or services per unit of natural capital). It draws on material balance reports companies in Japan issue that show amount of resources used (fuel etc.) and outputs (CO2 emissions etc.) generated at each stage (development & design, procurement, production, distribution, sales, consumer use and after-sales collection).

## Caring for Natural Capital: a Global Perspective

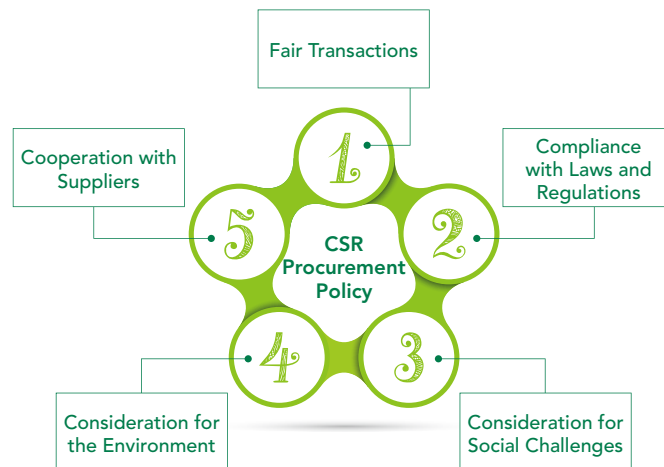
# How Natural Capital Considerations Inform Our Supply Chain Policies

## CSR Procurement Policy

With CSR procurement policies in place, SuMi TRUST Holdings strives to procure products that we regard as environmentally and socially responsible across our supply chain.

## Implementation of CSR Procurement Policy

The SuMi TRUST Group as a whole is moving ahead with CSR procurement policies. From among products targeted for such policies, we have started to apply environmental and social responsibility criteria for procuring paper, a product our operations use and dispose of in large volumes. With copier paper as a launching pad, we are implementing such measures, and we plan to gradually expand our CSR procurement product recommendations to include printed publications, etc.



## CSR Procurement Initiative for Paper Products

- Commenced surveys of suppliers into the environmental and social responsibility of their paper products such as copier paper, office supplies, etc.
- Banned procurement of copier paper with environmental and social responsibility problems, such as illegal logging in tropical rain forests, for all Group companies and changed suppliers and products approved for procurement accordingly
- Procure copier paper, in principle, with a 100% recycled content ratio
- Reference the viewpoints of Rainforest Action Network and other domestic and overseas NGOs on the environmental and social responsibility of products



## Consortium for Sustainable Paper Use

SuMi TRUST Bank regards destruction of ecosystems and logging in tropical rainforests to supply raw materials for paper as a serious issue. Along with other corporate paper users that share our concern and the World Wide Fund for Nature Japan (WWF Japan), we are participants in the Consortium for Sustainable Paper Use. With the aim of promoting the spread of sustainable paper use throughout society, member companies share how their initiatives are progressing and ask their suppliers to supply them paper products that are environmentally and socially sound.

### Consortium for Sustainable Paper Use Policies on Paper Procurement

- Prioritize use of recycled paper and paper certified by reliable systems
- Do not use paper from sources that destroy forests with high protection value
- Use paper that has been produced through appropriate procedures, from logging of raw wood in compliance with laws in the country of origin
- Do not procure products from business operators connected to significant environmental or social problems



## Symposium on “Supply Chain Collaboration among Companies”

In July 2016, SuMi TRUST Bank hosted a symposium for members of the Consortium on Sustainable Paper Use on the theme of “Supply chain collaboration among companies: Aiming to expand sustainable paper usage.” Participants, including paper product suppliers and industry organizations, shared problems concerning raw materials procurement and discussed ways paper users and suppliers could work together to resolve such problems.

Specific actions paper suppliers could adopt were proposed and discussed such as establishing procurement standards and conduct codes, bolstering monitoring of illegal logging, ensuring traceability of key inputs, and using third-party verification systems. This led to productive discussions on how corporate paper users could implement procurement policies responsive to these proposals and work together with suppliers.

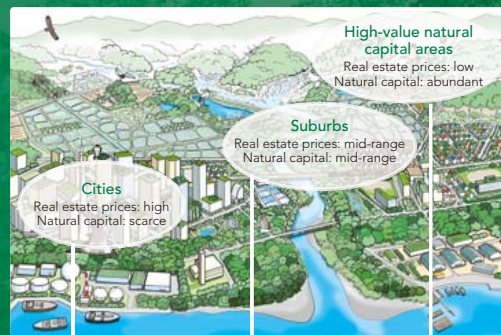


# How We Contribute to Conserving Japan's Bountiful Natural Capital

## Why Ecological Networks Matter

Our everyday lives and economic activities rely on abundant biodiversity. Various living creatures keeping the diverse environments they use intact and linking these places together via pathways called "corridors" are the key ideas behind ecological networks.

We believe evaluating impacts on regional and building natural capital and developing methods to manage these as well as constructing ecological networks will help to address natural capital problems in Japan and lead to the formation of a sustainable society.



CASBEE for Properties\*

JHEP certification system\*\*

Financial valuation of natural value

Environmentally friendly properties

Biodiversity offsets (no net losses realized)

Natural Trust activities

Improving biodiversity quality

Halting the erosion of nature due to development

Setting aside more land for flora and fauna

Safe use of natural capital and biodiverse flora and fauna via ecological networks

\*CASBEE for Properties is a simple evaluation system for the environmental performance of buildings (the name of this program was changed from "CASBEE for Market Promotion" in November 2014).

\*\*JHEP is a habitat evaluation certification developed to quantitatively evaluate and certify efforts to contribute to the conservation and restoration of biodiversity.



# Support for Natural Trust's Activities: Acquiring Land

## Acquiring Sites

Land is the foundation of natural capital in terrestrial ecosystems. The formation of ecological networks requires acquiring land that links rich ecosystems together. Not only is development destroying natural habitats but in the past few years the supply of unregistered land whose succession rights have been relinquished has grown sharply due to Japan's shrinking population. We think retaining and expanding managed natural preserves will be effective in checking erosion in Japan's natural capital and forestalling growth in mountain forests and farmland where land ownership is unclear.



## Supporting National Trusts' Activities through Donations for Acquiring Land

SuMi TRUST Bank supports activities to acquire high-value sites and land with bountiful nature through contributions from citizens and corporations that are promoted by the Association of National Trusts in Japan. In 2014, we donated funds toward the acquisition of forest land (equivalent to 8,000 m<sup>2</sup>) in Amami Oshima to conserve habitat for the endangered Amami rabbit. In 2015, we donated funds toward the acquisition of the Utasai bog (equivalent to 1,500 m<sup>2</sup> of the site), located within Kuromatsunai town, to conserve the high-elevation wetland, one of the oldest in Hokkaido.

Vending machines that direct a percentage of their sales to the National Trusts have been installed in the Nakano Branch, the Tokorozawa Branch and the Tokorozawa-Ekimae Branch. Through October 2016, funds were donated toward the acquisition of forest land (equivalent to 1,500m<sup>2</sup>) in Chichibu, a source region for water supply to the greater Tokyo metropolitan area.



Vending machines that direct a percentage of sales to the National Trusts

## How We Contribute to Conserving Japan's Bountiful Natural Capital

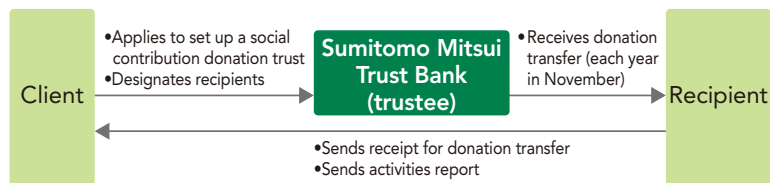
### Social Contribution Donation Trusts

SuMi TRUST Bank administers social contribution donation trusts set up for the purpose of making donations to public-interest organizations carrying out social contribution activities. These trusts enable people who would like to contribute to society in some form as a citizen to do so using the trust system. The selection of Ecosystem Conservation Society-Japan as a donation recipient supports the activities of the Association of National Trusts in Japan, an organization that aims to protect nature by purchasing land that forms the natural habitat of endangered species in Japan.

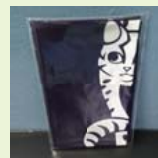


National Trusts Report on "trust lands"

### How the Social Contribution Trust System Works



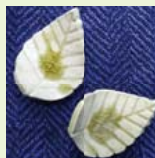
### Donors receive a "Nature's Bounty" gift every year



Wildcat hand towels



Beech picture frame



Beech-leaf chopstick holders

### Panel Exhibits in Branch Lobbies across Japan

The National Trusts is not necessarily well known everywhere in Japan but in England, where it traces its origins, it is the largest nature conservation movement. SuMi TRUST Bank has promoted a wide range of initiatives over many years to raise the public profile of the National Trusts movement such as panel exhibits displayed in our branch lobbies across Japan. In 2015, 70 branches in the SuMi TRUST Bank network displayed panel exhibits introducing initiatives where we joined up with the National Trusts movement.



## Education for Sustainable Development (ESD)

Since 2012, SuMi TRUST Bank has collaborated with Green TV Japan, an Internet broadcaster specializing in the environment, on Education for Sustainable Development (ESD) projects aimed at children, from whom tomorrow's leaders will come. These ESD projects develop video materials on nature conservation activities and National Trusts sites across Japan for use in local classrooms.

In January 2016, sixth graders at Fukui City-run Yashironishi Elementary School City learned about the nearby Nakaikemi swamp in a class led by SuMi TRUST Bank employees. The students were taught the swamp is a high-value site with a 40 meter-deep peat layer, is protected from development by the activities of a local National Trusts movement, and is registered as a swamp under the Ramsar Convention. They also learned its preservation was a factor in determining the Hokuriku Shinkansen route.

In July 2016, high school students in the business club at Aichi Prefecture-run Kisogawa High School learned about the Deepbody Bitterling, a local endangered fish species, in a class taught by Mr. Koki Ikeya, a curator at Gifu World Fresh Water Aquarium. Mr. Ikeya explained how river control infrastructure and the growth of non-native species have crowded out Bitterlings, and how local citizens, confronted with a collapsed population, pulled together after finding a specimen to protect it and boost the Bitterling population.



Kisogawa High School students are taught about the Deepbody Bitterling, an endangered fish species



## How We Contribute to Conserving Japan's Bountiful Natural Capital

### Restoring Natural Capital in Cities

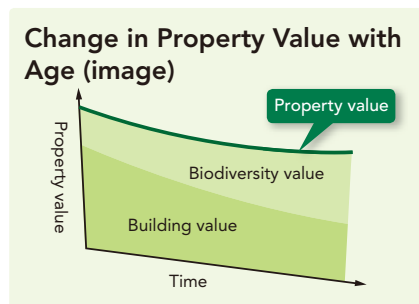
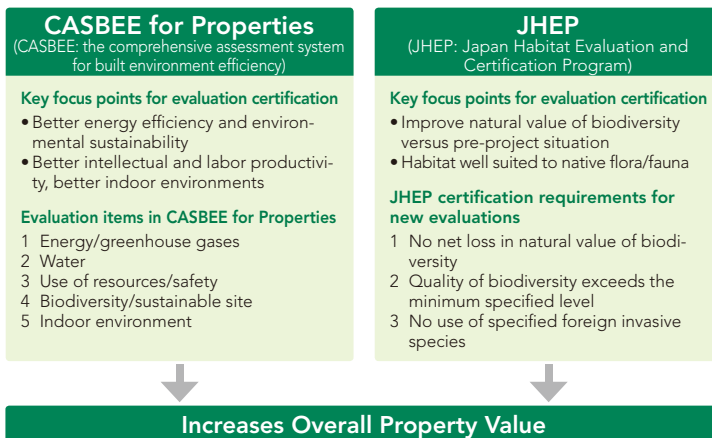
#### Construction Consulting on How to Foster Biodiversity and Ecosystems

Through the use of CASBEE for Properties\*<sup>1</sup> and JHEP\*<sup>2</sup> together, the environmental performance of properties can be improved across many dimensions, helping to increase overall property value.

At SuMi TRUST Bank, biodiversity considerations are included in our menu of construction consulting services.

\*1 CASBEE for Properties: The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

\*2 JHEP: JHEP is a system developed by the Ecosystem Conservation Society-Japan to quantitatively evaluate and certify efforts to contribute to the conservation and restoration of biodiversity.



A building's environmental performance is evaluated on many dimensions such as energy savings, global warming mitigation measures, biodiversity, durability, and resource efficiency.

The value of buildings declines with age but the biodiversity value increases every year as the ecosystem surrounding it forms. These offsetting lifecycle patterns can maintain the combined value of the building and site together as a whole. Ecological networks can be created through the connection of local sustainable-use sites, neighboring buildings and green nature reserves.



# Support for Citizen Activities through Charitable Trusts

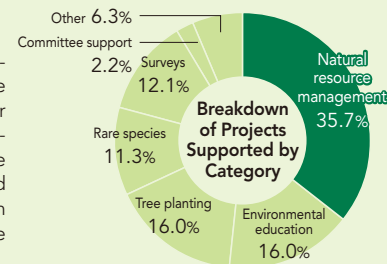
## Support for Various Charitable Trusts

The charitable trust system is one where individuals or corporations donate assets that are administered and managed by a trust bank in accordance with predetermined objectives. For example, in this system, a trust awards funds for charitable activities from the interest income as well as principle of its endowment assets.

SuMi TRUST Bank first received a mandate as a trustee for a charitable trust in 1977. Since then, the number of trusts under its management has steadily risen, and projects in various charitable fields have received trust grants. Among these are contributions for domestic nature conservation and ecological network building.

### Keidanren Nature Conservation Fund

The Keidanren Nature Conservation Fund (KNCF), a public charitable trust set up in 2000 by the Keidanren Committee on Nature Conservation, has used the trust system to supply funds to support nature conservation activities. Collecting donations from Keidanren member corporations, other private-sector companies, and individuals, KNCF provides grants for nature conservation activities in Japan and developing countries carried out by NPOs, NGOs and others. Since the Keidanren Committee on Nature Conservation's establishment in fiscal year 1992 through 2016, a total of 3.5 billion yen has been granted to over 1,223 projects. In addition to tree planting and environmental education initiatives, the Keidanren has supported a wide range of projects involving biodiversity conservation, including natural resource management and rare species protection, around the world, especially in Asia and Japan.



### The Japan Trust for Global Environment

The Japan Trust for Global Environment was established in July 1991 with the aim of directing private-sector donations as financial support to projects run by NGOs and other bodies doing important work to conserve the global environment.

The earth where we live faces a host of environmental challenges. Developing nations are especially susceptible to the effects of environmental problems such as global warming, unsustainable logging and deforestation, growing scarcity of fresh water resources, and soil degradation.

The Japan Trust for Global Environment provides 16 million yen per year in grants for projects led by NGOs aimed at conserving the global environment, ranging from tree planting in developing nations and the development of tree-planting technologies to environmental education to develop personnel and the protection and propagation of endangered wildlife species.



Children take their time to properly plant nursery saplings (Republic of Mali)

## How We Contribute to Conserving Japan's Bountiful Natural Capital

### Promoting Activities Fostering Employee Participation

#### Activities to Support the Environment and Living Creatures

SuMi TRUST Bank branches nationwide carry out CSR activities ("With You" activities). Embracing the idea that "we enjoy lives of abundance thanks to the blessings of natural capital," our branches promote various activities with local community roots, highlighting "support for the environment and living creatures," one of the three major themes defining our "With You" activities. Among these initiatives are employees joining environmental conservation activities and hosting eco-tours as well as employee participation in various events that partner with local and regional authorities and organizations. In June 2016, the Sapporo and Sapporo-Chuo Branch hosted its fifth tour for restoration and conservation of the National Trusts-owned land in Kuromatsunai town. Our employees went to this site to perform conservation work while studying the native beech forest, the northern-most in Japan, and the Utasai wetland, one of the oldest in the Hokkaido region.



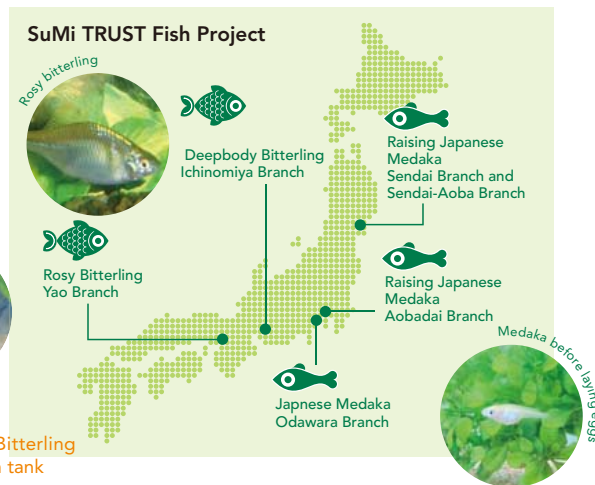
Participants prune trees and vegetation for wetland conservation in keeping with expert advice

#### Protection of Endangered Species

A few branches are actively engaged in activities to conserve species unique to Japan as a part of the "support for the environment and living creatures" theme. The Ichinomiya Branch commenced an exhibit on the Deepbody Bitterling, an endangered fish species, in a joint project with private-sector companies, a first of its kind. The exhibit arose from our participation in the environment and ecosystem conservation activities for the Kisogawa River watershed that we have promoted in concert with local organizations. In addition, other branches are breeding endangered fish species such as the Rosy Bitterling and Medaka rice fish indigenous to their region in fish tanks in their lobbies.



Deepbody Bitterling kept in a fish tank



# Catalysts for Deepening Natural Capital Awareness

## Our Exhibit at Eco-Products in Japan

Held annually in December at Tokyo Big Sight, “Eco-Products in Japan” is one of the nation’s largest environment-related events.

SuMi TRUST Bank had from 2007-2011 highlighted biodiversity as the main theme of the booth it opened jointly with the Ecosystem Conservation Society-Japan and the Association of National Trusts in Japan at the event, but its exhibit theme since 2012 has been natural capital. The exhibit explains the economic significance of natural capital through displays of our initiatives for investment and loan products and real estate, information disclosure, and our support for activities of the National Trusts. Our natural capital exhibit has been well received by many companies and organizations.



Our exhibit at Eco-Products in Japan

## Natural Capital Study Group

The Natural Capital Study Group commenced in April 2013, chaired by Masaru Yarime, a Project Associate Professor in the Science, Technology, and Innovation Governance Program at Tokyo University’s Graduate School of Public Policy. Its participants come from all walks of life, ranging from companies and national and local governments to academics, research institutions, and NGOs. In an environment welcoming to open inquiry, participants have so far engaged in a series of lively debates on the research topics of various members. In 2015, the key points and findings of these discussions were organized, documented, and published as an introductory book on natural capital with a focus on the challenges for national governments, local authorities, and companies. The book covers a wide range of themes, ranging from the historical context and global trends informing the growing debate on natural capital to the initiatives of financial institutions, companies, and local authorities in applying natural capital concepts.



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