



SUMITOMO MITSUI TRUST HOLDINGS

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

Sustainability Report 2021/2022



Reason for Existence ("Purpose")

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Management Principles ("Mission")

- (I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
- (II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society.
- (III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- (IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model ("Vision")

—Towards "The Trust Bank"—

Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct ("Value")

In order to pursue the Management Principles of the Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented—Truthfulness and Loyalty

We will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

Contribution to Society—Dedication and Development

We will remain dedicated in all our efforts, with "Frontier Spirit," and continue to contribute to society.

Realization of Organizational Capability—Trust and Creativity

We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

Establishment of Individuality—Self-help and Self-discipline

With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

Strict Compliance with Applicable Laws and Regulations

We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

Resolute Stance against Antisocial Forces

We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group

(Sustainability Policy)

At Sumitomo Mitsui Trust Group, based on our Reason for Existence (“Purpose”), our Management Principles (“Mission”), our Ideal Model (“Vision”) and our Codes of Conduct (“Value”), we respect dialogue with all stakeholders, such as clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities and international institutions, and play an active role in building a sustainable society.

1. Contribute to Solving Social and Environmental Problems through Business

- We work to solve social and environmental problems from a global perspective through our core businesses.
- We integrate the diverse functions that are unique to a trust bank group and develop new business models and innovative products and services to help solve social and environmental problems.

2. Serve Clients with Sincerity

- We strive to provide in-depth explanations and proposals so that clients can fully understand the details of our products and services. In addition, we make efforts to quickly meet the demands of clients and link their feedback to business improvements and product and service enhancement.
- We strive to undertake meticulous management of client information.
- We engage in educational and awareness-raising activities by cooperating with educational institutions, government authorities, NPOs, etc., to enable clients to take the lead in rationally selecting financial products and building sound assets.

3. Earn the Trust of Society

- We strictly adhere to all laws, regulations and rules, and conduct our activities in a sincere and fair manner that conforms to societal norms.
- We build sound and proper relationships with stakeholders, and fulfill our responsibilities as a member of society, engaging in fair competition and appropriate disclosure of corporate information, etc.
- We maintain a resolute stance against antisocial forces which threaten public order and safety, and work to prevent improper use of financial functions by organized crime.

4. Address Environmental Issues

- We aim to build a low-carbon society, a natural symbiosis society which fosters biodiversity, and a circulatory society, and will work to solve problems which obstruct these aims through our core businesses by cooperating with various stakeholders.
- We work on energy and resource conservation to reduce the environmental burden caused by our own activities.

5. Respect the Individual

- We respect individual rights and diverse values, rejecting unjustifiable acts of discrimination in all our activities.
- We create a safe and pleasant workplace environment, respect employees’ diverse ways of working, and strive to achieve work-life balance.
- We work to develop the skills of employees and strive to build sound minds and bodies.

6. Participate in and Contribute to the Community

- We aim to revitalize the community and build a rich living environment in cooperation with various partners in all communities where we engage in corporate activities, through our business activities and social contribution such as educational and cultural activities.

Management Commitment



Continuing to solve numerous social issues as a provider of trust schemes that facilitates a safe and secure society.

Two years have passed since the COVID-19 pandemic spread to all corners of the globe and even now it continues to wreak havoc with still no end in sight. I pay my respects to those who have lost their lives to COVID-19 and offer my deepest condolences to their families. I also express my heartfelt sympathy to those currently afflicted, to their families, as well as to the many people whose livelihoods and businesses have been deeply affected by the pandemic.

One of the SuMi TRUST Group's key measures is to strengthen sustainability in management and society and we are therefore working to enhance the creation of value in the Group. We have published this Sustainability Report so that readers can gain an understanding of some of the aspects of our approach. As with last year, this year's Sustainability Report again employs the common metrics for measuring stakeholder capitalism that were announced at the conclusion of the World Economic Forum (Davos Summit) in January 2020 and provides an overview of the Group's initiatives from four perspectives: Principles of Governance, Planet (Environment), People (Society), and Prosperity (Economy). It also serves as the second report and self-assessment concerning the Principles for Responsible Banking (PRB) as required of signatories to the PRB, and fulfils our disclosure requirements regarding our progress towards achieving sustainability targets.

As the fight against COVID-19 continues to rage, interest in climate change and various other social issues are escalating rapidly on a global scale. People's values are changing drastically and the carbon neutrality movement, in particular, will most likely gain increased momentum going forward.

At the COP26 summit held in the UK in November 2021, an agreement that further builds on the objectives of the Paris Agreement was reached in the form of the Glasgow Climate Pact. The pact aims to have every countries in the world work together in fighting climate change and pursue efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels. Even before the agreement was reached at the COP26 summit, in October 2021 we announced the Carbon Neutral Commitment for the SuMi TRUST Group with the aim of reducing greenhouse gas emissions from our own business activities and in investment and loan portfolios overall to net zero. An enormous amount of capital is required to achieve the goal of carbon neutrality. We see this as an opportunity for the SuMi TRUST Group to actively invest in hydrogen, storage batteries, renewable energy, and fields that contribute to the reduction of greenhouse gases, as well as sectors related to the building of new infrastructure. Alongside the Group's new investments, we hope to tackle climate change and other social issues head-on and lead the way in creating a virtuous circulation of funds, assets, and capital in Japan by providing a mechanism that facilitates the circulation of funds for investors and individuals or households confronted with a challenging asset management environment.

Another aspect of climate change is that it is triggering large-scale natural disasters and so the longing for a more secure, safer, and sustainable society is growing increasingly stronger. Ever since our establishment and over the course of our long history, the Group has continued to contribute to the development of Japan by solving various social challenges as demanded by the changing times based on strong relationships of trust with our clients. We think an environment of shifting values and growing uncertainties in society is the opportune time for the Group to come into its own as a purveyor of trust schemes that can help deliver a safe and secure society.

Guided by the Group's "Purpose" to create new value with the power of trusts and let prosperous future for our clients and society bloom, we intend to further enhance our ability to adapt to change and do everything in our power to hand over a more prosperous society to the next generation.

I look forward to the continued warm support of all our stakeholders.

February 2022

Sumitomo Mitsui Trust Holdings, Inc.
Director, President

Toru Takakura

Editorial Policy

This report focuses on the ESG (Environmental, Social and Governance) initiatives of the SuMi TRUST Group, which strives for the balanced creation of both social value and economic value. The Group has been publishing integrated reports with investors as the primary reader since 2017, and this report provides comprehensive disclosure to investors and non-investor stakeholders seeking more detailed ESG information.

This report was prepared based on the Common Metrics presented in the white paper “Measuring Stakeholder Capitalism-Toward Common Metrics and Consistent Reporting of Sustainable Value Creation,” which was compiled by the four major global accounting firms based on recommendations from the World Economic Forum’s International Business Council. In addition, at the end of the report, there is a comparison table with these common metrics, the US non-financial disclosure standard SASB (Sustainability Accounting Standards Board) and financial sector accounting metrics, and the GRI (Global Reporting

Initiative) international non-financial disclosure standards, as well as annual disclosure information as mandated by the Principles for Responsible Banking to which the Group became a signatory in September 2019.

Scope of This Report

Sumitomo Mitsui Trust Group (comprised of Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, and other group companies)

Target Readers

All stakeholders, including customers, shareholders and investors, employees, business partners, local communities, NPOs, governments, international institutions, etc.

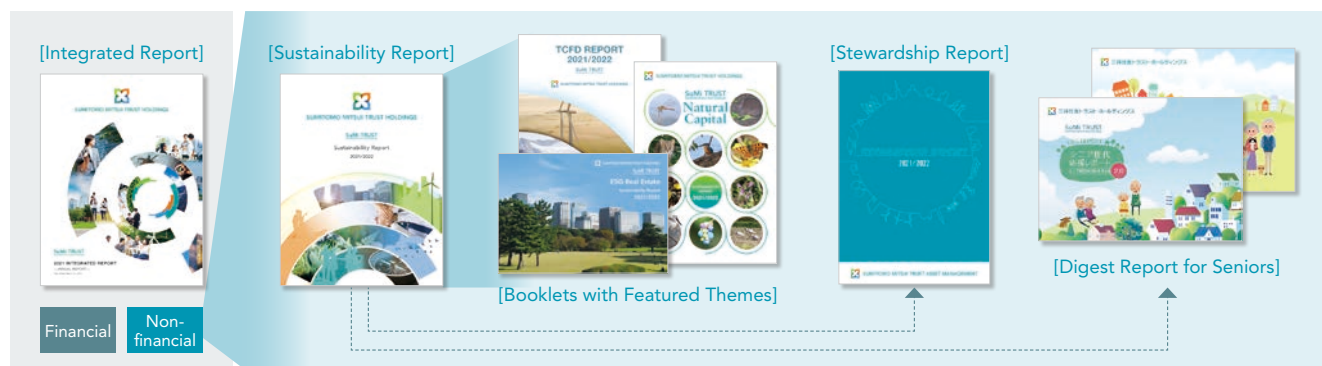
Period Covered by This Report

October 1, 2020 to September 30, 2021

*This report also includes the most recent information on activities before fiscal year 2020 as well as after October 2021.

Sustainability Information Disclosure Outline

In addition to this report and the Integrated Report, the Group discloses a variety of information on sustainability. First, there are separately published versions spun off from this report, which are the TCFD (Task Force on Climate-related Financial Disclosures) Report (formerly the “Climate Change Report”), the Natural Capital Report, and the ESG Real Estate (formerly the “Environmentally Friendly Property Report”). In addition, SuMi TRUST Bank publishes two types of digest reports for seniors (“Considering the Problems of Dementia” and “Senior-Generation Housing”) every other year, and publishes the SuMi TRUST With You Social Contribution Report every quarter. Meanwhile, asset management business Sumitomo Mitsui Trust Asset Management publishes the Stewardship Report and Nikko AM publishes the Sustainability Report annually to disclose details of their respective ESG investment initiatives. Our website carries extensive information on the Sustainability activities that Sumitomo Mitsui Trust Group does not cover in this report.

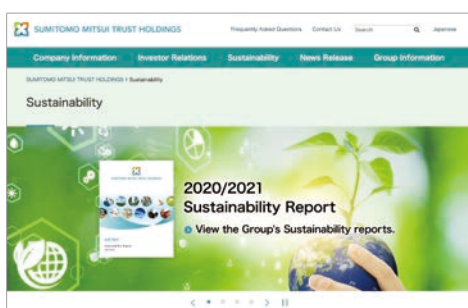


Specifically, the website provides more detailed information on our initiatives related to issues such as successful aging and support for the environment and living creatures.

Sustainability in Sumitomo Mitsui Trust Group

<https://www.smth.jp/en/csr/index.html>

The quarterly journal “SuMi TRUST With You” reports on the “With You” social contribution activities of SuMi TRUST Bank (four issues per year).



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The SuMi TRUST Group's Reason for Existence ("Purpose")

The SuMi TRUST Group's reason for existence, or "Purpose," is to create new value with the power of trusts and let prosperous future for our clients and society bloom. We have also placed at the core of management the notion of balancing the creation of both social value and economic value. This "Purpose" reflects our awareness of the Group's mission to take responsibility for the next generation and contribute to the building of a society that is even more capable of coping with change and to also achieve sustained growth ourselves by actively helping to solve issues in society as the "Best Partner" most trusted by our clients based on the Group's client-oriented philosophy that remains unchanged since our founding.

Our ideal vision

The SuMi TRUST Group's reason for existence, or "Purpose"
**Creating new value with the power of trusts and
 let prosperous future for our clients and society bloom**

Roles expected
 by society

Achieving our "Purpose" with the power of trusts

Ability conversion function

Leveraging our high level of expertise to manage and administer assets

By taking advantage of our extensive expertise in managing and administering the valuable assets entrusted to us, our trusts deliver high added value to our clients.

Asset conversion function

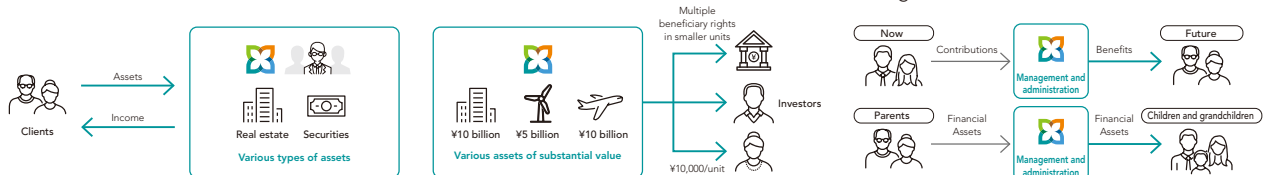
Flexible alteration of asset composition and quantity

By converting assets held in trust to trust beneficiary rights, even assets that essentially are indivisible, or property of substantial value, can be divided into smaller units for circulation, thus facilitating the smooth circulations of funds, assets, and capital.

Time conversion function

Transcending time to ensure client wishes are fulfilled in the future

In order to assist our clients to realize and enjoy a prosperous future, our trusts have a function to manage and safeguard assets for extended period of time. Under certain scenarios, trust assets and the accompanying wishes of clients can be passed on to the next generation.



The "power of trusts" mentioned in our "Purpose" is a wide-ranging concept—it refers to the numerous functions of our trust schemes, our significant expertise and comprehensive capabilities, and even the basic principle of fiduciary duty. The SuMi TRUST Group has long addressed the issues of clients and society by flexibly exercising these trust functions. Climate change and the transformation of social structures, such as Japan's declining birthrate and ageing population, are growing increasingly sophisticated and complex. We think these times represent a business opportunity, which is why we intend to leverage the power of trusts to create new value (opportunities and markets) and contribute to a more prosperous and happy future for everyone. In other words, the development of a sustainable society and improvements in well-being for all people.

COLUMN Seeking to realize our "Purpose"

SuMi TRUST Bank has handed out information about the Group's "Purpose" and the president has used online channels to directly communicate information about the Medium-Term Management Plan and "Purpose" to all employees (roughly 12,000). The directors, officers, branch managers, and general managers instill an awareness of the purpose among employees by linking it to the ideal image of each business or workplace. Furthermore, each branch and department recognize and share with their work colleagues the positive impacts and social values directly or indirectly generated by their operations and connects them to the day-to-day actions that originate from the Group's "Purpose." In this way, the "Purpose" of the SuMi TRUST Group not only links the Group with society, but it also serves as a bridge between each and everyone of us and the Group and society. Achieving our "Purpose" by providing value and being of service as a member of society is our inspiration, pride, and motivation. Even in these ever-changing times, guided by our "Purpose"—the origin of the Group's best efforts in keeping with our fiduciary spirit—we will aim to bring about a prosperous future for our clients and society and achieve a virtuous cycle of growth for the Group and for each and every one of us.

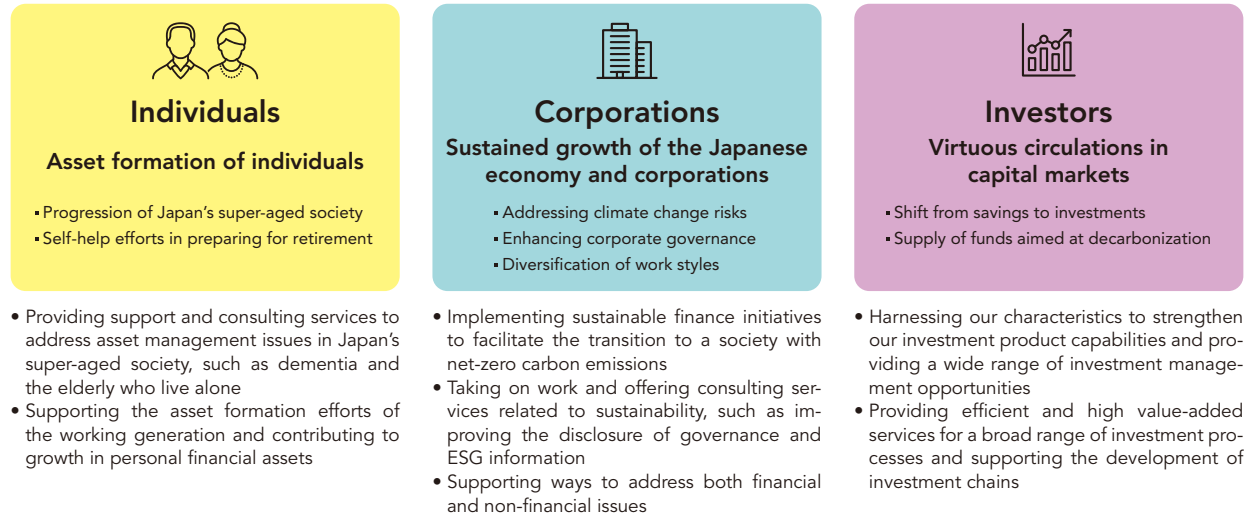
New value created through business

Businesses that harness the power of trusts to solve social issues

Value provided to stakeholders (three economic agents)

The SuMi TRUST Group draws on its wide array of trust functions to deliver high value-added products and services to clients based on the keyword of “cycle” to address the social issues that confront individuals, corporations, and investors.

Addressing social issues through the creation of new value



Three strategic areas for creating new value

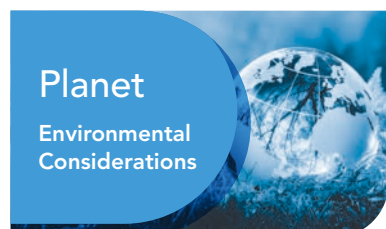
With a view to the kind of society and vision for the Group we hope to realize by 2030, we identified the following three strategic areas for value creation to encourage a virtuous cycle: (1) age of more centenarians; (2) carbon neutrality; and (3) regional ecosystems and global investment chains.

As issues in society grow increasingly sophisticated and complex, it will be much harder to solve longstanding social issues solely with our inherent managerial resources and client base. We will therefore look to team up with various stakeholders, build platforms, and generate new markets and opportunities. And to attain these goals we will need to strengthen our human capital and manufactured capital.



Blooming of a prosperous future

Highly Relevant SDGs



Prosperity and happiness for all = improvements in well-being

SuMi TRUST Bank

President's Message



Kazuya Oyama

President
Sumitomo Mitsui Trust Bank,
Limited

Two years have passed since the COVID-19 pandemic spread to all corners of the globe. I would like to express my heartfelt sympathy to those afflicted by COVID-19, as well as their families, and my deepest gratitude to the healthcare professionals and others still fighting the pandemic.

In the past year we turned our attention to stopping the spread of infections and firmly adopted ways of doing business that eliminated restrictions of time and place. During that time we were amazed at the sheer power of digital technology that enabled us to forge ahead with new working styles and patterns of behavior. In addition, a movement that aspires towards stable prosperity in society clearly emerged with governments and corporations setting themselves lofty targets for tackling climate change and other universal social issues.

This trend represents a major opportunity to us, especially because the idea of “balanced creation of both social and economic value” is at the very core of our management approach. A society with net-zero carbon emissions—one of the most important challenges in the future world—requires immeasurable money but the public sector alone does not have the resources to cover such costs. That is why the injection of private capital is required and there is currently an international movement that aims to entrust financial institutions with the responsibility of covering such costs for the entire industrial sector. It should also be noted that the cumulative decarbonization efforts of individual companies have their limits. It is vital that funds are directed to certain areas in view of the entire value chain where the biggest impact can be realized and continuously monitored. This is the very essence of “impact finance”—an initiative currently in the global spotlight. In this field we have not only expanded the breadth of operations with loans, equity investments, real asset investments, and venture capital, but we have employed experts with doctorate or master's degrees in such fields as hydrogen and battery technology, chemicals, and electric power to develop a business model unsurpassed by any of our rivals by combining scientific knowledge with impact analysis.

Going forward, we will assume the mantle of creating positive impacts and make substantial contributions towards decarbonization whilst also building a virtuous circulation of funds, assets, and capital by connecting the demand for capital in the business community with global ESG money.

In April 2020 the SuMi TRUST Group's “Purpose” was defined. On the occasion of my appointment as president of SuMi TRUST Bank, I took the opportunity to hold discussions with some 12,000 employees by way of 26 online meetings in total with the objective of personally communicating my expectations and intentions regarding this “Purpose.”

When commencing those sessions, my initial expectation was to envisage and execute together with employees an ideal future vision the Bank ought to create, but the frank opinions of everyone also yielded up many other issues, not just ideals, particularly concerning the near term. In this sense, these meetings turned out to be extremely worthwhile.

I am sure that teamwork wins the day. By sharing the “Purpose” with our diverse workforce, I believe we can come up with solutions together. Being responsible for the future and ensuring that our generation deals with challenges now rather than burdening future generations is how we will resolutely and squarely tackle financial and social challenges up ahead.

Sumitomo Mitsui Trust Asset Management President's Message



Yoshio Hishida

Representative Director and President
Sumitomo Mitsui Trust Asset Management Co., Ltd.

I offer my heartfelt sympathy to those afflicted by COVID-19, as well as their families, and to the many people whose livelihoods and business activities have been deeply affected by the pandemic.

Currently in many parts of the world, people are reconsidering the significance of companies and work. The discussion around achieving a carbon-neutral society by 2050 is also not entirely unrelated to this movement. More so than in the past, I believe the first step in rethinking, even in the slightest, one's relationship with a company and society is the start of a much larger groundswell. At the same time, as a responsible institutional investor, I believe it is our mission to utilize our asset management services and help people achieve the goals and ideal images they envision for the future. To that end too, I think our stewardship activities—i.e., contributing to improvements in corporate value through dialogue with investee companies and promoting activities in ESG fields—are extremely important.

In January 2021 we established ESG criteria for director appointment proposals in our guidelines for the exercise of voting rights for Japanese equity investments. In July, we joined the Net Zero Asset Managers Initiative, a global initiative comprising asset managers committed to supporting the goal of net-zero greenhouse gas emissions at investee companies by 2050. Then in November we were the only Japanese asset management firm to endorse and sign the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation announced at the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26).

Through our participation in these kinds of global initiatives we seek to express our opinion as a Japanese asset manager. At the same time, we will aim to contribute to a higher level of sustainability on a global scale by actively incorporating progressive ESG activities from abroad into our global ESG perspectives when engaging with Japanese companies.

Nikko Asset Management President's Message



Junichi Sayato

Chairman, President & CEO
Nikko Asset Management Co., Ltd.

In 2021 a whole host of social challenges surfaced worldwide, including the spread of the COVID-19 pandemic, climate change, economic disparity, and human rights. It was a year during which the awareness of sustainability was called into question once again.

As an asset management company, the mission of Nikko Asset Management (Nikko AM) is to always act in the best interests of its clients. For that reason, our corporate philosophy hinges upon fiduciary and ESG principles. We incorporate ESG principles into every investment decision-making process and endeavor to fulfil our fiduciary duties.

We have long supported sustained value creation at corporations through active engagement with investee companies. In 2021 we further strengthened our approach to fighting climate change by joining the Net Zero Asset Managers Initiative, a project that aims to reduce greenhouse gas emissions to net zero by 2050.

2021 was also a year in which we made progress with our own sustainability initiatives. In environment- and climate-related fields, we updated our environmental policy and set a target of reducing the Nikko AM Group's greenhouse gas emissions per employee by 40% by the year 2030 compared to our 2019 level. Also, in the area of diversity, we set a group target for women in management positions to reach 30% by 2030. We consider diversity to be a source of innovation and believe that achieving a gender balance at the decision-making level is absolutely essential.

For a corporation, strategies are vital, but corporate culture is even more important. We believe that the entrenchment of sustainability concepts into Nikko AM's corporate culture is not only necessary to fulfill our social responsibilities, but will also lead to sustainable corporate management.

1 Principles of Governance

—Sustainability as a Management Strategy

Governance is foundational for a company in setting purpose and provides oversight for a company's activities that contribute to a prosperous, sustainable society. Without good governance, companies lack the supportive context within which to make progress on the other three pillars: Planet, People, and Prosperity.

From the World Economic Forum White Paper "Measuring Stakeholder Capitalism"

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The Group's Approach to Principles of Governance

In order to adhere to the principles of sound management, based on a high degree of self-discipline with the background of fiduciary spirit, and to establish strong credibility with society, SuMi TRUST Holdings commits itself to enhancing its corporate governance system in line with the basic philosophy indicated below, with the objective of supporting sustainable growth and medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group. In addition, the SuMi TRUST Group has defined its reason for existence ("Purpose") and identified high priority issues (materiality) such as the declining birthrate and aging population, climate change, and digitalization. At the same time, the Group has made solving social issues its mission, while recognizing it as an opportunity for the Group's own growth, and placed the "balanced creation of both social value and economic value" at the core of its management. The Board of Directors sets out and discloses the SuMi TRUST Group's Reason for Existence ("Purpose"), Management Principles ("Mission"), Ideal Model ("Vision"), and Codes of Conduct ("Value") as the anchor for all of our activities, which is shared by all of the directors, officers, and employees of the Group.

Basic Philosophy

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure the effectively equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders, including shareholders, clients, employees, business partners, and local communities, and to establish a corporate culture and climate in which it conducts sound business operations based on a high degree of self-discipline.
- In order to establish a basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its Disclosure

Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.

- As the financial holding company that assumes the corporate management function of the SuMi TRUST Group, SuMi TRUST Holdings adopted the institutional design of a "company with Three Committees," and, by separating the execution and supervision of business, shall endeavor to ensure the Board of Directors' role of effective supervision.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth, as well as the medium- to long-term enhancement of the enterprise value of SuMi TRUST Holdings.

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Considering impacts on society and the business environment of companies to whom we extend investments and loans	Risk	Clients, communities, NPOs	Minimizing negative impacts through business (e.g., investments and loans in line with sector policies and ESG guidelines, and engagement that takes into account how borrowers and investees impact society and the environment)

Governance and Management Framework Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Corporate governance	Risk/Opportunity	All stakeholders	Sustainable improvement of the management framework that balances the creation of both social value and economic value and enables us to realize our Purpose (please see Integrated Report for details)
Risk management and resilience	Risk	Shareholders, investors, employees, governments	Response to risks, including event risks such as natural disasters (identifying risks and formulating clear policies, establishing a comprehensive management system, and developing a risk-response culture through employee training)
Systems maintenance and combatting cyber attacks	Risk	Clients, governments	Response to cyber attacks (ransomware, DDoS attacks, information theft), prevention of system development delays and cost increases
Safety of financial products	Risk	Clients	Appropriate management of risks inherent in financial products (including proper sales to customers)
Compliance	Risk	Clients, employees, governments, international organizations	Fostering a corporate culture that does not deviate from corporate ethics and codes of conduct, elimination of transactions with antisocial forces, crime prevention (money laundering, terrorist financing, special frauds such as bank transfer scams, etc.)

Financial Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Risks (For detailed guidelines, please refer to our Annual Report -Financial Data Section)
Preserving financial capital	Risk	Shareholders, investors, governments	Deterioration in creditworthiness of certain large creditors, unfavorable real estate market conditions, and decline in value of cross-shareholdings
Acquiring sustained earnings	Risk	Shareholders, investors, governments	Decrease in gross business profit in the loan and deposit business

Highly
Relevant
SDGs



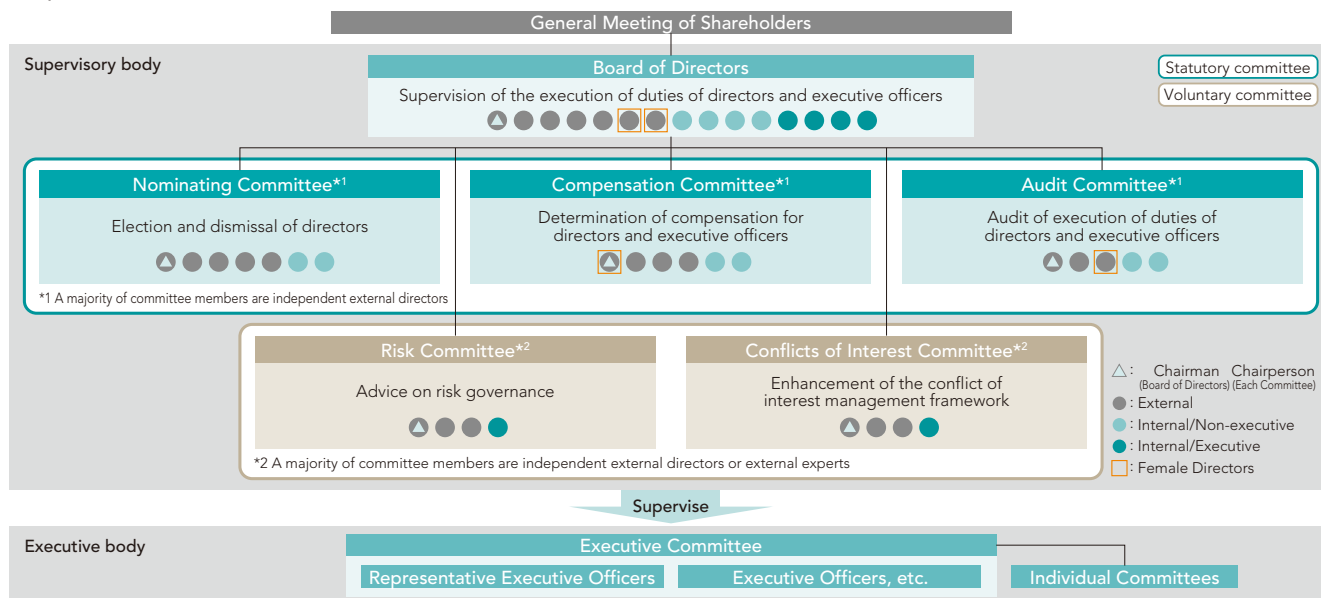
Corporate Governance

Perspectives Regarding the Corporate Governance System

SuMi TRUST Holdings is a financial holding company with subsidiaries such as SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management, and aims to be our clients' "Best Partner," by providing "Total Solutions" that combine our banking business, asset management and administration business, and real estate business, based on a fiduciary spirit, and by making full

use of our significant expertise and creativity. To fulfill our principles and meet the expectations of stakeholders, SuMi TRUST Holdings endeavors to ensure the soundness and reliability of its business model and the transparency of the management of the SuMi TRUST Group, and will work to further enhance the Group's corporate governance.

Corporate Governance System



Board of Directors

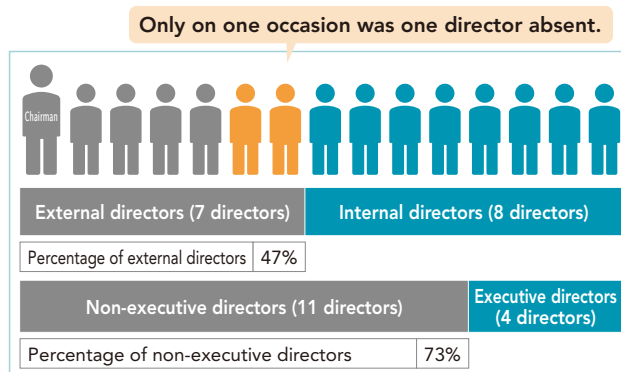
The Board of Directors ensures the fairness and transparency of the SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of the SuMi TRUST Group and supervising the overall management of the Group. In light of the importance of environmental and social issues related to sustainability, the Board of Directors prescribes a basic policy on the social responsibility that is to be implemented by each Group company (the "Sustainability Policy"). Under this Sustainability Policy, the Board of Directors enhances awareness among its officers and employees, and promotes positive efforts to resolve these issues while taking its stakeholders into consideration, with the aim of supporting the sustainable growth of society and increasing the enterprise value of the SuMi TRUST Group.

In light of the importance of the functions of external directors in corporate governance, as a general rule, at least one-third of the directors on the Board of Directors are independent external directors. The Board of Directors establishes and discloses Independence Standards of Independent Directors. In determining candidates for directors, based on the reason for existence ("Purpose") of the SuMi TRUST Group, we strive to secure a diverse and well-balanced composition of the Board that ensures appropriate supervision of a wide range of business areas in which we have dealings as a financial group specialized in trust banking. Accordingly, we select members from among those who have a high level of insight and a wealth of experience in corporate management, finance, accounting, legal affairs, risk management,

and compliance, as well as in creation areas, including skills specific to the trust business, sustainability, digitalization, and IT, which lead to the creation of new value, to address our high priority issues (materiality*). In addition, by assigning highly specialized experts to the statutory and voluntary committees established as supervisory bodies, we intend to strengthen the supervisory function and build a diverse and balanced formation as a whole to sustainably increase the Group's enterprise value.

*For more information on materiality, please refer to pages 20-21.

Composition of the Board of Directors



- All seven external directors have been registered as independent officers with the relevant securities exchange.
- Breakdown of 15 directors: 13 men, 2 women
- 18 Board of Directors meetings were convened during the period July 1, 2020 through June 30, 2021.

Skill Matrix for Board Members (● : External, ● : Internal (non-executive), ● : Internal (executive), □ : Female directors)

Name		Internal directors							
		Toru Takakura	Jiro Araumi	Nobuaki Yamaguchi	Kazuya Oyama	Tetsuo Ohkubo	Masaru Hashimoto	Kuniyuki Shudo	Kouji Tanaka
Area of expertise and experience	Corporate management	●	●	●	●	●	●	●	●
	Finance/Accounting	—	—	●	●	●	●	—	—
	Legal affairs/Risk management/Compliance	●	●	—	●	●	●	●	●
	Value creation	●	●	●	●	●	●	●	●
Name		External directors							
		Isao Matsushita	Shinichi Saito	Hiroko Kawamoto	Mitsuhiro Aso	Nobuaki Kato	Masanori Yanagi	Kaoru Kashima	
Area of expertise and experience	Corporate management	●	●	●	—	●	●	●	
	Finance/Accounting	●	●	—	—	—	—	●	
	Legal affairs/Risk management/Compliance	—	●	●	●	—	—	●	
	Value creation	●	●	●	●	●	●	●	

To further improve the effectiveness of our corporate governance, we regularly hold external directors' meetings, which are only attended by external directors. By having external directors exchange information and share their views, we help foster trusting relationships and strengthen the supervisory function of the Board of Directors.

Committees

In addition to the Nominating Committee, Compensation Committee, and Audit Committee, which are required under the Companies Act, we have established the Risk Committee and Conflicts of Interest Committee as advisory bodies to the Board of Directors. As a financial group specialized in

trust banking, the Conflicts of Interest Committee possesses supervisory functions unlike at any other financial group. Also, every year each committee conducts a self-evaluation in an effort to improve its autonomous management.

Members of Committees

(▲ : Chairperson, ● : Member (external), ● : Member (internal/non-executive), ● : Member (internal/executive), □ : Female Directors)

			Nominating	Compensation	Audit	Risk	Conflicts of Interest
External	Directors	Isao Matsushita	▲	●			
		Shinichi Saito	●		▲		
		Hiroko Kawamoto	●	●			
		Mitsuhiro Aso			●		
		Nobuaki Kato	●	●			
		Masanori Yanagi	●	●			
		Kaoru Kashima			●		
	Experts	Hideki Kanda*					▲
		Kenji Fujii				▲	
		Takeshi Suzuki					●
		Mikio Araki				●	
		Haruyuki Toyama				●	
		Akiko Hosokawa					●
Internal	Directors	Tetsuo Ohkubo	●	●			
		Masaru Hashimoto	●	●			
		Kuniyuki Shudo			●		
		Kouji Tanaka			●		
	Executive Officer	Yasuyuki Suzuki				●	●

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank.

Evaluation of the Board of Directors

SuMi TRUST Holdings conducts an annual evaluation of the Board of Directors and examines and implements improvement measures for the issues identified, thereby leveraging the PDCA cycle and improving the effectiveness of the Board of Directors.

*For more information on corporate governance, including the evaluation of the effectiveness of the Board of Directors, succession plan, and compensation system for directors and executive officers, please refer to pages 96-103 of the 2021 Integrated Report.

Sustainability Promotion System

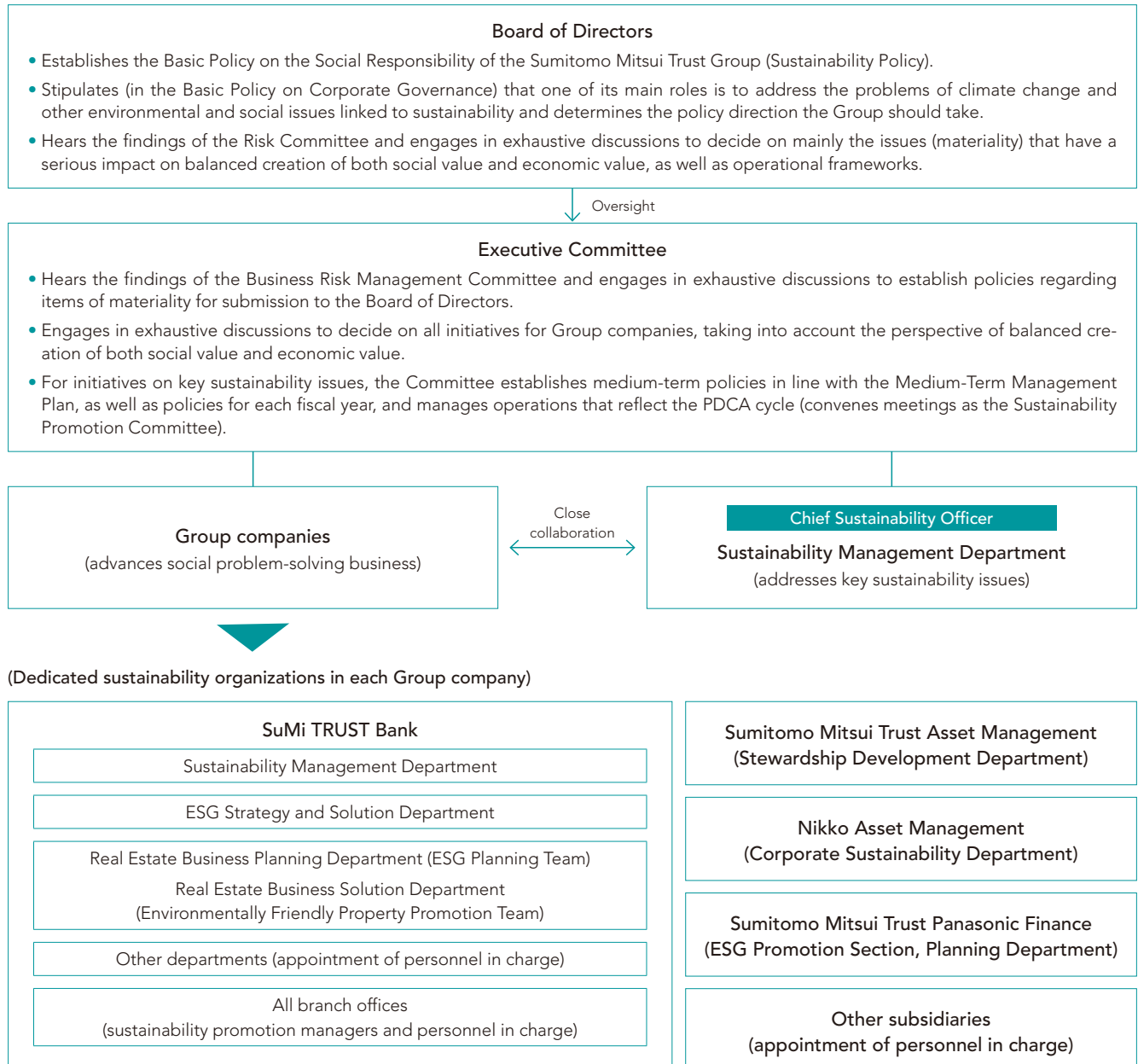
The SuMi TRUST Group defines its reason for existence ("Purpose") as "Creating new value with the power of trusts and let prosperous future for our clients and society bloom," and places the "balanced creation of both social value and economic value" at the core of its management. As a result, sustainability has literally become a part of our daily conversation and is being emphasized in every aspect of our business. Our sustainability promotion system can be described as a framework for promoting the integration of sustainability into our existing business strategy.

1. Sustainability Promotion System

At SuMi TRUST Holdings, the Board of Directors sets the Sustainability Policy, and based on this policy, the Executive Committee, which is the executive body, deliberates and decides on various measures to promote sustainability, and the Board of Directors supervises the execution of these measures.

In the Executive Committee, the Sustainability Management Department serves as the secretariat for the Sustainability

Promotion Committee, which is held to discuss initiatives related to important sustainability issues. The Executive Committee makes decisions on the sustainability initiatives of each Group company after thorough discussions, while taking into account the balanced creation of both social value and economic value.



Roles of Sustainability Promotion Committee

The Sustainability Promotion Committee is responsible for the following functions. We started holding Sustainability Promotion Committee meetings more frequently starting in FY2021. Particularly in the area of climate change, since

making the Carbon Neutral Commitment in October 2021, we have been reporting the progress of the Climate Change Adaptation and Mitigation PT on a monthly basis.

Management	<ul style="list-style-type: none"> Promoting materiality management Devising and promoting plans for sustainability work (manages the progress of social problem-solving businesses at Group companies) Tackling climate change issues Conducting strategic information disclosure by issuing Sustainability Reports and other publications Earning the trust of investors and other stakeholders and working to improve their assessment of the Group
Business development	<ul style="list-style-type: none"> Developing innovative financial products and services that help solve key sustainability issues Strategically providing value to the community through “With You” activities*
Employee education	<ul style="list-style-type: none"> Ensure employees understand strategies by distributing the Group’s employee integrated report to all directors, officers, and employees Facilitate the swift acquisition of practical knowledge by promoting in-house activities, such as participation in the challenge of helping achieve the SDGs, the SDG declarations formulated by each branch, and the “With You” activities
Dialogue	<ul style="list-style-type: none"> Encouraging dialogue with, and ascertaining the needs of, various stakeholders, including shareholders, investors, NPOs and NGOs in Japan and overseas, international organizations, government agencies, and universities Utilizing internal engagement to absorb the needs of stakeholders into the Group and improve initiatives



*This is the name for the community-based sustainability activities developed by the branch offices of SuMi TRUST Bank in order to forge strong relationships of trust with local communities.

Internal Engagement in FY2021

Internal engagement (see page 21) is one of the important roles under the jurisdiction of the Sustainability Promotion Committee that is designed to reflect the voices of stakeholders

in management. In FY2021, the following themes were selected for engagement.

Theme	Related Materiality	Points raised by investors and assessment organizations
Corporate governance	Corporate governance	Independence, diversity, and expertise of the Board of Directors Enhancement of executive compensation disclosure
Information security/ Cyber attack response	Systems maintenance and combatting cyber attacks	Strengthening management involvement and going beyond legal compliance
Human rights	<ul style="list-style-type: none"> Bolstering human resources and developing workplace environments Considering impacts on society and the business environment of companies to whom we extend investments and loans 	Carrying out comprehensive initiatives by globally addressing human rights issues and expanding supply chain responses
Human capital	Bolstering human resources and developing workplace environments	Enhancement of information disclosure on human resource skill improvements
Climate change/ Policy on investments and loans	<ul style="list-style-type: none"> Climate change Considering impacts on society and the business environment of companies to whom we extend investments and loans 	Carbon neutrality of investment and loan portfolios Enhancement of policies for specific sectors Making early progress in disclosing information in line with TCFD
Risk management	Risk management and resilience	Responding to the rapidly expanding scope of risk from a global perspective
Compliance	Compliance	Enhancement of whistleblowing programs
Policy on political involvement	Compliance	Taking a proactive approach to disclosure with an emphasis on transparency as a financial institution
Tax governance	Compliance	Clarifying tax policy and commitment to tax compliance Enhancement of management systems and information disclosure

Message from Chief Sustainability Officer

With the entire world being simultaneously struck by the unthinkable COVID-19 pandemic, I feel that there is a rapidly growing awareness that sustainability issues such as climate change are a crisis common to all humanity. The finance world has an important role to play in working together with governments and the business community to change the social system in a sustainable direction. We are determined to meet society's expectations by accelerating the creation of positive impacts to solve problems, while also making use of scientific knowledge.

Fellow Officer, Chief Sustainability Officer

Tsukasa Kanai



Establishing Climate Change Governance

SuMi TRUST Holdings understands that climate change is a source of risk and opportunity that can have a significant impact on financial markets, and has established a governance system for supervision and execution centered on the Board of Directors. The Board of Directors, which is a supervisory body, has established the Risk Committee as an advisory body to ensure the execution of our climate change response, and to conduct flexible and in-depth deliberations

on climate change to ensure appropriate supervision.

The Executive Committee, which is an executive body, has established the Business Risk Management Committee as an advisory body, as well as the Climate Change Adaptation and Mitigation Project Team to formulate strategies and respond promptly to climate change in each business as well as across all Group companies.

Key Initiatives in fiscal year 2020-2021

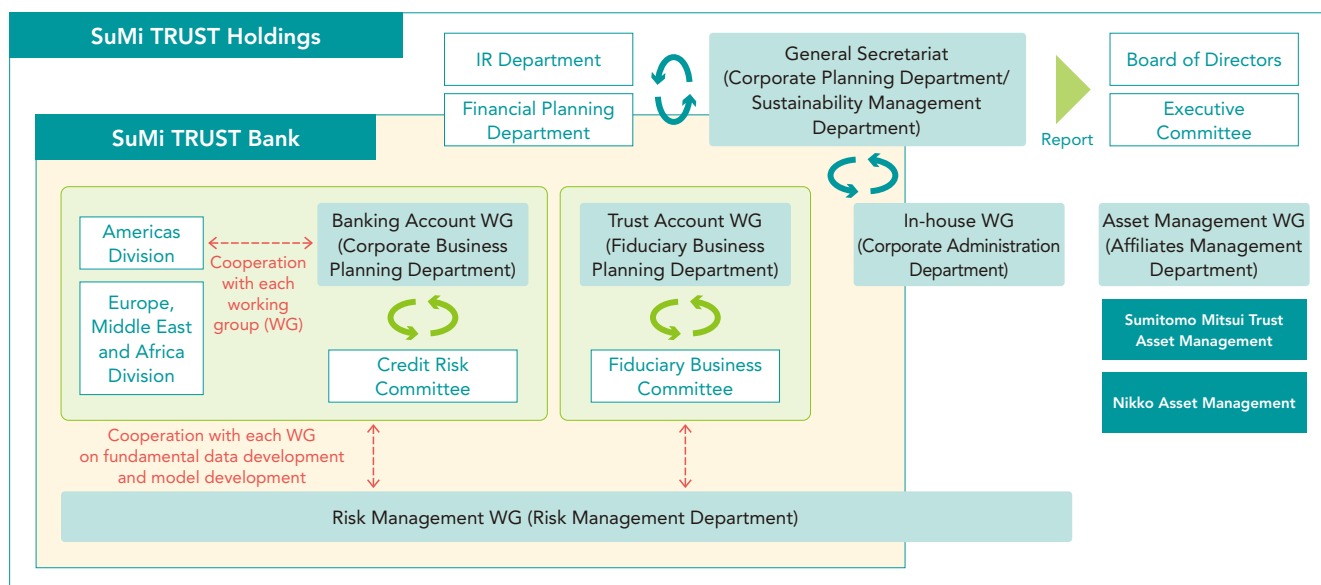
Meeting systems, etc.	Activities	
Board of Directors	<ul style="list-style-type: none"> Held focused deliberations on climate change (including Carbon Neutral Commitment) as a management theme 	Supervisory body
Risk Committee	<ul style="list-style-type: none"> Set climate change as a key issue for focused deliberations in fiscal year 2021, periodically checked the status of the Group's efforts and conducted deliberations on climate change issues by including external members with expert knowledge 	Advisory to the Board of Directors
Executive Committee	<ul style="list-style-type: none"> Reviewed the climate change adaptation system Discussed and resolved to join the NZBA and externally announcing the 2050 Carbon Neutral Commitment to external Provided monthly reports on the progress of the Climate Change Adaptation and Mitigation PT 	Executive body
Business Risk Management Committee	<ul style="list-style-type: none"> Reviewed the climate change adaptation system and provided advice and listened to opinions about joining the NZBA and externally announcing the 2050 Carbon Neutral Commitment to external 	Advisory to the Executive Committee
Climate Change Adaptation and Mitigation PT Steering Committee	<ul style="list-style-type: none"> Held monthly discussions on the progress of the Climate Change Adaptation and Mitigation PT 	Executive body

Establishment of Climate Change Adaptation and Mitigation Project Team

In 2019, we established the TCFD Project Team (TCFD PT) to strengthen our risk management and information disclosure related to climate change. In October 2021, however, we restructured and further enhanced this team, and established the Climate Change Adaptation and Mitigation Project Team with the aim of specifically implementing our Carbon Neutral Commitment. This team covers the entire SuMi TRUST Group and consists of each of our

corporate management departments and each business under SuMi TRUST Bank, as well as Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, the Europe, Middle East and Africa Division, and the Americas Division.

In addition, SuMi TRUST Bank has issued about 80 personnel appointments (mainly for concurrent positions) in line with this, and has literally launched a company-wide response to climate change issues.



*Departments in parentheses are those in charge of the secretariat.

Sustainability Management Department and Technology-based Finance (TBF) Team

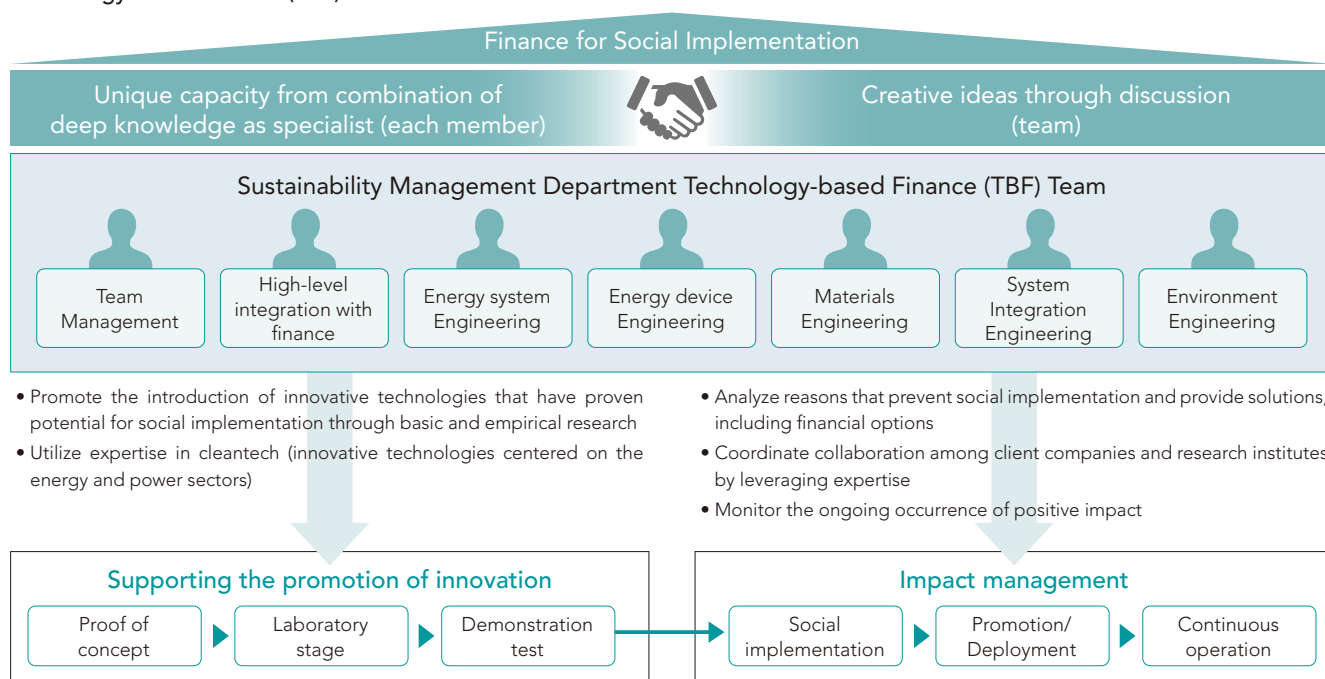
One of the important functions of the Sustainability Management Department is the research and development of new sustainability-related businesses. With this in mind, we launched a Technology-based Finance (TBF) team in April 2021.

Solving the challenges presented by the Sustainable Development Goals (SDGs) and the Paris Agreement will require vast amounts of funding, and innovative technologies will be key. Going forward, we need to understand the latest technologies, deepen our dialogue with our clients, and approach finance from a scientific perspective. This is why we established the TBF team to support the social implementation of technology from a financial perspective.

We have teamed up with researchers and experts who

have doctoral degrees in science and engineering in the fields of hydrogen, storage batteries, organic chemistry, and inorganic chemistry, with the aim of realizing a carbon-free society that is in harmony with nature. By incorporating the knowledge of our team members into the impact evaluation process and implementing innovative technologies in society, we will accelerate initiatives to promote positive impact and control negative impact, thereby contributing to solving social issues. The TBF team's activities represent a new challenge for us and for the financial community. By applying existing technologies, developing new technologies, or a combination of the two, we aim to build a social system that will solve environmental and social problems.

Technology Based Finance (TBF) Initiatives



Examples of businesses led by the TBF team in FY2021 (see pages 68-69 for details)

1. Promotion of impact evaluation advisory business for venture capital firms including Real Tech Holdings
2. Start of an experimental pilot program to commercialize an innovative hydrogen value chain
3. Impact evaluation based on collaboration agreement with Odawara City, Bank of Yokohama, and Hamagin Research Institute on local production and local consumption of energy, etc.
4. Promotion of various operations based on the collaboration agreement on ESG regional finance, etc. concluded with the Hokkaido Regional Environment Office of the Ministry of the Environment
5. Participation in the Center for Co-creation of a Resource Recycling Society Using Renewable Polysaccharide Plant-Based Plastics
6. Providing a variety of decarbonization-related solution services to regional financial institutions and local governments throughout Japan

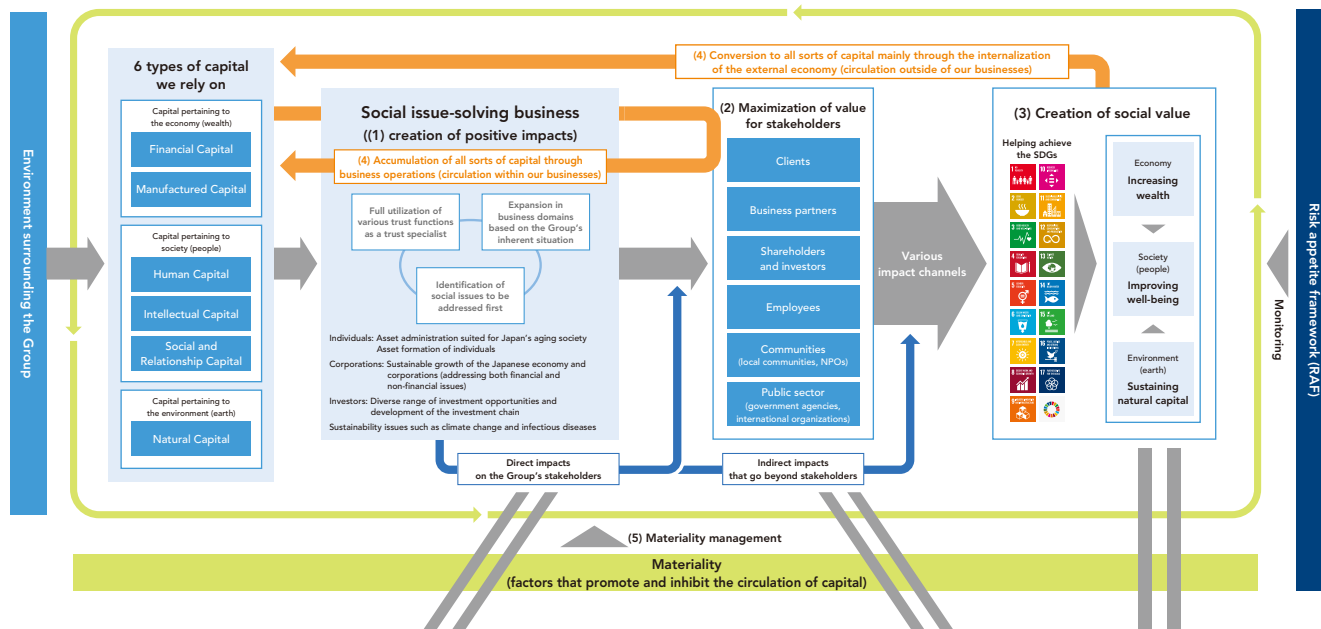
2. Value Creation Process

The SuMi TRUST Group's reason for existence, or "Purpose"

Our ideal vision

**Creating new value with the power of trusts and
let prosperous future for our clients and society bloom**

Roles expected by society



Power of trusts

Ability conversion function
Asset conversion function
Time conversion function

Value provided to stakeholders (three economic agents)

Chain of Impact

Three strategic areas for creating new value

A prosperous future for clients and society



Individuals

- Providing support and consulting services to address asset administration issues in Japan's aging society, such as dementia and the elderly who live alone
- Supporting the asset formation efforts of the working generation and contributing to growth in personal financial assets



Corporations

- Implementing sustainable finance initiatives to facilitate the transition to a society with net-zero carbon emissions
- Taking on work and offering consulting services related to sustainability, such as improving the framework of governance and the disclosure of ESG information
- Supporting ways to address both financial and non-financial issues



Investors

- Enhancing our investment product capabilities that take advantage of the Company's strengths and providing a wide range of investment opportunities
- Providing efficient and high value-added services for a broad range of investment processes and supporting the development of investment chains

1. Age of 100-year life
2. Carbon neutrality
3. Regional ecosystems and global investment chains

Value Creation Process

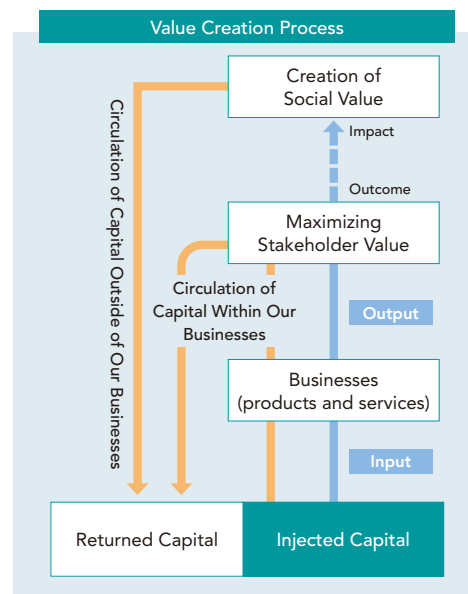
To achieve the balanced creation of both social value and economic value, we need a process of creating positive impact while maximizing stakeholder value based on our "Purpose." It is also necessary to organically combine this process with the process of sustainably strengthening our

own financial and non-financial management foundation (six types of capital), and establish a system to appropriately manage these processes at the management level. We call this system the "value creation process."

Circulation of Capitals

The capital needed to execute business operations usually consists of cash, equipment, and other tangible assets that appear on financial statements, as well as intangible assets that do not convert so easily into money, like human resources, know-how, and networks. We call the process of injecting both financial and non-financial capital into our businesses to generate profits through business execution, develop human resources, and expand our client base the "circulation of capital within our businesses." By leveraging the circulation of capital both within and outside of our businesses, we must establish a mechanism through which our launching pad for growth is enhanced in a sustainable manner so that benefits that extend beyond the Group come back to the Group in the long term owing to the internalization of the external economy. The SuMi TRUST Group's unique value creation process, which illustrates how the Group circulates capital through social issue-solving businesses, is the platform for incorporating the so-called "integrated thinking"* into corporate management.

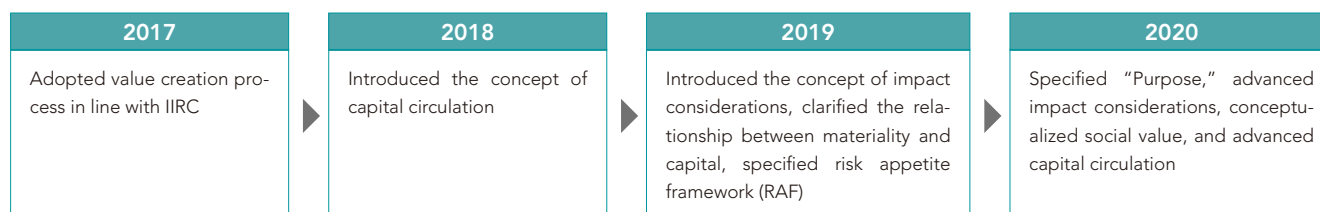
*A way of thinking that takes a medium- to long-term view of management and utilizes all financial and non-financial capital which the company's business model depends on and is affected by.



To Deepen Integrated Thinking

Since adopting the value creation process of the International Integrated Reporting Council (IIRC) in FY2016, every year we have continued to deepen its content by incorporating our own original elements. In FY2017 and FY2018 we introduced the concepts of capital circulation and impact

considerations, respectively, to clarify the relationship between materiality and capital. In FY2019 we clearly stated our reason for existence ("Purpose") and summarized the notion of social value by examining the chain of impacts (impact considerations).



To further advance our materiality management, we are working to define capital, visualize the relationship between the impact we create and the social value we create, and develop the concept of combining our value creation process with business portfolio analysis. Specifically, in addition to setting KPIs from a medium- to long-term perspective to promote sustainable growth, we will also focus on setting non-financial indicators (number of clients, service quality,

etc.) that will help improve future financial indicators as part of our management planning process going forward, and will develop a system that facilitates monitoring medium- to long-term growth from a supervisory perspective.

We believe that by incorporating a non-financial capital perspective into our business portfolio analysis and review in this way, we can achieve real integrated thinking.

3. Materiality Management

(1) Definition of Materiality

The circulation of capital is similar to the circulation of blood. If capital is steadily accumulated in the same way blood flows freely around the body, the ability to generate value will continue to increase in a sustained fashion. Too much bad cholesterol in the body causes arteries to harden, which prevents blood flow.

Conversely, good cholesterol in the body helps prevent the arteries from hardening. Applying this analogy to priority issues (materiality) that affect our value creation process over the medium to long term, we consider materiality to be comprised of factors that either inhibit (bad cholesterol) or promote (good cholesterol) the circulation of capital.

Materiality is a matter that has a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital

(2) Materiality Identification Process

The Company identified materiality in FY2015 and conducted a materiality review in FY2019. In the FY2015 identification process, we identified 17 materiality items which had been selected from a list of 28 items that were considered highly important to a banking group after interviewing external directors, external experts, and relevant internal departments about their medium- to long-term impact on the Group's enterprise value and the Group's impact on stakeholders.

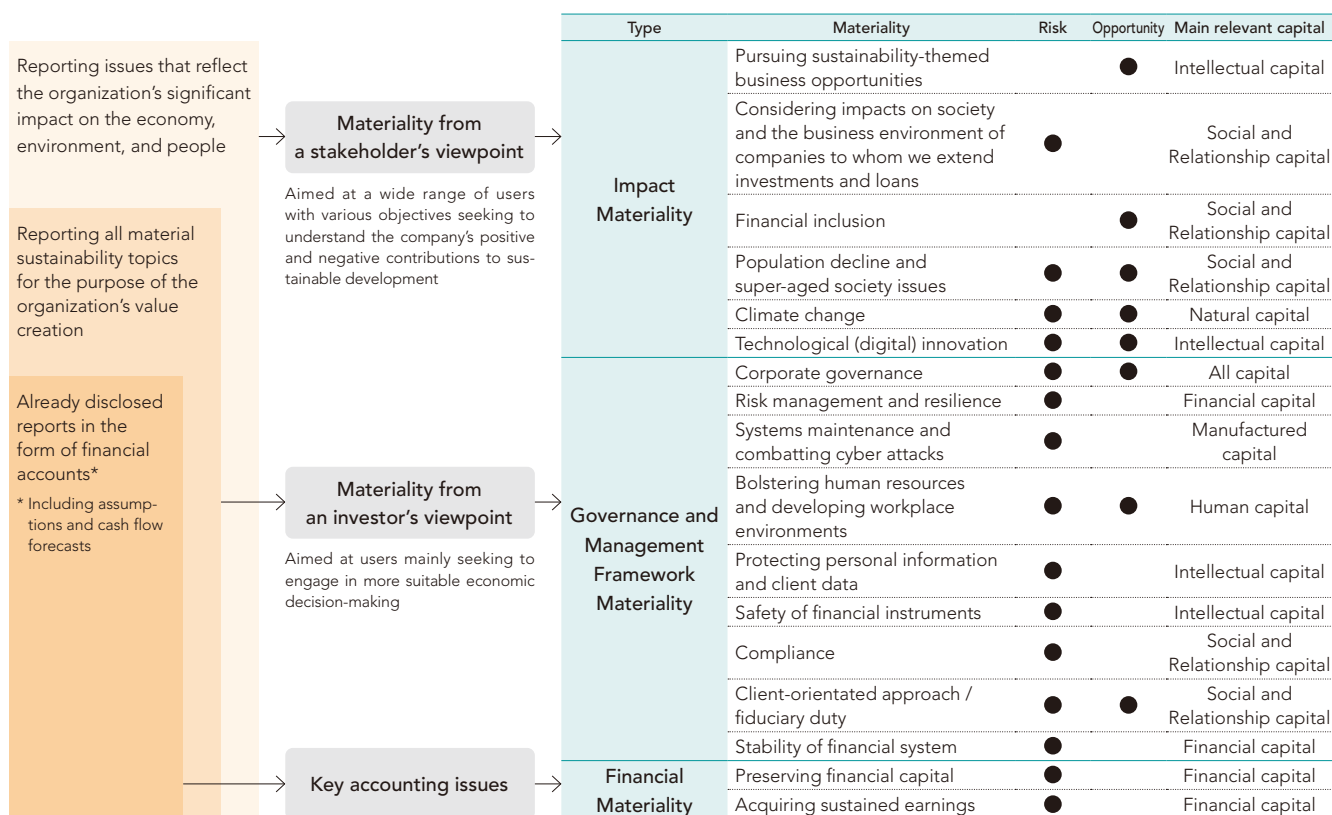
Subsequently, with the "balanced creation of both social value and economic value" placed at the very core of our growth strategy, we integrated our separately managed top

risks that are likely to have a significant impact on our financial position into our materiality, then adopted the new set of materiality at the Board of Directors meeting in FY2019.

As a result, we have established a system in which we comprehensively identify key issues in terms of both risks and opportunities with respect to both the impact on our financial position and the impact on society and determine the most appropriate response to these issues.

(3) Three Materiality Categories

Discussions about how to approach materiality are gaining momentum worldwide. Considering this trend, in FY2020



we incorporated the unified concept of materiality outlined in some of the leading international standards (GRI, SASB, IIRC, CDP, CDSB) for information disclosure and classified our materiality into three categories. To be more precise, we categorized the SuMi TRUST Group's materiality as either "impact materiality" (the positive or negative impacts our corporate activities have on the economy, society, and the environment), "governance and management framework materiality" (the issues that impact the core elements of our value creation), or "financial materiality" (the issues that directly affect financial performance). We have also identified which kind of capital each materiality issue is mostly connected to in terms of the circulation of capital, and in addition to understanding the significance of, and managing, materiality as part of the value creation process, we make use of internal engagement and other methods to ensure we manage materiality appropriately.

(4) Management and Administration of Materiality

The management and administration of each materiality item is carried out by the designated department in charge to facilitate the capital circulation.

In addition, we have introduced a system called internal engagement (described in more detail below) to incorporate the perspectives of stakeholders into the management and administration of materiality, and the status is reported to the Board of Directors. Furthermore, the Risk Committee receives consultations from the Board of Directors on matters related to materiality, deliberates on the appropriateness of such matters based on its expertise, and reports back to the Board of Directors.

As part of our materiality management and administration, we review our materiality as necessary according to the concept of dynamic materiality, which is based on the idea that social conditions and values change and these changes in turn affect our corporate value.

4. Internal Engagement

Basic Philosophy

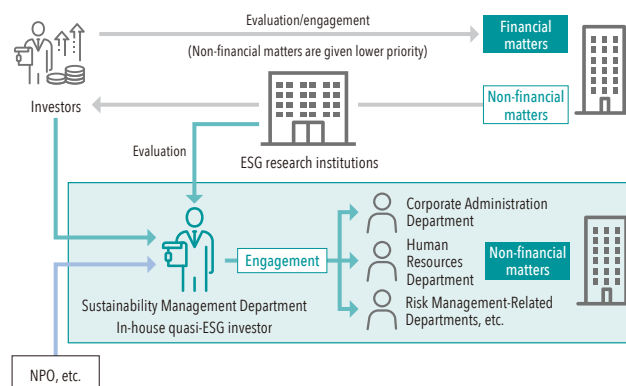
At SuMi TRUST Holdings, the Sustainability Management Department engages in investor-like dialogue with relevant departments on non-financial materiality items in the finance sector that ESG investors are most interested in and for which the Group's initiatives may face challenges, in order to improve our approaches and enhance information disclosure. We refer to this initiative as internal engagement, and consider it to be a check and balance function based on an external perspective on day-to-day operations, which is different from the supervisory function of the Board of Directors from a management perspective. Internal engagement is primarily aimed at advancing the internal management structure on the execution side, but the Board of Directors, after coordinating information with the Corporate Secretariat, will identify and address corporate governance issues.

The Internal Engagement Process

The Sustainability Management Department selects themes for internal engagement based on ESG-related letters from investors and NGOs, the latest assessments and feedback from ESG assessment organizations, and the latest high-profile issues related to ESG and SDGs. In addition, the Sustainability Management Department first engages in direct dialogue with NPOs and other organizations on economic, social, and environmental issues that are material to our stakeholders.

Starting from this fiscal year, we made the officers in charge of relevant departments the target of our engagement, thereby speeding up the implementation of measures and ensuring that all officers are aware of the issues involved. In addition, we aim to further enhance effectiveness by utilizing experts within the Group. Going forward, we will strengthen collaboration and confirmation of the appropriateness of issues set and the status of responses by the relevant departments by sharing engagement themes identified by the Sustainability Management Department with the Corporate Planning Department (Planning Team and Internal Control System Office); see page 15 for the internal engagement themes for FY2021.

Internal Engagement

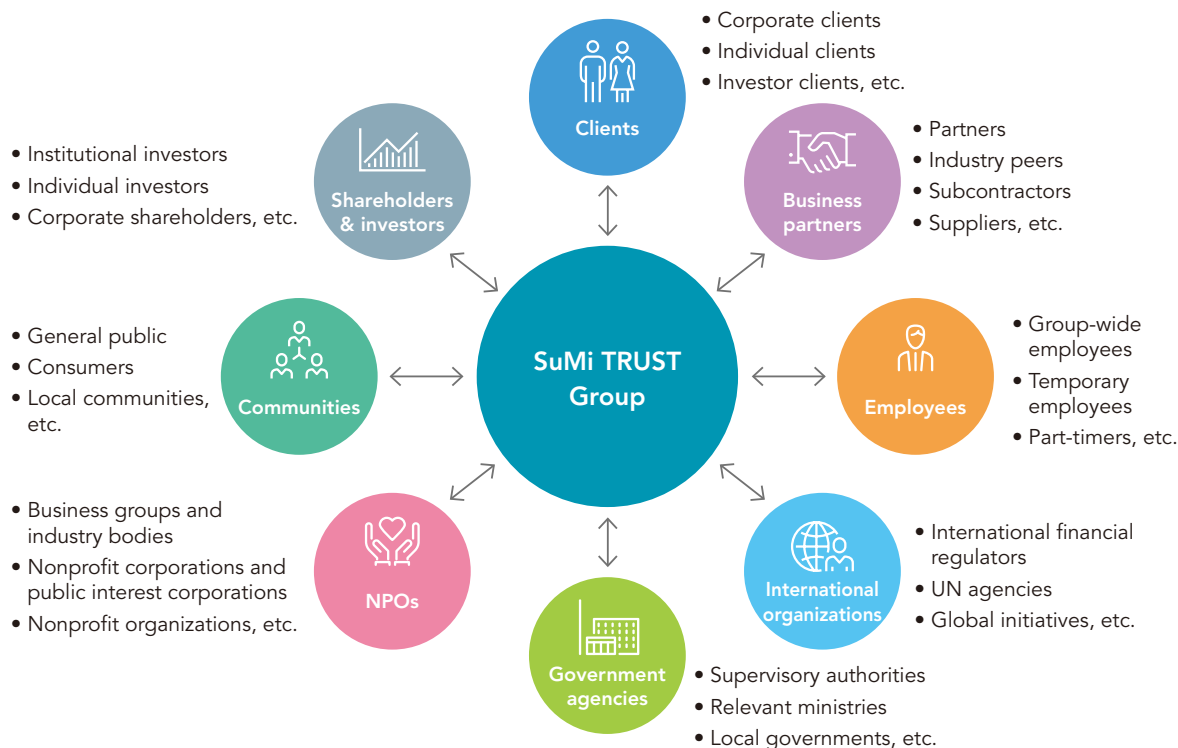


5. Stakeholder Engagement

The Company places clients, shareholders, employees, and society as its stakeholders in the Management Principles ("Mission"). In addition, in the basic policy on the social responsibility (the "Sustainability Policy"), the Company further broadens the scope of stakeholders, listing clients, shareholders, investors, employees, business partners, local

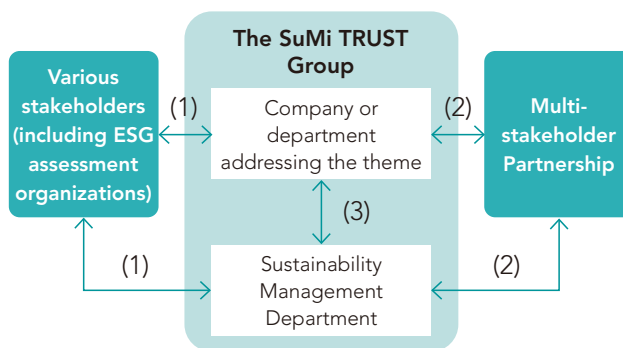
communities, NPOs, government authorities, and international institutions as major stakeholders, and declares its commitment to respect dialogue and play an active role in building a sustainable society. By identifying stakeholders in this way, we aim to have a clear understanding of how the Group relies on and impacts each stakeholder.

Stakeholders of the Group



Three Approaches to Stakeholder Engagement

The Group's stakeholder engagement is divided into three approaches: (1) direct engagement by relevant affiliates/relevant departments (in the case of SuMi TRUST Bank) according to the theme (see page 23), (2) direct participation in multi-stakeholder partnerships by relevant affiliates/relevant departments (see page 24), and (3) internal engagement by the Sustainability Management Department with relevant affiliates/relevant departments based on its own dialogue with stakeholders and information gathered from ESG assessment organizations (see page 21). These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.



Engagement with Major Stakeholders

Clients	The SuMi TRUST Group strives to be our clients' "Best Partner," who provides the maximum value to clients, by accurately capturing their needs through various dialogues with individual and corporate clients, and by offering "Total Solutions" that provide the best highly specialized products and services in a wide range of areas. For example, in SuMi TRUST Bank's Retail Total Solution Services Business, we not only receive feedback from sales branches and sales counters nationwide, but also capture opinions and requests through "Customer Services Promotion Office," "Voice of Customers Questionnaires," and "Sumitomo Mitsui Trust Direct" to improve client satisfaction (see pages 142-144 for details).
Shareholders/ Investors	<ul style="list-style-type: none"> The SuMi TRUST Group strives to disclose corporate information in a timely and appropriate manner, and aims for highly transparent corporate management through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas. More specifically, in addition to disclosing corporate information in a timely, appropriate, and accurate manner, we strive to ensure that our shareholders and investors have a deeper understanding of our Group's performance, business conditions, business strategies, and other matters by having our top executives actively participate in information briefings and other events (see page 130 of the 2021 Integrated Report for details).
Local communities	<ul style="list-style-type: none"> The SuMi TRUST Group's Sustainability Policy 6 states the following: "We aim to revitalize communities and build a rich living environment in cooperation with various partners in all communities where we engage in corporate activities, through our business activities and social contributions such as educational and cultural activities." Based on this, our Group companies are engaged in a variety of activities, including the "With You" activities of SuMi TRUST Bank (see pages 161-195 for details).
NPOs	<ul style="list-style-type: none"> As a member of industry associations such as the Japanese Bankers Association, Trust Companies Association of Japan, and the Japan Business Federation (Keidanren), we engage in discussions with other participating companies on how financial institutions and companies should fulfill social roles, and reflect these discussions in our corporate activities. In the Principles for Financial Action for the 21st Century, which about 300 financial institutions are members, we chair the Sustainable Community Support Working Group, promoting dialogue with various stakeholders in community finance and working with other signatory financial institutions to promote sustainable finance in local communities (see page 27 for details). The SuMi TRUST Group has built long-term relationships with highly specialized NPOs, working closely with organizations such as the Ecosystem Conservation Society-Japan to make proposals on biodiversity issues from the private sector's perspective, and actively engaging in initiatives aimed at solving social and environmental issues.
Government authorities	<ul style="list-style-type: none"> The SuMi TRUST Group engages in daily dialogues with supervisory bodies and various government authorities to discuss how we can play a role in stabilizing the financial system and proactively contribute to the creation of a sustainable society. The SuMi TRUST Group is a member of various committees led by various government authorities (the Ministry of the Environment, the Cabinet Office, the Financial Services Agency, the Ministry of Land, Infrastructure, Transport and Tourism, etc.), and makes a wide range of proposals aimed at building a sustainable society from the perspective of a financial institution.
International institutions	<ul style="list-style-type: none"> The SuMi TRUST Group participates in various international initiatives and plays a proactive role in resolving global issues related to society and the environment (multi-stakeholder partnerships; see pages 24-27 for details).
Employees	<ul style="list-style-type: none"> To ensure a culture that fosters motivation and job satisfaction, SuMi TRUST Bank takes advantage of events where employees congregate, such as rank-based training, and provides opportunities where the President and other officers talk about topics including management policy and their leadership with a question-and-answer session (see page 114 for details). SuMi TRUST Bank periodically holds management consultation meetings, which are attended by the President and other senior managers as well as union representatives, and branch and department consultation meetings, which are attended by representatives of labor and management at individual branches and departments, to discuss working condition for union members and how to maintain the working environment, as well as to reflect employees' views in management. At other Group companies as well, there are initiatives to ensure smooth business operation and maintain and improve the workplace environment through dialogue between the company and the union or representatives of employees (see page 115 for details). SuMi TRUST Bank conducts an "awareness survey" of all employees in order to objectively identify employees' perception of the dissemination of measures taken by the company, the personnel system and its operation, and the workplace environment and engagement (see page 116 for details). In view of the need for appropriate workforce management, SuMi TRUST Bank has established, within the Human Resources Department, the Personnel Consultation Desk (LGBT Consultation Desk), at which all employees (including course employees, professional employees, associate employees, part-time workers, and temporary employees) can receive consultation without going through the regular reporting line when problems related to personnel and labor affairs management, such as unfair or unjust labor affairs management practices or workplace harassment, occur (see page 116 for details). In order to promptly and appropriately respond to any serious violation of laws/regulations and internal rules, to acts that likely constitute such violation, or to acts that are inappropriate, the SuMi TRUST Group has established a compliance hotline system where all officers and employees, etc. can directly report to the Compliance Department or external law firms, in addition to the regular reporting channels (see page 30 for details).
Business partners	<ul style="list-style-type: none"> The SuMi TRUST Group established its CSR Procurement Policy to set forth guidelines on the preferential procurement of goods and services that are environmentally friendly and socially acceptable. All Group companies are stepping up their CSR procurement activities based on this Policy. With the cooperation of suppliers we continue to expand the scope of items covered under CSR procurement (see page 96 for details).

6. Multi-Stakeholder Partnership

Goal 17 of the SDGs promotes a diverse range of partnerships. Given the vital role of finance in the formation of a sustainable society, the Group places a strong emphasis on taking action, in partnership with various stakeholders, including other financial institutions, to tackle solutions to difficult challenges. We participate actively in partnerships within Japan and overseas.



Abbreviations for each company

Company name	Abbreviation
Sumitomo Mitsui Trust Holdings, Inc.	SMTH
Sumitomo Mitsui Trust Bank, Limited	SMTB
Sumitomo Mitsui Trust Asset Management Co., Ltd.	SMTAM
Nikko Asset Management Co., Ltd.	NAM

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is an international network to encourage financial institutions to consider sustainability in their behavior. In 2003, we were the first Japanese trust bank to become a signatory. In addition, we have participated in various working groups under UNEP FI and have contributed to strengthening initiatives in the finance industry, both in Japan and globally. Since January 2019, we have endorsed the Principles for Positive Impact Finance, the theoretical backbone of the Principles for Responsible Banking (PRB), and have participated in the Positive Impact Initiative, working with overseas banks to establish more advanced measures.



The Principles for Responsible Banking (PRB)

The Principles for Responsible Banking were formulated for the purpose of making bank operations conform with social goals, such as the SDGs and action on human rights problems and global warming countermeasures indicated by the Paris Agreement on climate change. In September 2019, SMTH announced that it will do its utmost to practice strategic business operations in conformity with the SDGs and the Paris Agreement, becoming the first signatory institution to the Principles for Responsible Banking (see pages 203-211).



The Principles for Responsible Investment (PRI)

SMTB, SMTAM, and NAM signed the PRI, which were formulated by the United Nations Global Compact and the United Nations Environment Programme Finance Initiative (UNEP FI) as a joint secretariat. The Principles call on institutional investors such as pension funds and asset managers to consider ESG (Environmental, Social, Governance) when making investment decisions. SMTAM is participating in the Water Risk Working Group, and both SMTAM and NAM are participating in the Palm Oil Working Group and other groups to practice engagement with relevant companies.



Net-Zero Banking Alliance (NZBA)

The NZBA is an international initiative among banks to achieve net-zero greenhouse gas (GHG) emissions through their investment and loan portfolios by 2050, and was launched in April 2021 under the leadership of the United Nations. SMTH became a signatory in October 2021.

Net Zero Asset Managers initiative (NZAMI)

The NZAMI is an initiative led by global asset managers to achieve net-zero greenhouse gas emissions from their assets under management by 2050. We pledged to achieve net-zero greenhouse gas emissions from our holdings by 2050. SMTAM and NAM became a signatory in July 2021 and November 2021, respectively.

United Nations Global Compact (UN Global Compact)

The UN Global Compact, proposed by former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labor, the environment, and anti-corruption. Signatory companies are called on to take measures to implement the compact. In July 2005, we became the first Japanese bank to sign the compact, and declared our resolve to act as a good corporate citizen by complying with and promoting the code of conduct. We also became a member of the "Global Company Network Japan (GCNJ)," in which signatory companies of the UN Global Compact participate.



Climate Action 100+

"Climate Action 100+" is a program of collaborative engagement with companies believed to have major impacts on global warming, taking place for five years from December 2017. This program is conducted based on the Task Force on Climate-related Financial Disclosures (TCFD), lists over 100 companies around the world that have high emissions of greenhouse gas, then practices engagement with them, in collaboration with PRI, Ceres, and other signatory institutions to call for information disclosures. SMTAM and NAM participate in this initiative.



TCFD (Task Force on Climate-related Financial Disclosures)

The FSB (Financial Stability Board), recognizing climate change as a risk affecting finance, announced its Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017, calling for even higher levels of transparency in disclosures related to climate change. SMTH, along with SMTAM and NAM, supports the TCFD recommendations, and are working on information disclosures in line with the recommendations (see 2021/2022 TCFD Report).



CDP

The Carbon Disclosure Project, founded in 2000 by international NGOs active on environmental issues such as climate change, is the forerunner of the CDP. This project sends annual questionnaires to companies with high market capitalizations in leading countries. The response rate it obtains from companies is rising year after year. Questionnaire responses are basically published, and scores based on action each company takes are published to the world. SMTAM and NAM participate in this initiative.



TCFD Consortium

The TCFD Consortium is a public-private partnership of signatories promoting the disclosure of climate-related information within the TCFD framework. We are participating in roundtables and exchanging views with signatories regarding initiatives on climate change issues. SMTH, SMTAM, and NAM joined the consortium when it was formed in May 2019.



The Equator Principles

The Equator Principles are international guidelines for private-sector institutions to ensure that impacts on the environment and regional communities are fully taken into consideration when implementing loans such as project finance loans. SMTB became a signatory in February 2016 (see pages 50-51). The fourth revision passed in 2019 enhanced considerations for indigenous peoples in developed countries and reinforced initiatives to address climate change risks.



Partnership for Carbon Accounting Financials (PCAF)

The PCAF is an international initiative to discuss and develop guidelines among financial institutions around the world regarding measurement methods and disclosure of greenhouse gas emissions from financial institutions' investment and loan portfolios. Over 150 financial institutions across the globe are members of the initiative, with rapid growth in North America, Latin America, Europe, Africa, and the Asia-Pacific regions. SMTH joined as a member in January 2022. We will work together with the other members to contribute to the reduction of greenhouse gas emissions worldwide, and to promote the advancement of the measurement and disclosure of our Group's greenhouse gas emissions.



The Poseidon Principles

In March 2020, SMTB became the first financial institution in Asia to sign the Poseidon Principles, which is an initiative established to help financial institutions address climate change risks in the shipping industry. Financial institutions that are signatories to the Principles will annually evaluate the level of achievement of CO₂ emission reduction efforts for ships covered by ship finance, and calculate and announce the contribution of each bank's overall ship finance portfolio to CO₂ emission reduction efforts (see pages 52-53).



Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD is an international initiative to discuss disclosures of risks and opportunities from the perspective of natural capital. SMTAM has been participating in informal working groups since before its inception in June 2021 to promote the project for its official launch. We currently serve as a member of the TNFD Forum.

**FAIRR**

SMTAM has joined FAIRR (Farm Animal Investment Risk & Return), an engagement group that mainly targets the fisheries and livestock industries, and participates in the “Sustainable protein supply chains,” one of the group’s current collaborative engagement programs. It aims to raise awareness among target companies of the large ESG risks and opportunities of products made from fisheries and livestock produce, linking that awareness to improvements in corporate activities. SMTAM aims to globalize its engagement activities, and gain knowledge and presence as a result.

**Business and Biodiversity Initiative “Biodiversity in Good Company” Leadership Declaration**

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, SMTH, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative “Biodiversity in Good Company,” which was led by the German government. Since that time, we have been playing a role as a leading company in this field and making proactive efforts to address this issue (see page 75).

**Access to Medicine**

Access to Medicine is a collaborative body which has major Western asset managers and asset owners as signatories. Its activities address major global pharmaceutical companies to raise their awareness of medical treatment services in developing countries, and to call for improved access to medicines. SMTAM aims to strengthen its engagement with global pharmaceutical companies.

**Natural Capital Finance Alliance (formerly the Natural Capital Declaration)**

SMTH signed the Natural Capital Declaration (NCD) proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) in June 2012. The Natural Capital Declaration will be reorganized as the Natural Capital Finance Alliance to expand its initiatives (see page 75).

**The 30% Coalition (USA), 30% Club (UK), and 30% Club Japan**

This is an investor network that works to raise diversity in company boards of directors. SMTAM has signed and engaged in the activities of the Thirty Percent Coalition in the USA and the 30% Club Investor Group in the UK. It also became a signatory to the 30% Club Japan Investor Group when it was founded in May 2019, with NAM following suit in July 2019, and both companies began activities in Japan.

**Global Principles for Sustainable Securities Lending (GPSSL or Global PSSSL)**

The GPSSL is a set of principles to promote sustainable financial transactions with the aim of establishing best practices in securities lending from an SDG/ESG perspective, including transparency, collateral, and the principles for exercising voting rights. SMTB became an inaugural signatory institution in September 2021.

**Ceres**

Ceres (Coalition for Environmentally Responsible Economies) is an NGO that encourages companies to take action on environmental issues, such as global warming. It practices positive engagement through an investor network that includes 150 participating institutional investors, mainly in North America. SMTAM participates in this initiative.



International Corporate Governance Network (ICGN)

The ICGN is an investor organization that provides support and advice for the implementation of corporate governance practices. SMTAM was appointed to the Board of Governors as a representative from Japan in September 2021. We have stepped up efforts to engage with governments, authorities, exchanges, and other parties around the world to enhance corporate governance. SMTAM, NAM, and SMTB participate as members.



Principles for Financial Action for the 21st Century (PFA21)

We have played a central role in the Principles for Financial Action for the 21st Century (PFA21) since the Principles were drafted in 2011. Moreover, since 2013 we have been a member of the Financial Principles Steering Committee (the “Steering Committee”), and served as chair of the Sustainable Community Support Working Group (WG), which practices outreach and education in sustainable finance in regional areas. We also participate in the Ministry of Environment’s High Level Panel on ESG Finance as an observer. SMTH, SMTAM, NAM, and Sumitomo Mitsui Trust Panasonic Finance are participants.



Council of Institutional Investors (CII)

The CII is an NPO that shares information and views on corporate governance, shareholder rights, and other matters. It collects information on corporate governance, financial markets and regulations, accounting and auditing, and diversity-related matters. SMTAM and SMTB are participating members.



Japan Sustainable Investment Forum (JSIF)

The JSIF is an NPO dedicated to promoting the sound development of sustainable investment and financing in Japan. An SMTAM officer serves on JSIF’s Board of Directors. We have contributed articles to the White Paper on Sustainable Investment in Japan and dispatched lecturers to sustainable finance courses at universities sponsored by JSIF. SMTH, SMTAM and NAM became signatories in March 2005.



AIGCC

The AIGCC (Asia Investor Group on Climate Change) is a group of Asian investors concerned with climate change. It is an initiative to generate awareness among Asian asset owners and financial institutions of the risks and opportunities associated with climate change and low-carbon investment. SMTAM and NAM participate vigorously in engagement through the AIGCC.



Well-being Initiative

The Well-being Initiative is an initiative that aims to build a global consensus for the development of new indicators to measure well-being, the promotion of well-being management, and recommendations to governments and international organizations, in collaboration with European and American academic researchers and consultants. SMTH joined the initiative when it was launched in March 2021.



Investor Agenda

The Investor Agenda was founded in February 2018 by asset managers (around 480 groups and agencies) that had signed the PRI, CDP, and Ceres. It is an initiative of institutional investors promoting low carbon in climate change-related behavior. Its purpose is collaboration and liaison on investment, corporate engagement, information disclosure by investors, and policy proposals. SMTAM and NAM participate in this initiative.



COLTEM

COLTEM (Collaboration Center of Law, Technology and Medicine for Autonomy of Older Adults) is a social technology development center, supported by the Japan Science and Technology Agency under the Ministry of Education, Culture, Sports, Science and Technology. It integrates law, engineering, and medicine to provide seamless support for older adults to live in the community in conditions ranging from health to cognitive impairment. SMTB participates in COLTEM, and contributes to the creation of systems for supporting those with dementia in making decisions and smoothly managing their financial transactions and assets (see page 154).



Compliance and Fair Business Conduct

1. Basic Initiative Policy

The SuMi TRUST Group sees compliance as adhering to laws, regulations, market rules, and internal company rules, etc., in addition to conformity to social norms, so we can fulfill the expectations of the stakeholders (clients, communities and society, shareholders, and employees) and earn their trust as stated in our Management Principles (“Mission”). The Group positions compliance as one of the most important management issues necessary for creating “The Trust Bank (Vision)” we aspire to be, and is working to implement better best practices.

So that the Group can implement a proper compliance framework at “The Trust Bank,” the Codes of Conduct (“Value”) declare our “strict compliance with applicable laws

and regulations” and the Compliance Rules stipulate what directors, officers, and employees need to comply with.

In addition, the Compliance Manual, a detailed companion guide to the Codes of Conduct, offers (1) explanations of codes of conduct that must be followed regardless of one’s duties and (2) clarification on how to respond when one discovers illegal behavior, while the Compliance Handbook and Company Rules provide specifics of the understanding and awareness directors, officers, and employees need to have according to their duty. We thus implement compliance by following these codes of conduct strictly in our daily business operations.

Compliance Standards for Directors, Officers, and Employees

1. Earn the Trust of Society	We must establish public trust through awareness of our social responsibilities and public mission, as well as through sound business administration founded on strong self-discipline.
2. Offer Quality Financial Products and Services	We must carry out all the functions of a trust bank group and endeavor to provide clients with quality financial products and services.
3. Be Firm against Antisocial Forces	We must be firm against antisocial forces.
4. Prevent Abuse of Financial Functions by Organized Crime	In accordance with the “Anti-Money Laundering Compliance Policy,” we must make efforts to prevent abuse of our financial services by taking a firm stance against money laundering and terrorist funding, and by strictly complying with relevant laws and regulations.
5. Ensure Management Transparency	We must strive toward appropriate and fair disclosure of how we manage our business and information about SuMi TRUST Holdings to ensure management transparency.
6. Construct Sound and Normal Relationships with Concerned Parties	In accordance with the “Anti-Bribery and Corruption Compliance Policy,” we must strictly comply with applicable laws and regulations on preventing bribery and corruption as we avoid pursuing profits by improper means. With respect to public servants/deemed public servants, as well as shareholders and other concerned parties with a business interest, we shall not offer entertainment, favors, or the like beyond socially accepted courtesies, nor shall we accept such entertainment or favors from concerned parties or other third parties (unless permitted under laws, regulations, internal company rules, or the like).
7. Pursue Comprehensive Fairness	We shall always distinguish between business and personal matters, and in the course of business operations, we shall not take a position contrary to SuMi TRUST Holdings’ interests nor use one’s position to advance personal interests or those of a third party.
8. Pursue Comprehensive Information Management	We shall not release to others any information obtained in the course of business or confidential matters of SuMi TRUST Holdings. We shall not, for any reason, use important unpublicized information, SuMi TRUST Holdings’ business secrets, or the like for illicit gain, to cause harm to SuMi TRUST Holdings or others, or for other illegitimate purposes.
9. Recognize Duties as a Fiduciary	With regard to the trusts offered by the Group, we must recognize our obligation as a fiduciary toward settlors and beneficiaries, and as a fiduciary we must faithfully carry out our trust operations with the care of a good manager.
10. Prohibit Compensation for Losses	In the event that a client or other party suffers a loss originating from a financial product or service provided by the Group, losses shall not be compensated without rational grounds.
11. Improve Workplace Orderliness	We must respect individual people’s personalities and traits without discriminating in any situation. We must also emphasize, and constantly endeavor to sustain and improve, order in the workplace, thus ensuring a pleasant work environment.
12. Uphold our Fiduciary Duties	In accordance with the “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group,” we must endeavor to uphold our fiduciary duties.

Initiatives to Foster Compliance Awareness

With the approval of the Board of Directors, the SuMi TRUST Group has created a compliance manual which provides an explanation on the background and purpose of the Codes of Conduct and rules concerning laws, regulations, and other conventions to be adhered to, and measures to be taken in the event of any compliance infractions. The contents of

this manual have been made widely known to all directors, officers, and employees across the Group.

Furthermore, the Group is improving training on compliance throughout the entire Group to help foster an awareness of compliance matters. Specifically, support is provided with trainings carried out by supervising departments responsible for compliance at each Group company, such

as by providing training materials, dispatching instructors, and planning and implementing discussion-based study sessions on themes that span the whole Group.

In addition to the above, efforts are being made at each Group company to raise awareness and ensure thorough implementation of compliance matters through training and study sessions tailored to the characteristics of business and products at each company and the aspects of their clients, as well as through e-learning programs on specific themes and guidance on a daily basis.

Furthermore, in order to accurately ascertain how matters of compliance are being understood, the Group conducts an annual survey on compliance awareness each fiscal year at major subsidiaries and elsewhere, in an effort to understand the actual situation and improve any issues. The survey is an attempt to understand the situation of the entire Group by, for example, setting common questions in order to grasp Group-wide issues and to implement any effective measures.

2. Outline of Initiatives

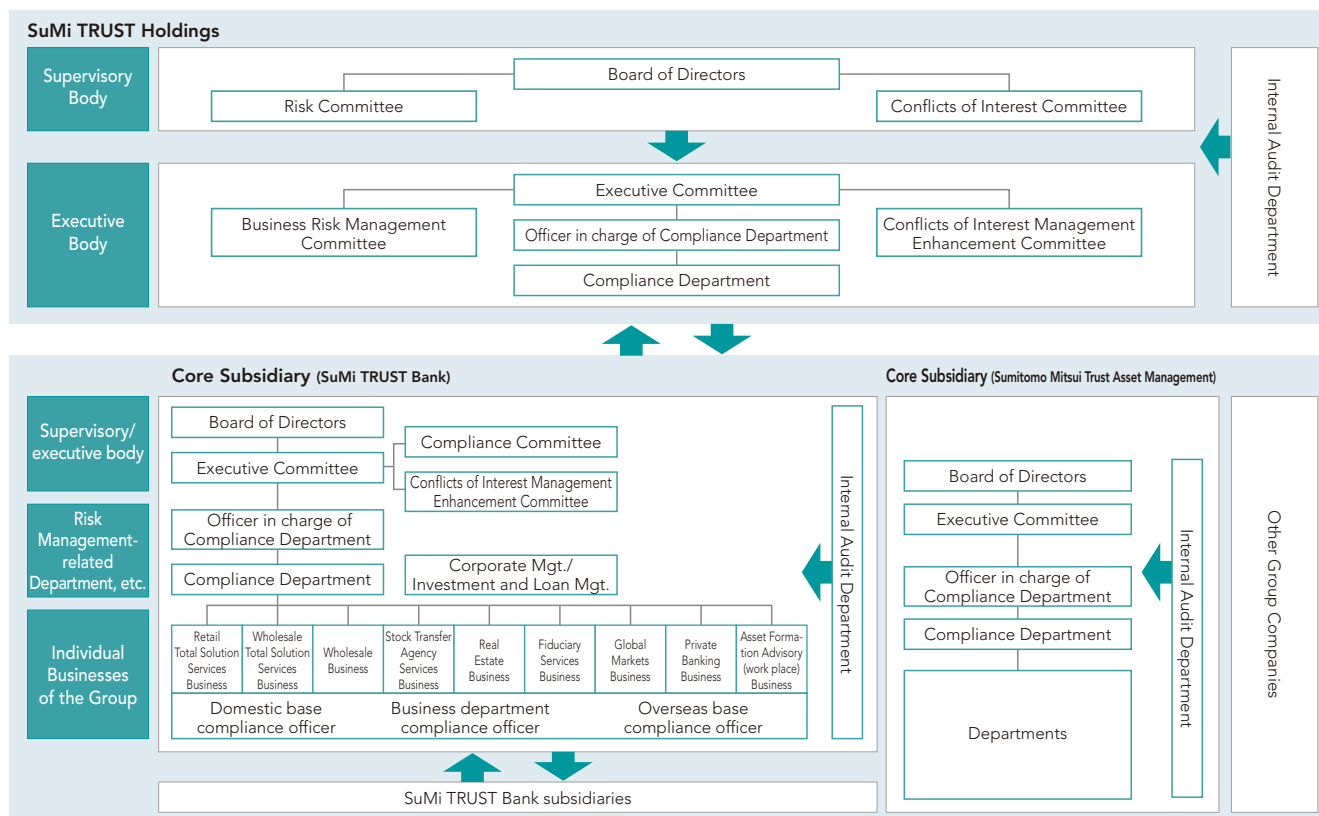
Compliance System of the Group

With the approval from the Board of Directors, the Group formulates a compliance program consisting of a detailed implementation plan for compliance each fiscal year, and the Board of Directors regularly monitors and evaluates the program's progress.

Furthermore, in order to maintain an appropriate compliance framework in line with the business characteristics of each Group company, we manage the compliance framework for the entire Group, such as by formulating compliance programs for each company and providing guidance and oversight on the state of progress and achievement of these programs. Additionally, risks related to compliance are designated as legal and compliance risk, which is one of the risk subcategories under operational risk.

Group companies create compliance structures that are suited to their operations and founded on the compliance policy and other guidelines prescribed by SuMi TRUST Holdings.

For example, the supervising unit for compliance at core subsidiary SuMi TRUST Bank is the Compliance Department. In accordance with SuMi TRUST Holdings' compliance policy, SuMi TRUST Bank formulates its own compliance policy and a Compliance Program, while also monitoring the state of management and administration. In addition, the state of management and administration and other states are reported to the Executive Committee and the Board of Directors upon verification by the Compliance Committee, which is chaired by the officer in charge of the Compliance Department.



The Roles of the Board of Directors, Executive Committee, and Compliance Department Officers

Board of Directors	<ul style="list-style-type: none"> • Establish the Group's compliance framework, supervise execution • Set policy and organizational structure pertaining to compliance • Prepare the compliance manual, assess preparation, progress, etc. of the compliance program
Executive Committee	<ul style="list-style-type: none"> • In advance examine Board of Directors decisions and reports (decisions on compliance matters and matters on constructing frameworks for supervisory departments) • Matters concerning the approval and publicity of rules and regulations • Analyze the state of compliance, look into problems
Directors/Executive Officers	<ul style="list-style-type: none"> • Execute compliance-focused management while keeping in mind important points such as compliance's importance and laws and regulations pertaining to assigned duties
Compliance Department Officers	<ul style="list-style-type: none"> • Review policies and concrete measures that establish and entrench a proper compliance framework based on an accurate understanding on the state of compliance in the Group
Compliance Department	<ul style="list-style-type: none"> • Generally supervise compliance in the Group • Prepare required rules for our compliance framework, implement action and guidance, address issues, augment the training system • With regard to the compliance program, formulate plans and manage progress, etc., provide guidance by monitoring the state of administration • Bring up and report to the Board of Directors, the Executive Committee, etc. on compliance matters

Compliance Hotline System

In order to promptly and appropriately respond to any serious violation of laws/regulations and internal rules, to acts that likely constitute such violation, or to acts that are inappropriate, the SuMi TRUST Group has established a compliance hotline system*¹ where all officers and employees, etc. (including part time employees, dispatched employees, retired employees, and officers and employees, etc. of partner business operators, etc.) can directly report to the Compliance Department or external law firms, in addition to the regular reporting channels. The compliance hotline system operated by SuMi TRUST Holdings is registered under the Whistleblowing Compliance Management System (Self-Adaptation Declaration Registration System)*².

This hotline system enforces rigorous control of information and protection of whistleblower privacy to ensure their protection, and prohibits adverse treatment of whistleblowers who utilize the system appropriately and those who cooperate with investigations. In addition, in order to make the hotline system more accessible, we have also established simple reporting methods, giving whistleblowers the option to call external law firms or use SuMi TRUST Bank's web-based 24-hour anonymous reporting system. Furthermore, in order to ensure unified management of the Group, SuMi TRUST Holdings has its subsidiaries establish systems equivalent to this system (as necessary). The reported information is consolidated at SuMi TRUST Holdings, so that the Company can utilize this information to enhance its compliance system going forward. Moreover, in order to promote the appropriate use of the system, SuMi TRUST Bank, one of the major subsidiaries, has taken the lead in establishing and providing Q&As and training tools for employees and others. Compliance awareness surveys are also implemented at major subsidiaries, etc. in order to gauge their level of awareness. As a result of the measures implemented to

promote the use of the hotline system, the number of reported cases has increased since fiscal 2019.

In addition to the above, the SuMi TRUST Group has established an accounting hotline system since fiscal 2017 to report inappropriate accounting, etc., and has disclosed contact points on its website*³ while also raising awareness of the system among subsidiaries and others. In addition, SuMi TRUST Bank has a personnel consultation desk (LGBTQ Consultation Desk) and other services to provide various consultations regarding unfairness and injustice in personnel management as well as on workplace harassment and human rights issues (see page 116 for details).

The table below shows the number of reported cases across the various systems.

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Compliance Hotline System	15	12	16	30	31
Accounting Hotline System	—	0	0	0	0
Personnel Consultation Desk	78	65	76	68	99

*Cases reported to SuMi TRUST Bank

*¹ Overseas offices can report in their local language.

*² The Whistleblowing Compliance Management System (Self-Adaptation Declaration Registration System) is a system in which businesses evaluate their own whistleblowing system and then submit an application to the designated registration body of the Consumer Affairs Agency. If certain certification criteria are met, the business is registered with the Agency and granted authorization to use the designated WCMS mark.

*³ For more information on the Accounting Hotline System, see the following page: https://www.smth.jp/english/about_us/management/compliance

Response at the Time of Compliance Violations

To effect an appropriate response when compliance violations by directors, officers, or employees are discovered, the Group clarifies "How to Respond to the Discovery of Illegal Behavior" in the Compliance Manual, a detailed companion

guide to the Codes of Conduct, and obligates directors, officers, and employees to report to the Compliance Department through higher-ups. When the Compliance Department receives a report from a department committing a compliance violation, the Compliance Department will conduct an investigation with the reporting department, coordinate with clients to reach a solution, submit reports in-house and to the authorities, determine whether a public announcement

is necessary, and otherwise provide guidance and advice on executing the required response in order to settle the issue. Along with verifying the appropriateness of measures to prevent recurrence by the violating department and its supervising unit, the Compliance Department will improve the report and control framework to deter and curtail accidents and to raise the quality of work.

3. Response to Major Compliance Risks

Major Compliance Risks

- Leakage of customer information
- Inappropriate acquisition and use of personal information
- Lack of credibility in products and services offered
- Violation of the principle of suitability
- Inadequate explanations to customers
- Insincere responses to customer consultations and complaints
- Relationships with customers that lack moderation
- Transactions with conflicts of interests
- Inappropriate accounting treatment
- Disregard for information disclosure
- Illegal payoffs
- Inhibiting free and fair competition
- Insider trading and other forms of unfair trading
- Violation of Foreign Exchange and Foreign Trade Act
- Infringement of intellectual property rights
- Opaque relationships with government authorities
- Dealings with antisocial forces
- Money laundering
- Financing of terrorism

Prevention of Money Laundering^{*1}

With the approval of the Board of Directors, the Group has published its Anti-Money Laundering Compliance Policy, making clear its resoluteness in standing up to money laundering.

In order to prevent abuse of financial services throughout the entire Group including at its overseas offices, the Company has established its global guidelines on AML/CFT^{*2} as guidance across the Group for establishing a preventive framework. The Company oversees the Group's anti-money laundering framework and provides guidance on improvements towards any issues through regular risk assessments of the anti-money laundering framework at each Group company and by checking the implementation status of risk mitigation measures.

Each Group company implements risk mitigation measures for those identified risks. Specifically, in addition to checks based on laws and regulations at the time of opening an account or accepting remittances (Act on Prevention of Transfer of Criminal Proceeds, Foreign Exchange and Foreign Trade Act, etc.), rigorous screening is carried out including the hearings on aspects of the client and the purpose and details of the transaction. Additional hearings are also implemented depending on the degree of risk associated with money laundering.

Moreover, even after the start of a transaction, the system

monitors whether there has been any unlawful account activity, etc., and in the event that any transaction is suspected to be related to money laundering or the financing of terrorism, such activity will be properly reported to authorities in accordance with the reporting standards and procedures set forth in the internal regulations, with reference to the Suspicious Transaction Reference Cases published by the competent authorities. Should the use of financial services for fraudulent purposes become apparent, measures are taken, such as by promptly restricting transactions as necessary, to prevent further abuse of financial services.

Furthermore, in order to enhance the above framework, the Group provides support through in-house training on the prevention of money laundering, etc. in line with the business characteristics of each Group company and provides training materials and advice on obtaining professional qualifications, etc. By doing so, efforts are being made to improve the preventive framework against money laundering and other crime activities throughout the Group.

^{*1} Money Laundering is the act of hiding a source of money obtained illegally (for example, through the sale of illegal drugs) by routing it through multiple bank accounts or financial instruments in order to make it appear as if the money had been obtained through legitimate means. Financing of terrorism refers to providing terrorists with the necessary funds to perform terrorist acts, such as bombings and hijacking. The Group terms the prevention of our financial services from being used for financial crime activities, such as money laundering and the financing of terrorism, as anti-money laundering measures.

^{*2} AML: Anti-Money Laundering, CFT: Combating the Financing of Terrorism

Anti-Money Laundering Compliance Policy

1. Organizational structure

The SuMi TRUST Group has established and developed a comprehensive organizational structure and its Anti-Money Laundering Compliance Program for preventing money laundering and terrorist financing.

2. Management commitment

Top-level executives are assigned to be in charge of overseeing the Anti-Money Laundering Compliance Program.

3. Assessing money laundering risk

The SuMi TRUST Group conducts a periodic money laundering risk assessment, and based on it, implements and enforces its Anti-Money Laundering Compliance Program.

4. Customer Due Diligence

The SuMi TRUST Group has established and maintains risk-based customer due diligence, identification, verification and know your customer (KYC) procedures.

5. Sanctions list screening

The SuMi TRUST Group fully complies with applicable sanctions laws and regulations in every jurisdiction in which it operates, including filtering customers and other persons.

6. Suspicious activity monitoring and reporting

The SuMi TRUST Group conducts transaction monitoring on an ongoing basis to detect and report suspicious transactions to the appropriate regulatory body.

7. Training

All officers and employees are required to take appropriate training regarding anti-money laundering compliance on a regular basis.

8. Record keeping

The SuMi TRUST Group maintains appropriate records for the minimum prescribed record-keeping periods.

9. Disciplinary action

All officers and employees may be subject to disciplinary action, up to and including dismissal, in case of violation of applicable laws or internal rules.

10. Monitoring and testing

The SuMi TRUST Group regularly conducts monitoring and testing including internal audits for compliance with the Anti-Money Laundering Compliance Program through a risk-based approach.

Response to Antisocial Forces*

In order to realize the Group's Management Principles and Ideal Model of "The Trust Bank," the Group has declared its resolute stance against antisocial forces in its Codes of Conduct ("Value"), taking initiatives to prevent transactions with antisocial forces.

Specifically, in addition to incorporating a clause to exclude the involvement of organized crime group in various products and services as a check against antisocial forces and as a contractual justification to cancel any transactions if they are determined to be antisocial forces after the start of any transaction, a framework has been established to prevent transactions with antisocial forces by checking with a database operated by the National Police Agency, via the Deposit Insurance Corporation of Japan, mainly for new loans for individual clients. In addition, we have a framework in place to check whether the counterparty to a transaction is an antisocial force after the commencement of the transaction. In cases where the counterparty is found to be an antisocial force, we have established a framework that allows us to take measures in close coordination with external specialist organizations, such as the police, for the eventual cancellation of the transaction.

Additionally, training for the prevention of transactions with antisocial forces is provided to directors, executive officers, and employees once every fiscal year to improve awareness of preventing such transactions.

*Antisocial forces refer not only to organized crime groups and their members, but also to individuals and companies related to these groups that threaten the order and security of civil life.

Prevention of Insider Trading

In order to prevent insider trading, the Group strictly manages and stipulates the reporting obligations, delivery and management practices for insider information that may be obtained during the execution of working duties in its Rules on Insider Information Management.

In 2018, the asset management function of SuMi TRUST

Bank was integrated into Sumitomo Mitsui Trust Asset Management Co., Ltd. (SMTAM) to strengthen the asset management business, which is positioned as the Group's growth business, thereby establishing a strict information blocking system with other Group companies.

As well as having particularly strict controls and information blocking to prevent insider information from being leaked to departments that handle investments (asset management), SMTAM has established its Guidelines on Contact, etc. with Securities Companies, etc. prohibiting improper contact between our employees in charge of investing and sales persons at securities companies.

In addition, the Group has established a training framework for preventing insider trading in a way that is tailored to each company's situation. For example, our core subsidiary SuMi TRUST Bank conducted two rounds of training for all employees (in addition to four rounds a year for Fiduciary Services Business), while all directors, officers, and employees submit a vow twice a year (four times a year in the Fiduciary Services Business) that includes a pledge to comply with internal company rules on preventing insider trading.

Progress in the implementation of the measures to prevent recurrences of insider trading

We have implemented all the measures to prevent recurrence of insider trading that were announced by the SuMi TRUST Group in March and June 2012.

In addition, while investment services at SuMi TRUST Bank were integrated with Sumitomo Mitsui Trust Asset Management on October 1, 2018, SuMi TRUST Bank is still working to prevent recurrent insider trading as SuMi TRUST Holdings continues to take a lead in conducting regular monitoring of how the preventive measures are being implemented and entrenched.

*Details of the violation of insider trading regulations that occurred in 2012 are described in the 2012 CSR Report.

URL: https://www.smth.jp/english/-/media/th/english/sustainability/report/2012/2012e_04.pdf

Initiatives to Prevent Bribery and Corruption*

In order to prevent the exchange of entertainment and gifts in violation of laws, regulations, social practices, and customs, the Group has published its Anti-Bribery and Corruption Compliance Policy with the approval of the Board of Directors, and is implementing a program against bribery and corruption under the supervision of the management team. The program is reviewed and improved through regular risk assessments on bribery and corruption, and at overseas offices where bribery and corruption risks are particularly high, the Group is working to improve its system for preventing bribery and corruption, such as by building close coordination with local legal offices to allow for swift and proper responses. In addition, the Group complies with laws and regulations regarding political funds, etc., such as only targeting political parties and political fund organizations for donations related to political activities, and appropriately obtains the necessary prior approval for the expenditure of donations (the Group's political donations amounted to 10 million yen in fiscal 2021).

Next, to make sure we abide by anti-bribery initiatives, the Group periodically conducts monitoring to confirm the state

of implementation, and every fiscal year conducts training for directors, officers, and employees. These training sessions are aimed at raising awareness of the Group's stance on bribery and corruption, the necessary pre-approval procedures such as the absence of conflicts of interest with counterparties (e.g., licensing, subsidies, contracts), and acceptable guidelines (e.g., when dealing with public officials who are not stakeholders of the Company). Additionally, departments that are more likely to face bribery risks, such as business management, wholesale, and investment and loan-related departments, are required to undergo additional specialized training and submit a pledge of compliance. For more effective training at overseas offices, the Group provides training based on the regulations of the country in which the office is located, as well as lecture-based training with local lawyers as lecturers.

There have been no incidents of bribery or corruption in the Group.

*The Group defines bribery and corruption as the act of offering, promising, or providing entertainment, gifts of money or goods, or other benefits with the intent to improperly influence the counterparty, and the act of receiving or requesting goods or services with the intent to improperly benefit the provider.

Example Initiatives in Anti-Bribery and Corruption Programs

Prior authorization system for entertainment, gift-giving, etc.	For corporate action that could lead to bribery or corruption—including of course entertainment and gift-giving, as well as bearing expenses, making donations, or providing aid—we manage this action to require prior authorization, even if the said action is permitted under relevant laws, regulations or other rules
Centralized Hiring and Trainee Acceptance	To prevent illegitimate provision of benefits through hiring or trainee acceptance, we have built mechanisms that are centrally managed by HR departments
Obligatory due diligence before concluding certain contracts, training for directors, officers, and employees	To address the risk of funds being provided through consultants or other third parties, due diligence on the said third parties is obligatory before concluding certain kinds of contracts
Monitoring and testing (including internal audits)	Periodic monitoring and testing verify the state of implementation on an individual basis

Anti-Bribery and Corruption Compliance Policy

1. Management commitment

Top-level executives are assigned to be in charge of overseeing the Anti-Bribery and Corruption Compliance Program.

2. Assessing bribery and corruption risk

The SuMi TRUST Group conducts a periodic bribery and corruption risk assessment, and based on it, implements and enforces the Anti-Bribery and Corruption Compliance Program.

3. Pre-approval before providing entertainment and gifts

All officers and employees are required to obtain pre-approval before providing any form of facilities such as entertainment, gifts, or donations to any governmental official or any related persons even where it is specifically permitted by law or regulation.

4. Compliance with laws and regulations regarding political activities and political funds

The SuMi Trust Group complies with all laws and regulations regarding political activities and funds, such as limiting donations related to political activities to political parties and political fund-managing organizations. In addition, the necessary prior approvals are required for the expenditure of donations related to political activities to be appropriately dealt with.

5. Conducting an appropriate due diligence

When establishing a relationship with a new third party, including an

agent or consultant, or merger and acquisition targets, the SuMi TRUST Group conducts a due diligence regarding bribery and corruption risk through a risk-based approach.

6. Overseeing employment and trainee acceptance

The SuMi TRUST Group assesses the appropriateness of hiring employees and accepting trainees to avoid even the appearance of unlawfully offering a benefit to any governmental official or any related persons.

7. Training

All officers and employees are required to take appropriate training regarding anti-bribery and corruption compliance on a regular basis.

8. Whistle-blowing system

If a violation related to bribery or corruption is detected, all officers and employees can use a whistle-blowing system with a prohibition against any retaliation of anyone who makes a report in good faith.

9. Disciplinary action

All officers and employees may be subject to disciplinary action, up to and including dismissal, in case of violation of applicable laws or internal rules.

10. Monitoring and testing

The SuMi TRUST Group regularly conducts monitoring and testing including internal audits for compliance with the Anti-Bribery and Corruption Compliance Program through a risk-based approach.

Prevention of “Dango” Bid-Rigging and Cartels

To comply with the Antimonopoly Act, the Group has instituted the Company Code of Conduct for the Antimonopoly Act in the compliance manual. This code of conduct spreads awareness among directors, officers, and employees by providing them with comprehensible and relatable content, which includes specific examples using problems that could occur in the course of business at the Group.

Furthermore, at group companies we have created rules for checking up on prohibited concerted action, abuse of one’s dominant position, false or exaggerated advertising and the like as a means of strict management to remain compliant with the Antimonopoly Act.

Protection of Intellectual Property Rights

The Group’s compliance manual contains a policy on respecting intellectual property rights. Directors, officers, and employees are strictly prohibited from engaging in the unauthorized duplication or use of other people’s copyrighted materials or the like. To further properly defend intellectual property rights, the Group writes internal rules for the proper use of such rights belonging to group companies.

Financial Losses Related to Compliance Risks

Between 2020-2021, the Group experienced incidents of improper handling of operations concerning tallying of client voting rights exercise forms as well as misconduct by a former employee. Please refer to the news releases below for overviews of the respective situation and details regarding our response to the incidents.

In the case of the misconduct by a former employee, SuMi TRUST Bank provided compensation to the affected clients on behalf of the former employee (the amount equivalent to the principal and the full amount of the damages for delay caused by the former employee’s embezzlement and temporary misappropriation of funds). SuMi TRUST Bank is demanding payment for the full amount of compensation from the former employee.

- September 18, 2020: Notice regarding Operations concerning Tallying of our Client’s Voting Rights Exercise Forms
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/200918.pdf>
- September 24, 2020: Notice regarding the Findings of the Investigation into Operations concerning Tallying of our Client’s Voting Rights Exercise Forms
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/200924.pdf>
- December 17, 2020: Notice regarding Reforms and Preventative Measures, etc. in Operations for the Tallying of Voting Rights Exercise Forms
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/201217.pdf>
- October 22, 2021: Status of Reforms and Improvements in Operations for the Tallying of Voting Rights Exercise Forms
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/211022.pdf>
- January 22, 2021: Notice regarding Incident of Misconduct by a Former Employee
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/210122.pdf>
- November 2, 2021: Notice regarding the Status of the Investigation into the Misconduct of a Former Employee, etc.
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/211102.pdf>

The SuMi TRUST Group’s Basic Policies on Tax Compliance

The Group recognizes that properly fulfilling tax obligations is an important social responsibility.

The Group has established the basic policy on tax compliance by resolution of the Executive Committee in order to raise the tax awareness of the Group’s officers and employees, appropriately manage taxation, and conduct corporate activities while balancing the interests of all stakeholders, including clients, investors, national governments, and local communities.

Based on this policy, we comply with the tax laws, notices and guidelines of each country, tax treaties, OECD transfer pricing guidelines, BEPS*¹ action plan, etc., and strive to pay appropriate taxes and prevent tax avoidance activities in violation of these laws*².

The Group does not engage in transactions solely for the purpose of aiding tax avoidance or transfer of income. Under the direction of the Chief Financial Officer, who is responsible for taxation, the Group’s tax team and the management of the Group’s domestic and overseas offices work together to carry out tax-related work in line with this basic policy. In addition, we strive to improve tax literacy by utilizing specialists in order to comply with the tax laws of each country and contribute to proper tax payment.

In addition, highly important matters are reported to and resolved by the Board of Directors.

*1 BEPS: Base Erosion and Profit Shifting

*2 UK tax strategy

https://www.smtb.jp/-/media/th/about_us/management/compliance/pdf/UK_Tax_strategy.pdf

Tax Compliance Policy

Tax Law Compliance

We comply with rules regarding taxes such as national tax laws, directives and tax treaties and properly fulfill our tax obligations.

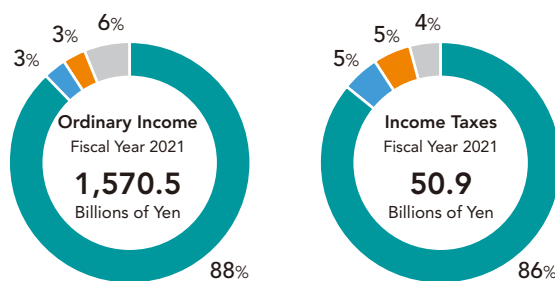
Response to Tax-related Risks

The Group recognizes risks relating to taxes as an important issue from a management viewpoint. In a context where we balance the interests of various stakeholders such as clients, investors, national governments and local communities from an overall perspective, we appropriately manage tax-related risks and conduct our corporate activities.

Relationship with the Tax Authority

We build a relationship of trust with the tax authority by enhancing transparency through information disclosure and other means.

The Group documents transactions that comply with the principle of arms’ length transactions between independent companies for transactions that cross borders but are between Group companies. We have put into place systems we can explain to the tax authority of each country where we operate.



■ Japan ■ Europe ■ Asia ■ Others

Ordinary income and tax payments by Country are posted based on the Country-by-Country Report submitted to the tax authorities.

Initiatives to Enhance and Sophisticate Operational Quality

In 2020, it became evident that SuMi TRUST Bank has been handling the tallying operations of voting rights exercise forms for the general meeting of shareholders of client companies in an inappropriate manner. There was also a case of misconduct in which a former employee of SuMi TRUST Bank embezzled client funds. These incidents undermine the expectations and trust of clients and society towards our

Group, and we have taken the issues very seriously.

We acknowledge anew that maintaining high operational quality is the source of strength of our trust banking Group and the foundation sophisticated that earns the trust of our clients and society. We will therefore strive to enhance and sophisticate our operational quality in order to respond and exceed the expectations of stakeholders.

Process of Remedial Actions

(1) Identify structural issues

We identified the structural issues inherent to the Group through interviews with each business and business management department.

- Supervision across the Group
- Risk management system that suits the trust business
- Sophistication of operational processes

(2) Strengthen organizational functions

We strengthened the functions of the organization, including defining the roles of the organization in the action towards resolving the structural issues identified in (1).

(3) Develop an operational structure to improve operational quality autonomously

We are undertaking step-by-step actions to ensure the effectiveness of organizational functions, embed risk culture in the organization, and develop a robust operational structure that can improve operation quality continuously and autonomously.

(Initiatives for FY2021 and beyond)

Specific Actions

(1) Restructure the risk management structure

In an aim to drive the strategies of our Group companies and optimize the allocation of resources, we established an Affiliates Management Department to consolidate and strengthen the supervisory functions over Group companies within the Corporate Planning Department including the Asset Management Business Planning Department. In addition, we added the functions to manage operational quality and operational risks within the Business Process Management Department of SuMi TRUST Bank.

We have clarified that the Business Process Management Department of SuMi TRUST Holdings is responsible for management and supervision of all the operational quality and quality verification functions across the entire Group, and work to evaluate and enhance each operational process based on a unified standard.

(2) Enhance visualization of the processes

In order to make the Three Lines of Defense model work effectively, we must better visualize the processes and continually monitor and optimize the value chain of the entire Group.

With better visualization of the processes, we can redevelop from scratch any process that was to date considered routine and eliminate potential risks at the First Line. By conducting objective reviews of the visualized processes, the Second Line can strengthen the capability to detect problems within a process, and the Third Line can improve the effectiveness of the audits. By clearly defining the roles of the First, Second, and Third Lines of Defense as such and establishing common ground for risk awareness, we can promote mutual understanding, which will lead to

preventing the occurrence of potential risks and fostering a risk-conscious culture.

The visualization of processes can also help us identify similar operations which have been handled by different departments within the Group. We will seek to increase efficiency and reduce costs by standardizing the similar operations that are identified. In addition, obtaining and managing quantitative information on resources that are necessary to execute the operational processes will facilitate business portfolio reviews and enable us to enact faster and more flexible decision-making that meets the needs of clients and society.

(3) Strengthen supervision by the Board of Directors

The Board of Directors receives regular reports on the status of the initiatives from the Internal Audit Department and Audit Committee, exercises supervision on an ongoing basis, and provides appropriate advice and recommendations depending on the status of the initiatives. In particular, we will focus our supervision on the following points to further strengthen the internal controls over the entire Group: (1) status of initiatives to improve/enhance operational quality; (2) status of instilling sound corporate culture; (3) status of the effects of internal control functions based on communication and containment of information; and (4) status of the effects of the Board of Directors' check and balance function over management.

Please refer to pages 50-52 of the 2021 Integrated Report for detailed information on our initiatives for improving and enhancing operational quality.

Ensuring Appropriate Tallying Operations of Voting Rights Exercise Forms at the Shareholders' General Meetings and Promotion of Electronic Voting

Reforms and Improvements in Procedures and System of New Tallying Operations

Japan Stockholders Data Service Company, Limited (hereinafter, "JaSt"), to which the Group entrusts its tallying operations, has replaced the inappropriate treatment of forward processing*¹ with a new method of tallying operations based on the actual date the voting rights exercise forms are received from the post office, starting with the general meetings of shareholders entrusted by our client companies (hereinafter, "entrusting companies") held in March 2021. In addition, instead of receiving the voting rights exercise forms by delivery from the post office, we established a post office box where JaSt collects the voting rights exercise forms.

The review of the new tallying operation flow is implemented upon confirming the appropriateness and legality with outside legal counsel, accountants, and consultants (hereinafter, "external experts"). In addition, as a result of our efforts to increase tallying staff and system devices, as well as improve capacity for tallying tasks by enhancing system functionalities, we were able to complete tallying operations without delay at the general meetings of shareholders of entrusting companies held in June 2021, during the busy months when shareholders' meetings are concentrated.

*¹ Forward processing refers to the process by which JaSt, in order to secure time to conduct the tallying of a large number of voting rights exercise forms during the busy months of March, May and June when general meetings of shareholders are usually concentrated, coordinated with the post office to receive the posted forms on the day prior to the delivery date on which the prescribed postal office tasks relating to said items were to be completed, but aggregated the forms based on the date on the Certificate of Delivery, which bore the date on which the forms should have been delivered to JaSt. As a result of forward processing, voting rights exercise forms received before the deadline for exercising voting rights were excluded from the aggregation.

Implementation of Preventive Measures

Based on a root cause analysis of the incident (forward processing), the Group has implemented measures to prevent recurrence, including strengthening our organizational structure and management system, enhancing effectiveness, and ongoing efforts to increase awareness of compliance. At SuMi TRUST Bank, the verification was conducted by a project team consisting mainly of external experts as well as various risk management-related departments, which are responsible for monitoring and supervising operations independently from the Stock Transfer Agency Services Business.

We believe the causes of this incident include inadequate verification at the time of implementing forward processing, insufficient verification of the appropriateness and legality of the operational rules themselves, and lack of opportunities to reexamine operations due to the restricted rotation of staff in the Stock Transfer Agency Services Business. Accordingly, we have implemented measures to address each of these issues with respect to our legal compliance framework, outsourcing management, internal audit structure, and fiduciary duties.

Promotion of Electronic Voting*²

With the aim of contributing to the sound and sustainable development of capital markets by providing a highly convenient system to entrusting companies and ensuring the prompt and appropriate tallying operations of voting rights exercise forms, the Group is working to expand the number

of companies using the electronic voting scheme and encouraging shareholders of entrusting companies to exercise their voting rights electronically.

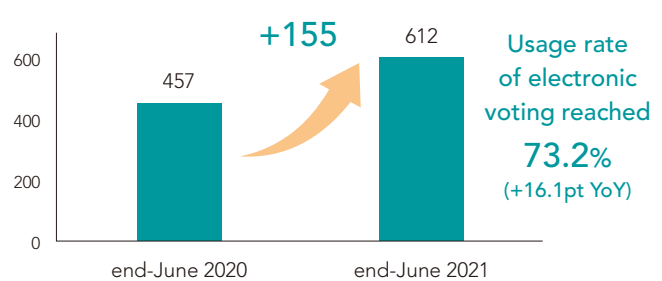
In addition, starting from general meetings of shareholders held in May 2021, SuMi TRUST Bank has implemented a present campaign*³ for shareholders of entrusting companies with the aim of increasing awareness and utilization of Smart Exercise*⁴, which is one of the most convenient electronic voting options for individual shareholders. As a result, the number of companies using the electronic voting scheme rose substantially year-on-year at general meetings of shareholders held in June, when about 60% of entrusting companies hold their meetings, as shown in the chart below.

*² The figures in the text and chart represent companies that entrust stock transfer operations to SuMi TRUST Bank.

*³ A brochure promoting the use of Smart Exercise is enclosed with the notice of convocation. QUO prepaid cards are awarded by drawing to shareholders who actually used the Smart Exercise service and responded to the survey.

*⁴ Smart Exercise is a service that enables shareholders to exercise their voting rights by scanning the QR Code® on the voting form with a smartphone and logging into the dedicated website without entering their ID and password.

Number of companies that entrusted their shareholders' meeting held in June



For the 401 companies that participated in the Smart Exercise present campaign noted above, which was particularly effective, the percentage of electronic voting increased 35.6pt year-on-year to 54.4%, and the percentage of voting rights exercised improved substantially to 44.3%, up 9.1pt year-on-year.

In promoting the electronic voting for institutional investors, we worked with ICJ, Inc., which operates the electronic voting platform (the "Platform"), to encourage the adoption and use of the Platform by entrusting companies. As a result, the number of companies using the Platform among the entrusting companies that hold their general meeting of shareholders in June rose by 36 year-on-year to 331 companies.

In addition, we held discussions with key relevant parties through industry associations such as trust associations and eliminated the process of obtaining consent from asset owners, which had been a prerequisite for asset management companies to use the Platform through their asset administration bank (custodial bank). This will lower the burden on asset owners and encourage institutional investors and others to use the Platform.

The Group recognizes anew its responsibility as a trust bank group to continue to serve as the backbone of corporate governance and to meet social expectations for steady and robust execution of operations, and will endeavor to contribute to the sound development of capital markets.

Risk Management and Materiality Management

1. Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Group follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, validation for advancement, and review, based on the Group's management policy

and basic policy on the internal control system.

The Group's risk management framework encompasses the Risk Appetite Framework (RAF)*, and integrates it to function organically within the Group.

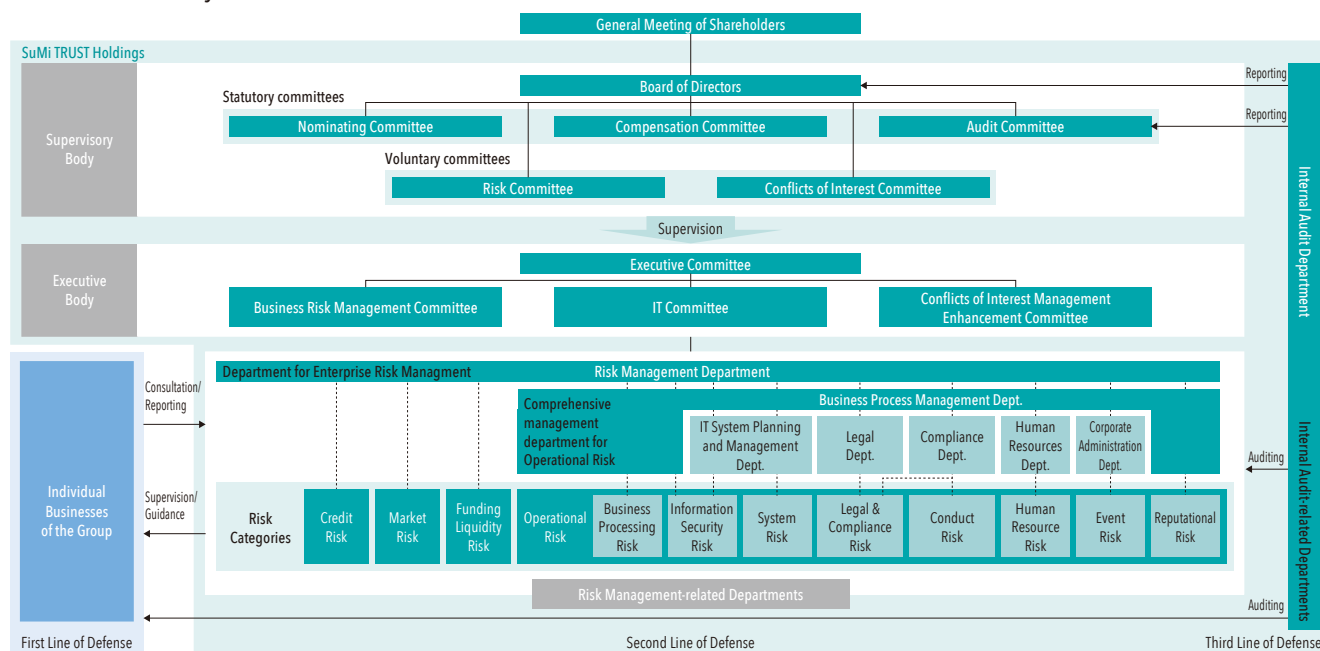
*The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process for determining risk appetite (the type and amount of risk to be willingly taken to achieve the management plan) within the Group's risk capacity, in order to achieve management strategies formulated based on the Group's reason for existence ("Purpose") and management principles, together with an internal control system that monitors the process and ensures its appropriateness and sufficiency.

2. Risk Governance System

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system under the Risk Appetite Framework consisting of risk management by individual businesses (first line of defense), risk management

by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

Risk Governance System



(1) First Line of Defense

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business. Each business takes risks within the scope of its risk appetite in accordance with its risk-taking policy, evaluates risks, and swiftly implements risk control at the on-site level when risks materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

(2) Second Line of Defense

The Risk Management Department and risk management-related departments act as control departments responsible for the management of each risk category. In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, the Risk Management Department and risk management-related departments act as a check-and-balance function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system from an independent standpoint.

Risk Management and Materiality Management

The Risk Management Department, as an Enterprise Risk Management Department, performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize. Furthermore, it shares information with risk management-related departments appropriately, monitors the overall status of risks and risk management in an integrated manner, and reports the status to the Executive Committee and the Board of Directors.

(3) Third Line of Defense

The Internal Audit Department verifies the effectiveness and appropriateness of the Group-wide risk governance system and processes from a standpoint independent of the first and second lines of defense.

(4) Executive Committee

The Executive Committee is composed of representative executive officers and executive officers designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

(5) Board of Directors

The Board of Directors is composed of all of the directors. It decides on the Group's management policy and strategic goals for risk taking, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the Group.

Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the Group's fiduciary duties and conflict of interest management, which are the foundation on which the Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

3. Risk Management Process

In the Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

(1) Risk Identification

The risks faced by the Group are comprehensively identified, while ensuring the comprehensiveness of the Group's operations, and the risks to be managed are identified based on the scale and characteristics of the identified risks. Of note, risks that are particularly important are managed as material risks.

(2) Risk Evaluation

The risks identified as requiring management undergo analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles. We periodically evaluate material risks in terms of frequency of occurrence, degree of impact, and severity to determine whether they can be classified as "top risks" (risks that could have a material impact on the Group's business capabilities and earnings targets within one year) or "emerging risks" (risks that could have a material impact in the medium to long term).

(3) Risk Monitoring

Risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.). Recommendations, guidance, and advice are given to each of the Group's businesses based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.

(4) Risk Control and Mitigation

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented according to the severity of the risk.

4. The Group's Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust banking group, strives to create distinct value through a total solution business model that combines its banking, asset management and administration, real estate businesses and others.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the Group's businesses.

In this context, as a basis for improving management of risks related to trust business operations, we have established Group-wide Trust Business Guidelines to provide information about basic matters that warrant caution. SuMi TRUST Bank primarily manages these risks in the operational risk category, particularly in terms of its duty of due care as a prudent manager, duty of loyalty, and duty to segregate property as a trustee. In addition, SuMi TRUST Bank regularly assesses the status of major conduct risks and strives to reduce and manage risks and prevent risks from materializing by instilling and fostering awareness among executives and employees through internal training and other means.

From a forward-looking perspective, the Group's top management regularly identifies top risks and emerging risks, monitors and controls these risks, implements countermeasures, and reports to the Board of Directors and other relevant parties. The Group's main top and emerging risks related to ESG and the countermeasures taken to address them are listed below.

Risks related to the global COVID-19 pandemic

[Risk Details]

A prolonged global COVID-19 pandemic could have a negative impact on the global economy. For the Group, this may have a negative impact on our business strategy, or lead to the deterioration of the quality of our credit portfolio and an increase in total credit costs resulting from the negative impact on the business and other activities of obligors. In addition, a rise in infections among our Group employees and related parties may pose a threat to our business continuation. These factors could have a negative impact on our business operations and performance.

[Countermeasures]

- The Group conducts periodic stress tests of its credit portfolio based on macroeconomic scenarios and formulates

action plans in preparation for times of stress. Based on the economic environment and changes in internal credit ratings, and in accordance with the degree of impact of the spread of COVID-19 on business performance and the degree of recovery expected after its containment, we make assumptions regarding the degree of future deterioration in credit risk for each industry and re-estimate the credit losses expected to occur in the future for a portion of credit in these industries and record additional allowance for doubtful accounts.

- To address risks related to business continuity, we established an emergency task force and set our basic stance of "ensuring the health and safety of our employees and their families," "maintaining business continuity as a key piece of social infrastructure," and "preventing the spread of infection in population (including activities that make the population less vulnerable)." In accordance to our stance, we have flexibly implemented measures while taking into account the COVID-19 infection situation in Japan and overseas, government requests, client trends, etc. In addition, we have implemented various business continuity measures as stipulated in our BCP and actively utilize teleworking in order to balance the maintenance of services with safety considerations.

Risks related to cyberattacks

(See pages 43-45 for details)

Legal & compliance risk

[Risk Details]

The Group strictly complies with the Banking Act, the Financial Instruments and Exchange Act, the Act on Engagement in Trust Business by a Financial Institution, and other laws and regulations. However, any failure by executives and employees to comply with these laws and regulations could result in penalties or administrative action against the Group, or loss of reputation in the market. In addition, there is a possibility that the products and services provided by the Group may not meet client expectations, and that the Group may be sued for damages due to various problems and claims that arise in the course of conducting its business. These factors could adversely affect the Group's business operations, performance, and financial condition.

[Countermeasures]

- The Group has formulated a compliance program and manages the state of progress and achievement of the program in order to maintain an appropriate compliance framework in line with the business characteristics of each Group company.

Risk Management and Materiality Management

- The Group is improving training on compliance throughout the entire Group to help foster an awareness of compliance matters. Specifically, we provide training materials used in e-learning programs and discussion-based study sessions to Group companies on themes that span the whole Group. Each Group company conducts training and study sessions tailored to the characteristics of business and products at each company and the aspects of their clients, as well as e-learning programs on specific themes.
- The Group will continue to confirm that the process of improving and enhancing service quality has truly taken root in all of its businesses, starting with the voting rights exercise form aggregation service.

Risks related to data management

[Risk Details]

The Group uses many systems to provide various services to clients and for external reporting, etc., and these systems contain various types of information, including personal information. With respect to managing such management information, it is necessary to expand and upgrade the scope of operations to apply the data governance system established in accordance with the Basel Committee on Banking Supervision's Principles for Effective Risk Data Aggregation and Risk Reporting (BCBS 239). Inadequacies in the data management process for such management information and other data could result in erroneous management decisions, etc., which could reduce the Group's corporate value and cause a loss of trust in the Group. This may negatively impact the Group's business operations and performance.

[Countermeasures]

- The Group has established rules for the management of personal and management information, and is continuously enhancing data management processes and upgrading data governance in line with BCBS 239.
- The Group has established policies and administrative procedures for information management, and ensures that all employees are fully aware of the importance of information management through education and training programs.

Risks related to climate change

[Risk Details]

Medium- to long-term climate change could potentially have a negative impact on the Group's performance and financial condition owing to greater risk of physical damage to, for example, the natural environment, social infrastructure, and client assets (physical risks), as well as the risk of a rapid transition to a low-carbon society owing mainly to

policy changes, changes in social norms, financial market preferences regarding climate change, and technological innovation (transition risks).

More specifically, there is the risk that natural disasters impair the credit standing of obligors and the value of their pledged assets and thereby negatively impact the Group's credit portfolio (physical risk), and the risk that the value of the Group held assets, such as securities issued by companies with large amounts of CO₂ emissions and loans to those companies, could be dragged down due to a rapid transition to a low-carbon society (transition risk).

[Countermeasures]

- In October 2021, the Group announced its carbon neutrality declaration and joined the Net-Zero Banking Alliance (NZBA) in order to steadily advance its commitment.
- The Group will manage climate change-related risks within an enterprise-wide risk management framework in accordance with the final recommendations (June 2017) of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).
- As part of our credit risk management, we have established a sector policy that in principle prohibits new loans to coal-fired power plants, which emit large amounts of greenhouse gases, and we monitor related indicators on a regular basis.
- We conduct simulations to measure the impact of transition and physical risks on the Group over the medium to long term.

Risks related to innovation

[Risk Details]

The advancement of fintech and other technologies related to the financial business is progressing beyond the boundaries of the industry and changing the behavior of clients. If the Group is unable to adapt to these changes, our competitiveness may decline or the scale of our business may shrink, which may adversely affect our business performance and financial condition.

[Countermeasures]

- We will work to improve the efficiency of existing business operations by utilizing digital technology and create new platforms in areas unique to trust banks.

Risks related to Japan's declining birthrate and aging population

[Risk Details]

The demographic changes in Japan will result in changes in age composition of the Group's clients over the medium to long term. The number of clients for the Group's individual

consulting and mortgage loan services may decline over the medium to long term, which may adversely affect the Group's performance and financial condition.

[Countermeasures]

- As we enter an age of 100-year life, there is growing interest in asset formation due to concerns over retirement savings, and we are working to evolve and upgrade our business model to one unique to our Group, utilizing the diverse functions of a trust bank.

5. Enterprise Risk Management

(1) Enterprise Risk Management System

We manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when the need arises due to changes in the business environment or other circumstances, we will consider revisions to our risk category system, risk management system, and other policies.

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR*, and compare the combined value against our corporate strength (capital position), thereby managing risks (integrated risk management).

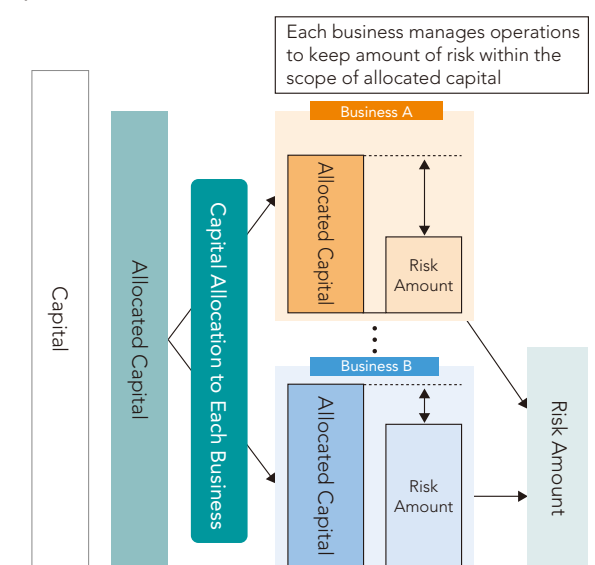
*VaR = Value at Risk

(2) Capital Allocation Operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of risk capital and its risk appetite. The Risk Management Department measures the risk amount on a monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

Capital Allocation Scheme



(3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

Hypothetical Scenario Stress Testing

We assess capital adequacy level by formulating stress scenario that has a sufficiently strong impact and a realistic probability of occurrence and then estimating capital adequacy ratio, etc. in times of stress.

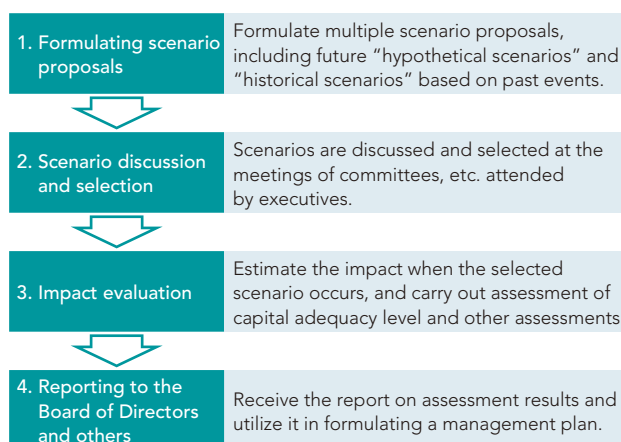
Historical Scenario Stress Testing

We also assess capital adequacy level through estimation of capital adequacy ratio, etc. in times of stress using parameters from stress times that had occurred in the past.

Examination of Probability of Occurrence

We further assess capital adequacy level by comparing the risk with 99.9% confidence interval with total capital defined under capital adequacy requirements.

Stress Test Framework



6. Developing Positive Risk Culture

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group, as well as its executives and employees, that flexibly excute risk taking, risk management, and risk control based on an appropriate assessment of risks, guided by a high degree of self-discipline based on the fiduciary spirit.

In order to foster a risk culture so that it will take root across the Group, we define risk-taking policies for each

business when formulating its management plan, and encourage appropriate risk-taking by all officers and employees. In this way, the Group aims to build sustainable business models that contribute to increasing corporate and stakeholder value. In addition, we have formulated a Risk Appetite Statement (RAS) clearly stating our RAF, which is used as a common language in lively discussions concerning risk appetite within the Group.

7. Crisis Management and Business Continuity Plan (BCP) in Disasters

(1) The Group's Initiatives

SuMi TRUST Holdings and SuMi TRUST Bank have developed contingency plans in order to quickly implement emergency response measures in the event of emergencies, such as natural disasters, computer system breakdowns and outbreaks of new infectious diseases.

Moreover, regarding important business operations, such as financial settlement, SuMi TRUST Holdings and SuMi TRUST Bank have developed systems to continue business, including BCPs (business continuity plans) and backup offices. In order to ensure the effectiveness of such systems, they periodically conduct exercises and revise BCPs.

When the crisis is serious and its impact is extensive, causing serious disruptions to the normal business operations of SuMi TRUST Bank and the Group and making it necessary to urgently make comprehensive and high-level management judgment, the Group will establish an emergency task force as a company-wide response organization and will quickly implement emergency response measures.

In particular, in preparation for the possible occurrence of a major earthquake, SuMi TRUST Bank, which has branches across Japan, periodically conducts exercises in order to

make a response that gives consideration to the safety of clients and employees and to business continuity and ensure the effectiveness of the response.

As for company-wide response, in order to enhance the effectiveness of the functions of the emergency task force, the Group is strengthening systems for information gathering and information coordination, in addition to periodically conducting exercises, and it is also promoting the enhancement of emergency response systems in the Osaka area on the assumption of a disaster in the Tokyo area.

Meanwhile, branches are striving to strengthen response capability through periodic exercises and are promoting disaster countermeasures in light of individual branches' specific circumstances such as the location condition and the status of principal facilities. Branches are also developing a system for mutual support among them.

(2) Response to Threat of Cyberattack

SuMi TRUST Holdings has implemented various measures in order to protect its clients' precious assets from the ever-increasing threat of cyberattack in Japan and overseas (see pages 43-45 for details).

Code of Conduct for Executives and Employees

1. Executives and employees must fully recognize and understand the importance of crisis management and prepare for emergencies. At the same time, they must strive to develop their knowledge in normal times so that they can quickly and appropriately respond in the event of an emergency.
2. In the event of an emergency, executives and employees must make judgments and take actions based on the following principles:

(1) Securing the Safety of Life

In the event of an emergency, the top priority must be placed on securing the safety of customers, executives and employees, and their families. Executives and employees must also always give priority to humanitarian considerations when taking various emergency response measures.

(2) Protection of Sumitomo Mitsui Trust Bank's Corporate Assets

By taking disaster prevention and mitigation measures in preparation for the possible occurrence of emergencies, executives and employees must protect Sumitomo Mitsui Trust Bank's corporate assets in the event of an emergency. They must also do their utmost to take risk mitigation measures to guard against adverse effects that may disrupt business activities.

(3) Business Continuity and Early Restoration

In the event of an emergency, executives and employees must strive to quickly restore and continue priority business operations.

(4) Cooperation with Local Communities

In the event of an emergency, executives and employees must strive to cooperate with local communities in rescue and other local activities.

8. New Product and Service Examination System and Post-Introduction Management System

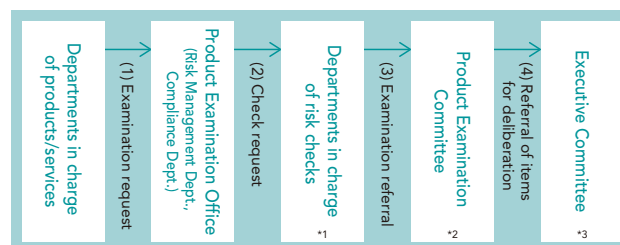
When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system.

In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

For products and services that have been examined by the Product Examination Committee, after they are introduced, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective. Regular monitoring is also carried out from the viewpoint of providing clients with appropriate explanations for products and services that are expected to be affected due to changes in the environment and so on, regardless of whether or not they have been deliberated by the Product Examination Committee. The results of these verifications are reported

to the Product Examination Committee, and in the event that a situation arises that differs from the assumptions at the time of review, we discuss how to address and report the details to the officers in charge of the Risk Management Department and the Compliance Department.

Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.

*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.

9. Information Security Risks and Cybersecurity Measures

Information Security Risk Management Framework

The SuMi TRUST Group considers information assets to be one of the most important managerial resources, and has set the protection of personal information and customer data as one of the management foundation materialities. In addition, the Group also identifies information security risk as "Risk that the Group may incur losses due to the improper management or maintenance of information assets, including through information leaks, information errors, and misuse of information, as well as an inability to use the

information system," and positions it as one of the risk sub-categories under operational risk. It has assigned an officer in charge and established a control department to properly manage customer information and implement cybersecurity measures.

In addition, we have established and announced our Declaration for the Protection of Personal Information, which is a set of policies designed to ensure the protection of the personal information of our clients and shareholders, and have declared to abide by them.

Risk Management and Materiality Management

We will establish internal rules regarding the management framework and handling of information in accordance with the Personal Information Protection Act, related laws and regulations, and the “Guidelines for Personal Information Protection in the Financial Field” established by the Financial Services Agency. We will also hold regular training sessions for all employees twice a year to ensure that they are fully acquainted with the points of concern regarding the handling of information in their daily operations and to promote a principles-based understanding of information security.

Regulation related to information security risk management

Regulations	Declaration for the Protection of Personal Information, Risk Management Rules
Rules	Risk Management Rules, Operational Risk Management Rules, Information Security Risk Management Rules, System Risk Management Rules
Guidelines	Information security risk management guidelines, system risk management guidelines, personal information handling guidelines, personal data management administrative guidelines, CSIRT operation guidelines, internal OA management guidelines, guidelines for taking client information outside the company, etc.

Organizational structure, etc.

Matters related to information security risk, as a risk subcategory within operational risk, are deliberated comprehensively by the Business Risk Management Committee at SuMi TRUST Holdings and by the Operational Risk Management Committee at SuMi TRUST Bank, covering a series of processes such as the development of a management framework, formulation of plans, and the identification, evaluation, monitoring, and control of risks. In addition, policies and plans are decided by the Board of Directors after deliberation by the Executive Committee. Based on the rules regarding authority, the series of processes are executed by the Business Process Management Department, the IT System Planning and Management Department, and other control departments responsible for information security risk management. The officer in charge of the Business Process Management Department and the officer in charge of the IT System Planning and Management Department are responsible for overall information security risk management.

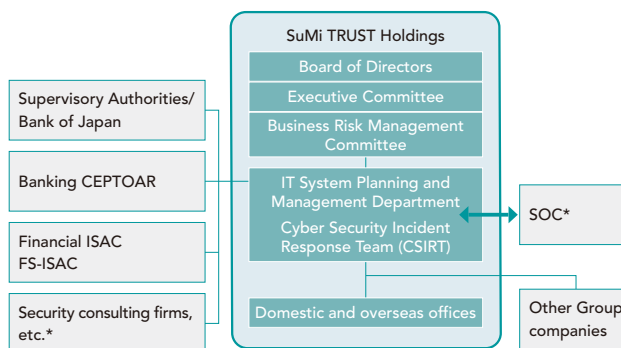
Organizational structure	Board of Directors, Executive Committee Business Risk Management Committee (SuMi TRUST Holdings) Operational Risk Management Committee (SuMi TRUST Bank)
Officer in charge	Officer in charge of Business Process Management Department or officer in charge of IT System Planning and Management Department
Control departments	Business Process Management Department and IT System Planning and Management Department

Cybersecurity Management Framework

The Group has designated cyber-attacks as one of the governance and management framework materiality as well as a top risk, and has formulated the “Cybersecurity Management Declaration” to plan and promote cybersecurity measures under the leadership of our management team.

- We have established SuMiTRUST-CSIRT*¹ as a specialized organization for cybersecurity measures, and have built a management framework that collects and analyzes threat and vulnerability information from within and outside the Group, plans and implements security measures, and reports to management. We are also promoting the advancement of security measures through security review meetings and our IT Committee, as well as by utilizing outside expertise.
- The Group has established internal rules and regulations based on US security standards, and has developed processes for responding to cyberattacks both in normal times and in emergency situations.
- In addition to conducting cybersecurity risk assessments and system vulnerability assessments on a regular basis for the SuMi TRUST Group and its subsidiaries and affiliates, we are promoting the standardization of cybersecurity rules and regulations to enhance and standardize the cybersecurity framework for the Group as a whole.

Cybersecurity Management System



*SOC: Abbreviation for Security Operation Center. The SOC monitors networks to detect and analyze cyberattacks.

Monitoring System

The Group has built a common infrastructure for internet communications, and the Security Operation Center (SOC) monitors the common infrastructure network 24 hours a day, 365 days a year and detects threats by conducting correlation analysis of various types of data. This information is consolidated in SuMiTRUST-CSIRT, and we have established a monitoring system centered on the CSIRT.

Enhancing Cybersecurity Measures

We have established perimeter defense measures (multi-layered defense consisting of entry, exit, and internal measures) as a technical countermeasure against cyberattacks, and are

working to reduce risk by implementing various measures to counter DDoS attacks, detect and block phishing websites, and handle other threats.

In addition, we periodically conduct risk analysis using cybersecurity heat maps and third-party assessments using international cybersecurity assessment tools such as FFIEC-CAT^{*2}. We also participate in cyber exercises organized by the Financial ISAC^{*3} and the Cabinet Cybersecurity Center, running through the PDCA cycle to enhance our countermeasures and cyber resilience. Furthermore, we are also prepared for emergencies through our cyber insurance.

Key technical measures	
Entry measures Exit measures	<ul style="list-style-type: none"> • Detect and block malicious traffic (including countermeasures to DDoS) • Stop viruses and malware (suspicious applications) from intruding
	<ul style="list-style-type: none"> • Restrict suspicious traffic through behavior detection • Assess and enhance the internet route through vulnerability assessment through vulnerability assessment
Internal measures	<ul style="list-style-type: none"> • Detect of malware behavior that has infiltrated endpoints (internal office automation terminals and servers)
Integrated monitoring	<ul style="list-style-type: none"> • Improve detection accuracy through integrated analysis of multiple access logs obtained from firewalls, proxy servers, etc. • Expand scope of detection by decrypting encrypted communications (e.g., HTTPS) before analysis

Responding to the New Normal

In response to the COVID-19 pandemic, work from home and telework environments are rapidly expanding in the Group. For cybersecurity risks related to teleworking, we implement thorough security measures and information management for remote terminals and other equipment, and confirm safety through risk assessments and penetration tests.

Security Personnel Development

To develop personnel with advanced expertise in cybersecurity, CSIRT collaborates with external experts in internal review meetings, participates in external communities such as Financial ISAC and FS-ISAC^{*4}, provides external training and certification support, and sends employees to graduate schools.

We also make ongoing efforts to educate employees through information security training for all employees, phishing e-mail drills, and cyber exercises in cooperation with external organizations.

System Risk Management Framework

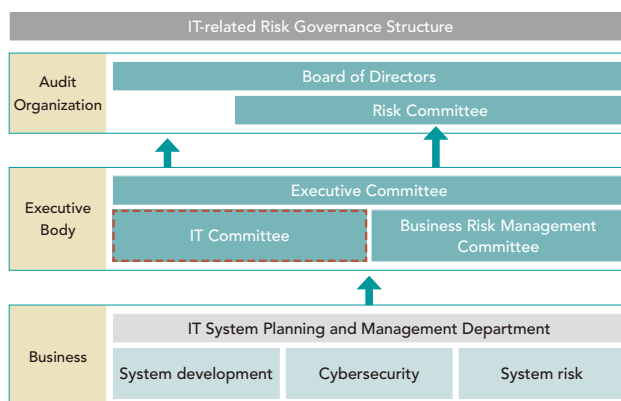
In order to minimize the impact of large-scale failures and disasters on our information systems and prepare for early recovery and business continuity, we are working to strengthen our resilience by specifying the Group's communication

and response systems in detail, developing workarounds and recovery procedures, and conducting education and training in operations.

In addition, to address the risk of delays and cost increases resulting from system development over a certain scale, we monitor the progress and quality management of large-scale system development projects and report them to the IT Committee for discussion in an effort to ensure appropriate management of system development.

IT Committee

The IT Committee is composed of the Officers and general managers in charge of each business management department, including the IT System Planning and Management Department, as well as external members, and examines and discusses important system investments and system technology from a multifaceted perspective. In terms of risk management, the IT Committee shares and discusses risks arising from system development, cybersecurity, and system risks, etc., and as an advisory body to the Board of Directors, actively utilizes the knowledge of external committee members, who are experts from outside the company, to enhance discussions and improve management.



^{*1} CSIRT (Computer Security Incident Response Team): In-house organization that collects, analyzes, and responds to early warning information about attacks

^{*2} FFIEC-CAT (Cybersecurity Assessment Tool): A cybersecurity risk assessment tool published by FFIEC (Federal Financial Institutions Examination Council) for financial institutions

^{*3} Financial ISAC (Information Sharing and Analysis Center): Information sharing organization for Japanese financial institutions

^{*4} FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States

Responding to the COVID-19 Pandemic

The Group has been focusing on supporting various stakeholders in the prolonged efforts to combat the COVID-19 pandemic. To continue providing services in an unprecedented situation as a financial group specialized in trust banking, we will continue to take action based on three basic stances: ensuring business continuity as a key piece of social infrastructure, ensuring the health and safety of employees and their families, and preventing the spread of infection in society (including activities to create a society that is less prone to the spread of infection).

As a financial institution that plays an important role in social infrastructure, we will continue to ensure the stable continuation of business operations while maintaining the safety, security, and health of our clients and employees as our top priority.

Response Policy 1 Ensuring business continuity as a key piece of social infrastructure (response to clients)

Considering the safety of our clients, each of the Group's sales branches is taking steps to prevent the spread of infection by holding online seminars and erecting transparent acrylic boards to minimize transmission from respiratory droplets.

Banking business

- Establish procedures for accepting deposits and investment trusts using the Internet, procedures for address change by postal mail, etc.
- Encourage clients to make appointments before visiting a branch and open business on holidays in order to avoid the Three Cs (crowded places, closed spaces and close-contact settings) for visitors
- Flexibly respond to consultations on personal and corporate loans
- Establish a consultation counter for interest-free and unsecured loans
- Expand coverage contents of "housing loans with special clauses of guarantees against the eight major diseases," and newly introduce loan repayment guarantee coverage during unemployment period

Strengthen contactless online client support

- Opened trust type next generation branch
SuMi TRUST Bank is striving to improve client convenience in the COVID-19 era, providing online consultation services at all branches from July 2020, and opening the first trust type next generation branch that offers online consultation in the Chukyo area in November 2020.

Clients are able to receive online consultations from the comfort of their own home, with a representative reviewing the materials with them on a computer screen, just as if they were meeting in person at the office. Family members who live far away can also join the consultation session. Our online consultation services have become easier and safer than before because of the enhanced convenience of online procedures.

We also strive to enhance convenience for our clients by switching the handling of various procedures and consultations to websites and online tools or by telephone, and by developing new products that respond to COVID-19.

Trust-related business

- (Pension) Continued administrative, management, and reporting tasks to ensure reliable delivery of pension and lump-sum payments
- (Stock Transfer Agency Services) Provided support for preparation and operation of General Meeting of Shareholders
- (Asset Management) Continued operations to maintain the flow of capital markets
- (Asset Administration) Continued to settle securities and funds for smooth capital market operations
- (Real Estate) Continued accounting and settlement reporting services for real estate securitization trusts and J-REITs
Strengthened customer service through online face-to-face channels

- Online consulting on personal business
The number of services offered has increased because of growing familiarity.

	FY2020			FY2021	
	2Q	3Q	4Q	1Q	2Q
Number of online consultations	574	2,317	5,318	12,545	13,113

- Opening of Online Consultation Plaza
In July 2021, SuMi TRUST Bank opened an office to provide consulting, as well as products and services via online and telephone, with financial consultants and other experts also posted on-site. We serve a wide range of needs for our many clients.

Response Policy 2 Ensuring the health and safety of employees and their families

Each Group company is focusing on initiatives to avoid the “three Cs” (crowded, close contact, confined) in the workplace and to promote diverse work styles among employees.

SuMi TRUST Bank has strived to take various preventive measures such as the addition of partitions in office spaces and the distribution of masks and portable disinfectant sprays to all employees. It also distributes homecare kits (daily necessities such as food, daily supplies, etc.) to COVID-19 patients and their close contacts in case of emergency. We have also established a total of 30 satellite offices (as of June 2021) by utilizing the extra space at branch offices in the Tokyo metropolitan area, Chukyo area, and Kansai area, which allow employees to temporarily work at a branch close to their home. We also distributed devices for teleworking to establish a system allowing employees to work from home. In addition, Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Research Institute

are making group-wide efforts to promote teleworking through various initiatives such as distributing devices for teleworking to all employees.

While it has become more difficult for people to gather since the spread of COVID-19, the increasing use of web conferencing has made it easier for people to communicate without being bound to a specific location. SuMi TRUST Bank has held 26 meetings where the president explained the ideas behind the Group’s Purpose to all employees using web conferencing, with approximately 12,000 employees from Japan and overseas participating.

In addition, to ensure smooth communication even when the work place is scattered among offices, home offices, satellite offices, etc., we introduced a business chat system, conducted remote management training for section managers, and provided company support for informal online receptions.



Employees can utilize satellite offices in Ichikawa, Urawa, and Fuchu, depending on their department and responsibilities.



Students are offered internships online and lecture videos are distributed in advance to deepen participants’ understanding of the lectures.



Monitor installed near the entrance of the head office building to measure the body temperature of people entering.

Response Policy 3 Preventing the spread of infection in society (including activities to create a society that is less prone to the spread of infection)

The Group carried out a workplace vaccination program from June to September 2021 to help reduce the healthcare burden of local communities and accelerate the vaccine roll-out. Approximately 18,000 people, including employees of Group companies, their families, and clients, took part in the workplace vaccination program. We also plan to administer booster vaccines.

In addition, SuMi TRUST Bank launched the “Medical Support Donation Trust” (the “Trust”) in April 2021 to assist universities that conduct medical research. The Trust enables donors to select a recipient from among the 13

participating universities under the common theme of medical support, based on a comparison of specific research and activities such as the creation of future medical care, research to overcome serious diseases, and the improvement of medical systems.

Furthermore, in addition to the previous testamentary gifts/donations, we have released the “Testamentary Donation Trust” (also known as “Donation to the Future”) to respond to the request of those who simply wish to donate a portion of their assets in case of passing, taking into account the needs of diversifying donation methods.

*See pages 159-160 for more information on the Medical Support Donation Trust.

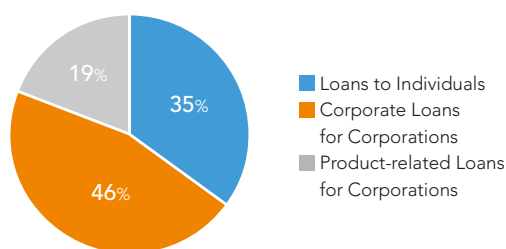
Considering the Environmental and Social Impacts of Corporate Clients

1. Initiatives for Loans (Banking Business)

Sector Exposure

Outstanding loans account for approximately 48% of the Group's total assets of ¥63.6 trillion. Of the total loan balance, about 35% is for individuals, centered on home mortgages, and the remaining 65% is for corporations. The balance of loans for corporations is divided into corporate and product-related loans, with the corporate loan balance accounting for nearly 1/2 of the total loan balance.

Breakdown of Loan Balance

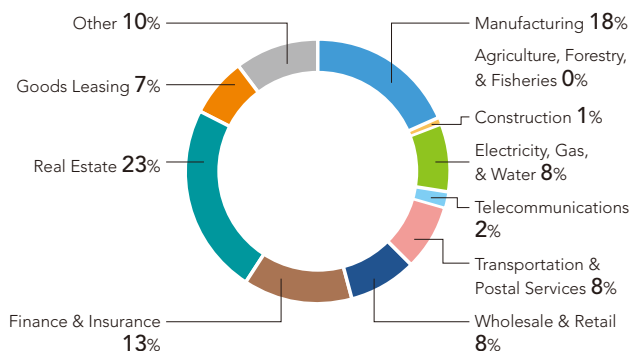


The table on the right shows the loan balance of approximately ¥30 trillion categorized by industry. The following chart shows exposure by sector, with approximately ¥15 trillion in loan balance for corporations at domestic branches as the denominator. This excludes the loan balance in the Overseas Branches category and loan balance for individuals which is included in the Other category. The Real Estate sector accounts for the largest share, followed by Manufacturing, and Finance and Insurance. The top three sectors account for approximately 55% of the total. Second tier sectors include Electricity, Gas, & Water, Transportation & Postal Services, and Wholesale & Retail, with a combined share of about 24%.

Loans by Industry

(Unit: trillion yen)

Manufacturing	3.0
Agriculture, Forestry, & Fisheries	0.1
Construction	0.2
Electricity, Gas, & Water	1.3
Telecommunications	0.3
Transportation & Postal Services	1.3
Wholesale & Retail	1.2
Finance & Insurance	2.1
Real Estate	3.7
Goods Leasing	1.2
Other	12.2
Loans to individuals	10.6
Other	1.7
Domestic branches	26.6
Overseas Branches	4.0
Total	30.6



(Note) Share ratio calculated based on the assumption that the balance of loans for corporations at domestic branches is 100%.

Sector exposure is managed by the Corporate Business Planning Department of SuMi TRUST Bank, and the credit portfolio is reported quarterly to the Credit Risk Committee, the highest decision-making body for investments and loans. From the viewpoint of environmental and social considerations in investments and loans, the Sustainability Management Department fulfills the check function for projects that have a risk of violating SuMi TRUST Bank's policy on investments and loans.

In October 2021 the SuMi TRUST Group issued a carbon neutral declaration.

In it, we set a target of net zero by the year 2050 for not only the GHG emissions generated by the Group itself, but also for the GHG emissions from the Group's investment and loan portfolios—that is, the portion our investments and loans contribute to the volume of GHG emissions produced by the activities of companies and individuals to whom we extend investments and loans.

As we work towards achieving the 2050 goals, our policy going forward will be to formulate specific milestone targets (chronological GHG emission reduction targets through 2030), as well as concrete initiatives and action plans for reducing GHG emissions, beginning sequentially with the major industry sectors in line with the framework of the Net Zero Banking Alliance (NZBA).

Policies for specific sectors

As shown on the next page, SuMi TRUST Bank has established policies for specific sectors that promote businesses with a large impacts on society, and prohibits or restricts investments and loans to companies and projects that have a

negative impact on society, while sharing awareness of environmental and social issues and contributing to building a sustainable society through engagement with loan clients. These policies were reviewed in December 2021 as follows.

(1) Prohibited transactions

- Transactions that are considered immoral
- Transactions with anti-social forces
- Transactions where the use of funds is speculative
- Transactions that involve cluster munitions manufacturers as well as credit transactions with companies that have material involvement in the manufacturing process through lending and other activities with cluster munitions manufacturers.
- Businesses that negatively impact wetlands designated under the Ramsar Convention (newly added)
- Businesses that negatively impact UNESCO World Heritage Sites (newly added)
- Businesses that contravene the Washington Convention (newly added)
- Businesses that use child labor or forced labor (newly added)

(2) Transactions warranting special attention**Cross-sector transactions**

- Businesses that negatively impact indigenous communities
- Businesses that negatively impact high conservation value areas
- Businesses involved in the expropriation of land leading to the forced removal of residents

Sector-specific transactions

- Coal-fired power generation
SuMi TRUST Bank, in principle, will not engage in new projects for the construction of coal-fired power plants.
- Weapons manufacturing
SuMi TRUST Bank will avoid lending and other activities where funds will be used for manufacturing weapons of mass destruction such as nuclear weapons, chemical weapons, biological weapons, or for manufacturing inhumane weapons such as antipersonnel landmines.
- Forestry
The rapidly developing global deforestation is creating various problems such as reduction in biodiversity, decline in the stability of ecosystems, lower watershed protection, lower fixation of carbon dioxide and other items. SuMi TRUST Bank engages with timber manufacturers and manufacturers using timbers as raw materials only after careful consideration such as checking their international forest certification status*¹ as well as fully taking into account whether or not there are existing problems with original inhabitants and local communities.

*¹ FMC (Forest Management Certification) issued by FSC (the Forest Stewardship Council) for forestry management and forestry business operations; CoC (Chain of Custody Certification) for processing and distribution management of certified forest products, and others.

- Palm oil
Palm oil is derived from "oil palms" grown on plantations. While palm oil demand is rapidly growing owing to its convenience and rising preference for wholesome foods, environmentally destructive developments are the main causes for the devastation of tropical rainforests and the decline in biodiversity. SuMi TRUST Bank engages with producers of palm oil and manufacturers using palm oil as a raw material only after careful consideration such as checking their international/local sustainable palm oil certification status*² as well as fully taking into account whether or not there are existing problems with original inhabitants and local communities.

*² RSPO (Roundtable on Sustainable Palm Oil) and others that aim to observe NDPE (No-deforestation, No-peat and No-exploitation) and the preservation of HCS (High Carbon Stock) forests

- Coal mining (newly added)

The extraction of coal from the ground has the risk of negatively impacting the environment and society, mainly owing to the impact that hazardous waste from coal mines has on the ecosystem, the deaths of workers as a result of cave-ins, and violations of human rights. And also given the likelihood that coal mining contributes to higher greenhouse gas emissions, which in turn is driving climate change, our basic policy is not to provide financing for any new coal extraction projects (general coal) or coal mining businesses that use the mountaintop removal method.

- Oil and gas (newly added)

Oil and gas exploration projects carry the risk of negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to oil sands extraction, shale oil and gas projects, exploration of minerals in the Arctic Circle, and pipeline laying.

- Hydroelectric power generation (newly added)

Large-scale hydroelectric power generation carries the risk of negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to large-scale hydroelectric power generation projects (output of at least 25MW) that involve the construction of dams.

- Large-scale plantations (newly added)

Plantation development carries the risk of deforestation, violations of human rights, and negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to projects that involve developments in forests and peatlands.

(3) Review of Sector Policies

SuMi TRUST Bank regularly reviews the suitability of established sector policies and the status of how transactions are being addressed at Sustainability Promotion Committee in our Executive Committee, etc., to reconsider the policies as well as make improvements to our operations as necessary.

(4) Education and Training

As a member of a responsible trust bank group, to ensure that SuMi TRUST Bank's directors and employees deepen their understanding of ways to reduce environmental impact, policies for human rights, and sector policies, the Bank continually conducts educational training. The company also spares no effort to ensure that directors and employees comply with all relevant regulations and procedures.

(5) Communication with Stakeholders

SuMi TRUST Bank continues to engage in dialogues and collaborations with various stakeholders on themes that are relevant to the sector policies that it has established. The Bank trusts that dialogues and collaborations with these stakeholders will prove useful when considering reviews to improve the sector policies to stay in line with the changing social environment and to continue improving their effectiveness.

Project finance initiatives

We are cognizant of the fact that financing large-scale projects may indirectly have an adverse effect on the natural environment and regional communities. Based on this awareness, we deemed it necessary to introduce a risk management framework that monitors whether a project's impact on the environment and community has been duly considered in the decision-making process for project finance. As such, in February 2016 we signed on to the Equator Principles, a set of international private sector guidelines for assessing environmental and social risks in mainly project finance.

The revised Equator Principles, known as EP4, were adopted in November 2019 and we currently apply EP4 to projects for which we acquired a client mandate after October 1, 2020. With EP4, we will continue to contribute to the achievement of a sustainable environment and society by making sure that projects take into account environmental and social considerations based on the Equator Principles.

Application of the Equator Principles

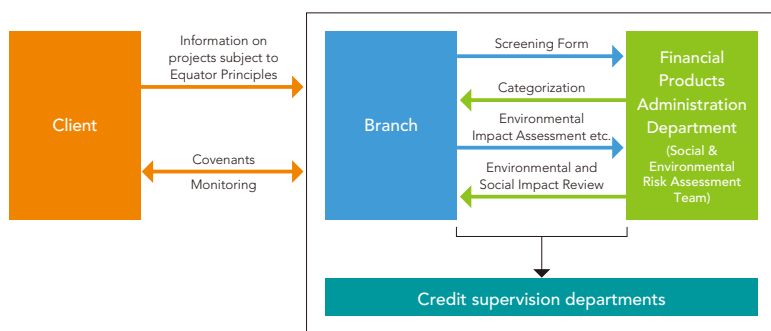
Taking into account how borrowers and investees impact society and the environment is, in our view, a priority issue (materiality) concerning sustainability. We therefore incorporate

risk management procedures based on the Equator Principles into our project finance decision-making process to ensure that due consideration is given to each project's impact on the natural environment and the local community. In fiscal 2020 (April 1, 2020 to March 31, 2021) there were 14 projects to which we applied the Equator Principles.

In EP4, the principles were expanded in scope to include refinancing and certain other transactions and updated to strengthen commitments to indigenous peoples in developed countries, among other changes. Efforts to address climate change were strengthened by updating the due diligence requirements to include a transition risk analysis in TCFD alongside the consideration of alternative proposals for projects with annual greenhouse gas emissions in excess of 100,000 t-CO₂, as well as a physical risk analysis for projects expected to generate substantial or greater impacts.

We have in place internal operational rules that set out the steps for assessing environmental and social impacts based on the framework of the Equator Principles. The Financial Products Administration Department (Social & Environmental Risk Assessment Team) undertakes the assessment of environmental and social impacts for each individual project.

Systems and Processes for Evaluating Environmental and Social Considerations



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

Implementing environmental and social impact reviews: 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 the standards called for by the Equator Principles, and from there, a comprehensive risk is judged.

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: Regular training sessions are provided 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.

Types of Financial Instruments and Other Criteria Including Financing Size for the Application of the Equator Principles

Type	Application criteria including financing size
Project finance	All projects with total project capital costs equivalent to USD 10 million or more
FA services*1	Same as the above
Project-Related Corporate Loans (PRCL)*2	If all four of the following criteria are met: 1. The majority of the borrowing amount is intended for a single project in which the borrower has effective control (either direct or indirect) of the project; 2. The total borrowing amount is equivalent to USD 100 million or more; 3. The commitment amounts (at syndication or prior to sell-down) of the individual signatories are equivalent to USD 50 million or more; and 4. The loan term is two years or more.
Bridge loans	Bridge loans with a loan term of less than two years that are intended to be re-financed by a project finance meeting the above criteria or PRCL

*1 Project finance advisory services

*2 PRCL includes the buyer's credit-type export financing but does not include the supplier's credit-type export financing. Furthermore, it does not include asset financing, M&A financing, hedging transactions, leases, L/C transactions, general funds and general working capital to maintain operations of a company.

Implementing Environmental and Social Impact Reviews

In our processes for assessing project finance for projects subject to the Equator Principles, we conduct environmental and social impact reviews to confirm whether the response of project implementers in taking into account environmental and social impacts satisfies the standards set by the Equator Principles. In environmental and social risk/impact reviews based on screening forms, the relevant project is categorized into one of three categories—A, B, and C as shown below—reflecting its environmental and social risks and/or impacts. The Structured Finance Department conducts detailed reviews based on environmental impact assessment reports that take into account the risk/impact category, the status of the country (designated* or non-designated country) where the project is sited, and industry. The results of the environmental and social risk/impact reviews are sent to a credit supervision department, where it devises a comprehensive risk assessment based on the review results.

*Designated countries are those countries deemed to have built robust environmental and social governance, legal systems, and institutional capacity to protect their people and the natural environment. Specifics can be viewed at the Equator Principles Association's website.

<https://equator-principles.com/about-the-equator-principles/designated-countries/>

Company Training Programs

In adopting the Equator Principles in February 2016, we provide multiple training sessions for the employees of sales, assessment, screening and other departments and sections involved to foster a thorough understanding of Equator Principles concepts as well as implementation processes for environmental and social risk/impact reviews. Through regular training programs, we strive to go further to raise awareness regarding environmental and social impacts among our employees and deepen their understanding of Equator Principles concepts and implementation processes for environmental and social risk/impact reviews.

Monitoring Compliance with Equator Principles

As a rule, projects subject to the Equator Principles are engaged to submit regular reports in the loan agreement stipulating compliance with important items concerning environmental and social laws, regulations and rules as well as approvals and permits. Based on regular reports submitted by the borrower of the projects, we monitor compliance with rules relating to the environment and communities.

Number of Projects Subject to Equator Principles

13 projects were subject to the Equator Principles in fiscal 2020. Projects featuring the mark have received thirdparty certification from PwC Sustainability LLC.

Applying the Equator Principles to project finance

	FY2020			
	A	B	C	Total
	3 ✓	10 ✓	0 ✓	13 ✓
Sector	A	B	C	Total
Mining	0 ✓	0 ✓	0 ✓	0 ✓
Infrastructure	0 ✓	0 ✓	0 ✓	0 ✓
Oil & Gas	1 ✓	1 ✓	0 ✓	2 ✓
Power	2 ✓	9 ✓	0 ✓	11 ✓
Petrochemical	0 ✓	0 ✓	0 ✓	0 ✓
Others	0 ✓	0 ✓	0 ✓	0 ✓
Region	A	B	C	Total
Americas	0 ✓	1 ✓	0 ✓	1 ✓
Europe, Middle East, and Africa	2 ✓	0 ✓	0 ✓	2 ✓
Asia and Pacific	1 ✓	9 ✓	0 ✓	10 ✓
Country Classification	A	B	C	Total
Designated Country	0	10	0	10
Non-Designated Country	3	0	0	3
Independent Review	A	B	C	Total
Implemented	3	10	0	13
Not implemented	0	0	0	0

Project-related refinance and project-related acquisition finance

	FY2020	
	Number of Cases	
	1	
Sector	Number of Cases	
Mining	0	
Infrastructure	0	
Oil & Gas	0	
Power	1	
Petrochemical	0	
Others	0	
Region	Number of Cases	
Americas	0	
Europe, Middle East, and Africa	0	
Asia and Pacific	1	
Country Classification	Number of Cases	
Designated Country	1	
Non-Designated Country	0	

In addition to those shown in the table above, there is one other project-related refinancing transaction.

Category	Definition
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
C	Projects with minimal or no adverse environmental and social risks and/or impacts.

Ship finance initiatives

For more than 50 years, SuMi TRUST Bank has given top priority to steadily providing ship finance to meet the varied needs of clients in the marine transportation industry. The shipping market is heavily influenced by mainly global economic fundamentals alongside supply and demand for vessels, but efforts aimed at decarbonization in the maritime shipping industry have become pressing issues and will most likely alter the future direction of the sector and significantly affect shipping market trends up ahead. In March 2020, SuMi TRUST Bank was the first financial institution in Asia to sign on to the Poseidon Principles—established for the purpose of supporting decarbonization efforts in the marine transportation industry from a financial perspective. As a signatory financial institution to the Poseidon Principles, SuMi TRUST Bank will quantitatively assess global shipping GHG emission reduction efforts in its own ship finance portfolio in line with the GHG emission reduction targets of the International Maritime Organization (IMO)*1 and publish the results in an annual portfolio climate alignment report starting with fiscal 2021.

SMTB's portfolio climate alignment: -0.8%

(as of end-Dec 2020)

By becoming a signatory to the Poseidon Principles, and as a member of the maritime cluster of Japan, we will continue to support the business activities of clients as a financial institution that offers ship finance worldwide, and will aim to contribute to mitigating climate change risks in the marine transportation industry.

Overview of the Poseidon Principles

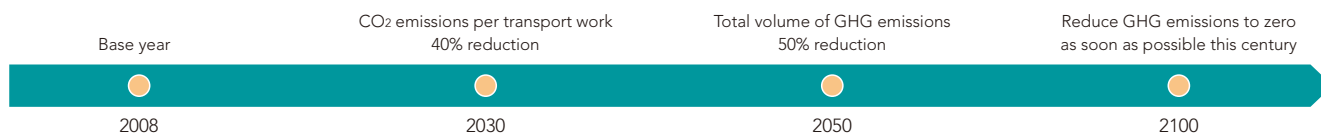
As an initiative spearheaded by private financial institutions to align with the greenhouse gas (GHG) reduction targets adopted by the IMO for global shipping, as well as the IMO's comprehensive GHG reduction strategy*2, the Poseidon Principles were established in June 2019 by 11 major global banks that provide ship finance. The management and administration of the Poseidon Principles is carried out by the Poseidon Principles Association, which comprises all signatory financial institutions. There are four principles—Principle 1: Assessment of climate alignment; Principle 2: Accountability; Principle 3: Enforcement; and Principle 4: Transparency.

*1 The IMO is a United Nations' specialized agency responsible for shipping safety, preventing marine pollution by ships, and promoting international cooperation on marine affairs.

*2 GHG reduction strategy: This strategy was adopted by the IMO in April 2018 with a vision to reduce GHG emissions from international shipping to zero as soon as possible in this century. Specifically, the strategy aims to reduce total annual GHG emissions by at least 50% by 2050 compared to 2008.

IMO's GHG reduction strategy

International shipping accounts for around 2% of global CO₂ emissions



Portfolio climate alignment

In the Poseidon Principles, trajectory values of annual CO₂ emission efficiency (per transport work, referred to as carbon intensity) are prescribed for each ship type and size class based on the IMO's stated aim (adopted in April 2018) of

reducing total annual GHG emissions from global shipping by at least 50% by 2050 compared to 2008. SuMi TRUST Bank compares the annual carbon intensity (actual value) of each ship subject to calculation under the Poseidon Principles with the trajectory value in order to calculate the degree

of divergence, which is referred to as the vessel climate alignment. It then calculates portfolio climate alignment as required under the Poseidon Principles as a weighted average of the vessel climate alignment deltas using debt outstanding for each ship in the Bank's ship finance portfolio. The portfolio climate alignment represents the degree of

contribution the Bank is making towards the CO₂ emission reduction target in its own ship finance portfolio. A negative or zero alignment score means the portfolio is aligned with the decarbonization trajectory of the Poseidon Principles, whereas a positive score means the portfolio is misaligned.

Financial institutions publish climate alignment of ship finance portfolios

- Every year, signatory financial institutions calculate CO₂ emissions for vessels in their portfolio.
- Every year, each financial institution calculates and publishes the climate alignment of their overall ship finance portfolio based on the CO₂ emissions of each aforementioned vessel.
- SMTB publishes climate alignment calculation results from fiscal 2021.

Scope of the Poseidon Principles

1	Vessels with at least 5,000 gross tonnage
2	Vessels that trade on international voyages
3	Vessels secured with a loan

Vessels that satisfy the three conditions above are included in the scope of the Poseidon Principles

Example of disclosure

Total loan balance of ship finance	\$1,000m
Climate alignment	-1%

Note: Actual format of disclosure may differ

Climate alignment

- In order to reduce CO₂ emissions by 50% by fiscal 2050, the secretariat of the Poseidon Principles determines the amount of CO₂ emissions considered currently fair for each ship type and size class (decarbonization trajectory).
- The actual volume of carbon emissions for each single vessel is compared with the aforementioned decarbonization trajectory and the difference represents the vessel's climate alignment.
- A positive climate alignment score means a vessel is misaligned (above the decarbonization trajectory), whereas a negative or zero score means a vessel is aligned.

Along with the Poseidon Principles, SuMi TRUST Bank signed the Call to Action for Shipping Decarbonization that was announced by the Getting to Zero Coalition (GZC) in an effort to encourage decarbonization in the maritime shipping industry. All the signatories are committed to achieving net-zero GHG emissions from international shipping by 2050 and urge governments to take action on formulating policies with the aim of deploying commercially viable zero-emission ships by 2030.

Transition finance for LNG-fueled vessels

In March 2021, SuMi TRUST Bank signed a syndicated loan agreement with Kawasaki Kisen Kaisha, Ltd. for Japan's first transition loan subject to evaluation in line with the Climate Transition Finance Handbook published by the International Capital Markets Association (ICMA). Kawasaki Kisen used the loan funds to acquire a next-generation environmentally friendly LNG-fueled car carrier vessel. LNG fuel emits 25%–30% less CO₂ than conventional heavy fuel oil used by ships and is therefore a more environmentally friendly source of energy. The acquisition of LNG-fueled ships is a recognized decarbonization transition initiative in the marine transportation industry.

Furthermore, in September 2021 SuMi TRUST Bank, in collaboration with the Development Bank of Japan, arranged a syndicated transition loan for Mitsui O.S.K. Lines (MOL) with the participation of 10 regional banks and other financial institutions. A transition loan was provided to MOL and one of its group companies, Ferry Sunflower Limited, to finance the introduction of Japan's first two LNG-fueled ferries scheduled to operate between Osaka and Beppu.

SMTB entrusted with impact evaluation of ship investment fund

In February 2021, SuMi TRUST Bank was entrusted with the task of carrying out impact evaluation and monitoring of the ¥600 billion impact investment fund (Anchor No. 5 Ship Investment Fund) launched by ship investment fund manager Anchor Ship Partners Co., Ltd. (ASP). The fund is the first of its kind in Japan to invest in real assets. By conducting evaluations and monitoring with reference to the IMO's decarbonization strategy and other global benchmarks, the Bank will support this fund's objective of contributing to carbon-neutrality efforts in the marine shipping industry (see pages 52–53).

Sustainable Loan Initiatives

SuMi TRUST Bank has set a new long-term target for sustainable finance in the banking sector (loans to corporate clients): ¥5.0 trillion in cumulative loans over the 10-year period from fiscal 2021 through 2030, including ¥3.0 trillion in environment-related fields. The Bank will aim to solve climate change and other environmental and social issues and help realize a sustainable society together with clients by actively supplying funds to environmental and social fields.

Category		Type	Examples of sustainable finance
Sustainable finance	Environmental (green) fields	Green finance	✓ Businesses that adapt to, or mitigate, climate change. For example, renewable energy, energy efficiency improvement, and green buildings.
	Other environmental fields	Social finance	✓ Employment creation, poverty reduction, nurturing of startup firms, regional revitalization, basic infrastructure like public transport and water supply, and essential services such as hospitals and schools.
		Finance based on assessments of ESG/SDGs	✓ Positive impact finance ✓ Sustainability-linked loans
		Transition finance	✓ Businesses that help society transition to net-zero carbon emissions. ✓ Businesses that help society adapt to a rapidly aging population.
		Other	✓ Other businesses that help solve environmental problems and social issues.

Positive impact finance (PIF)

In positive impact finance (PIF), we comprehensively analyze and assess from the viewpoint of industry sector, business area, and the supply chain, the impacts (both positive and negative) of a client's corporate activities on the environment, society, and economy and then work together with the client to set goals for mitigating the negative impacts and expanding the positive ones. The client then commits to achieving those goals as a condition for financing. In March

2019, SuMi TRUST Bank concluded the world's first PIF loan agreement with a business in which the use of loaned funds is unspecified. Ever since, the Bank has steadily increased its number of PIF loan transactions. Moreover, SuMi TRUST Bank keeps tabs on the targets and KPIs that were set at the time a PIF loan agreement was concluded and discloses the results on its website. If deemed necessary, the Bank also undertakes a process of engagement with the client.



PIF x SuMi TRUST

Example of Climate Change-Related KPIs in Positive Impact Finance

Client	Theme	Content	KPI metrics and goals
Kawasaki Heavy Industries, Ltd.	<ul style="list-style-type: none"> Realization of a carbon-free society with energy and environmental solutions 	<ul style="list-style-type: none"> Stable volume supply and more widespread use of clean energy in the form of hydrogen and realizing a low-carbon society 	<p>(a) Transportation amount of hydrogen Target: Transportation of 225,000 tons per year of hydrogen by Kawasaki hydrogen supply chain by 2030 *Japan's installed hydrogen capacity target is 3 million tons per year KPI: Transportation amount of hydrogen by Kawasaki hydrogen supply chain</p> <p>(b) Amount of CO₂ reduction utilizing hydrogen energy generated by Kawasaki hydrogen supply chain (theoretical value) Target: 1.6 million tons of CO₂ reduction utilizing hydrogen energy generated by Kawasaki hydrogen supply chain by 2030 KPI: Amount of CO₂ reduction utilizing hydrogen energy generated by Kawasaki hydrogen supply chain</p> <p>(c) Reduction of CO₂ emissions Target: Zero CO₂ emissions in business activities of the Kawasaki Group in 2050 (Scopes 1 and 2) KPI: CO₂ emissions from business activities of the Kawasaki Group (Scopes 1 and 2)</p>
Meidensha Corporation	<ul style="list-style-type: none"> Climate change countermeasures (minimizing environmental impacts through business activities) Climate change countermeasures (minimizing environmental impacts through products) 	<ul style="list-style-type: none"> Curbing GHG emissions by adopting climate change measures Minimizing impacts on the environment by providing products 	<p>Target: 30% reduction (vs. FY2019) in Scope 1 and 2 emissions from business activities by 2030 KPI: GHG emissions (Scopes 1 and 2; kt of CO₂)</p> <p>(a) Reduction of GHG emissions at the product use stage Target: 15% reduction (vs. FY2019) in Scope 3 Category 11 emissions at the product use stage by 2030 KPI: Volume (kt of CO₂) of GHG emission reductions from products</p> <p>(b) Reduction of GHG emissions (Scope 3 Category 11) through the provision of EV products Target: Reduce GHG emissions by 1,700,000 t-CO₂ in FY2024 and by 8,700,000 t-CO₂ in FY2030 (on the basis of substituting gasoline vehicles with equivalent grade EVs) KPI: Volume (kt of CO₂) of GHG emission reductions</p> <p>(c) Reduction in SF₆ use by providing SF₆-free products Target: Reduce amount of SF₆ used in society by expanding range of SF₆-free products KPI: Amount (kg) of reduction in SF₆ use</p>

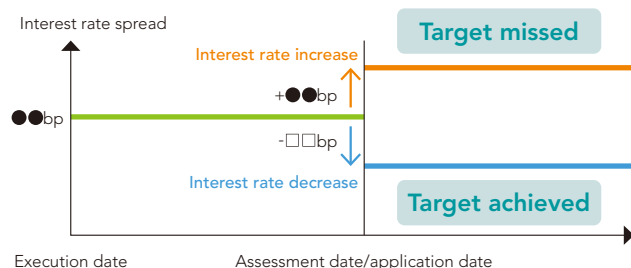
Client	Theme	Content	KPI metrics and goals
Sumitomo Metal Mining Co., Ltd.	• Climate change	<ul style="list-style-type: none"> • Promotion of copper mining projects, promotion of nickel mining projects and improvement in productivity • Recovery and stable supply of nonferrous metals through the development of technologies to separate, fix, and transform impurities extracted from the mines and produced in the smelting processes into useful materials • Demonstration and commercialization of recycling technology for automotive secondary batteries • Creation of new products and businesses that contribute to society by utilizing the company's strengths • Aim for zero greenhouse gas (GHG) emissions (Scope 1, 2) 	<ul style="list-style-type: none"> • Aim for early achievement of 300,000 tons/year of copper and 150,000 tons/year of nickel production as a world leader in non-ferrous metals • Commercialize recycling technology for automotive lithium-ion batteries by 2022 • R&D and commercialization of new functional materials in the energy, automotive, and information and communications fields, commercialization of NiO for fuel cells, and maintain leading global market share in the expanding cathode electrode materials market • (KPI for the anticipated impact of achieving the above KPIs) GHG reduction contribution from low-carbon footprint products by 2030: over 600 kilotons-CO₂ • Formulate a plan for achieving zero emissions in the second half of this century by 2030 • Total GHG emissions in 2030 ≤ Total GHG emissions in FY2013 • Reduce GHG emissions per unit of production by over 26% in 2030 (compared to FY2013)
Nippon Paper Industries Co., Ltd.	• Initiatives to address climate change	<ul style="list-style-type: none"> • Transition to non-fossil fuels • Promote energy conservation in manufacturing and distribution processes • CO₂ absorption and stabilization through appropriate management of company-owned forests 	<ul style="list-style-type: none"> • 10% reduction in greenhouse gas emissions by FY2020 (compared to FY2013) • Long-term targets are under consideration and are expected to be disclosed by May 2021
Subaru Corporation	• Mitigation of climate change	<ul style="list-style-type: none"> • Reduce Scope 1 and 2 greenhouse gas emissions resulting from company activities • Improve fuel efficiency, incorporate electric technology and switch to electric and hybrid vehicles, and reduce CO₂ emissions from vehicles manufactured and sold 	<p>Based on the Environmental Action Plan, consider and implement all possible measures from a company-wide perspective, including energy conservation and the introduction of renewable energy sources, while taking into account external factors such as technological innovation, markets, and regulations</p> <ul style="list-style-type: none"> • 30% reduction of CO₂ emissions in FY2030 (compared to FY2016) • Raise electric and hybrid vehicle sales to over 40% of global sales by 2030
Sumitomo Forestry Co., Ltd.	• Sustainability and biodiversity-conscious sourcing	<ul style="list-style-type: none"> • Forest management that balances global warming countermeasures and biodiversity conservation • Expand the use of sustainable forest resources and create a biodiversity-conscious environment 	<ul style="list-style-type: none"> • Raise domestic and overseas forest certified area to 221,467 ha by FY2021 • Reach company-made tree sapling planted area of 7,920 ha and supplied volume of 7.26 million trees by FY2021 • Achieve chips and pellets for main fuel use handling volume of 1,363,930 tons by FY2021 • Raise percentage of sustainable timber and timber products handled to 100% by FY2021 • Achieve company-made seedling unit sales of 500,000 in FY2021
Toyo Aluminum K. K.	• Climate change	<ul style="list-style-type: none"> • Reduce CO₂ emissions across the entire Group by developing initiatives such as energy visualization and rolling it out horizontally in a way that meets the requirements of each facility 	<p>Reduction of CO₂ emissions from business activities</p> <ul style="list-style-type: none"> • 30% reduction in CO₂ emissions in FY2031 (compared to FY2013)
Sumitomo Rubber Industries, Ltd.	<ul style="list-style-type: none"> • Greening • Mitigation of climate change 	<ul style="list-style-type: none"> • Global warming prevention and biodiversity conservation • Development of environmentally friendly products 	<ul style="list-style-type: none"> • Establish a method for calculating the amount of CO₂ absorbed by tree planting as a KPI, then set a target • Reduce global lifecycle CO₂ emissions per tire by at least 14% in FY2022 compared to FY2005
Mitsui Chemical, Inc.	• Realization of a symbiotic society in harmony with the environment	<ul style="list-style-type: none"> • Reduction of greenhouse gas emissions and conservation of energy and resources through the use of natural energy and non-fossil raw materials, and by making products lighter and more durable • Reduction of greenhouse gas emissions and chemical emissions through promotion of energy conservation, fuel conversion, and creation of innovative process technologies 	<ul style="list-style-type: none"> • Raise sales ratio of Blue Value® products to at least 30% in FY2025 • Number of Blue Value® Rose Value® products newly certified • Blue Value® product-related investment, R&D expenses • Greenhouse gas emissions reduction rate by FY2030: at least 25.4% (compared to FY2005) • Energy consumption rate reduction target: Maintain a five-year average reduction rate of at least 1%
Toray Industries, Inc.	• Acceleration of climate change measures	<ul style="list-style-type: none"> • Realization of a world where global greenhouse gas emissions and absorption are equal 	<ul style="list-style-type: none"> • Increase CO₂ emissions reduction contribution to the value chain by 8 times by FY2030 (compared to FY2013) through expanding the supply of Green Innovation products • Reduce GHG emissions per unit of operating revenue by 30% by FY2030 (compared to FY2013)
DIC Corporation	• Climate change response	<ul style="list-style-type: none"> • Achieve CO₂ emission reduction targets through production activities by promoting energy conservation and low carbon emissions (Scope 1, 2) 	<ul style="list-style-type: none"> • 30% reduction in CO₂ emissions in FY2030 (compared to FY2013)
Rengo Co., Ltd.	• Climate change	<ul style="list-style-type: none"> • Promote the Green New Deal to save energy and utilize new energy sources to reduce CO₂ emissions • Expand the use of renewable energies by proactively introducing solar power generation, biomass boilers, and other equipment to diversify energy sources, effectively use resources, and prevent global warming 	<ul style="list-style-type: none"> • 26% reduction in CO₂ emissions (Scope 1 & 2) by FY2030 (compared to FY2013) • Increase the ratio of renewable energy sources to 25% by FY2030

Considering the Environmental and Social Impacts of Corporate Clients

Client	Theme	Content	KPI metrics and goals
Ricoh Leasing Company, Ltd.	• Mitigation of climate change	<ul style="list-style-type: none"> • Curb global warming by reducing CO₂ emissions from business activities • Reduce environmental impact by expanding environment-related business areas 	<ul style="list-style-type: none"> • Reduce CO₂ emissions from business activities (Scope 1 & 2) to 774 t-CO₂ in FY2022 (30% reduction from FY2015), 410 t-CO₂ in FY2030 (63% reduction from FY2015), and zero in 2050 • Realize a decarbonized society through promoting energy creation and energy conservation
Sumitomo Dainippon Pharma Co., Ltd.	• Environmental initiatives	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions 	<ul style="list-style-type: none"> • 35% reduction in greenhouse gas (GHG) emissions (Scope 1 & 2) by FY2030 (compared to FY2017)
Sapporo Holdings Limited	• Environmental protection	<ul style="list-style-type: none"> • Taking steps to protect the environment at each stage of business so future generations can inherit the blessings of nature with every employee taking it upon themselves to promote environmental activities 	Fighting global warming Target: Zero CO ₂ emissions at company locations by 2050 KPI: CO ₂ reduction volume
Furukawa Electric Co., Ltd.	• Contribution to a carbon-free society	<ul style="list-style-type: none"> • Undertaking business activities mindful of climate change 	(i) Target: At least 26% reduction in GHG emissions from business activities by FY2030 versus FY2017 KPI: GHG emissions (Scopes 1 and 2) (ii) Target: 3% improvement in renewable energy ratio by FY2025 versus FY2017 KPI: Renewable energy ratio
Tokyu Fudosan Holdings Corporation	• Minimizing environmental footprint	<ul style="list-style-type: none"> • Undertaking urban development in harmony with the environment 	(a) CO₂ reduction initiatives Targets: <ul style="list-style-type: none"> • Quickly establish long-term CO₂ emission reduction goals for the year 2050 and obtain SBTi certification • Achieve the long-term goals established above KPIs: <ul style="list-style-type: none"> • Establishment of long-term CO₂ emission reduction goals as soon as possible and acquisition of SBTi certification • CO₂ emissions (Scopes 1, 2, and 3) (b) Increased use of renewable energy Target: Adopt renewable energy sources for all power used in business activities by 2050. Aim to achieve milestone goals of 60% by 2030 and 90% by 2040. KPI: Weighting of renewable energy sources as a percentage of power used in business activities. (c) Acquisition of environmentally-friendly property certification Target: 100% environmentally-friendly property certification rate for newly built large office buildings and commercial facilities (CASBEE: A or higher; DBJ: 4 stars of higher; BELS: 4 stars or higher) KPI: Rate of acquisition of environmentally-friendly property certifications (d) Appropriate management and use of water resources Target: Quickly establish long-term water consumption reduction targets KPIs: <ul style="list-style-type: none"> • Quick establishment of long-term water consumption reduction targets • Water consumption per total floor space of business sites and portfolio properties (e) Reduction of waste generated Target: Quickly establish long-term targets for reducing the amount of waste generated KPIs: <ul style="list-style-type: none"> • Quick establishment of long-term targets for reducing the amount of waste generated • Waste generated per total floor space of business sites and portfolio properties
Fuji Oil Holdings Inc.	<ul style="list-style-type: none"> • Employment, Climate, Biodiversity and Ecosystem Services, and Inclusive and Healthy Economy • Climate change 	<ul style="list-style-type: none"> • Supply chain improvement activities and RSPO initiatives aimed at NDPE (No Deforestation, No Peatland development, No Exploitation) in the sourcing process • Energy used and CO₂ emitted in the manufacturing process 	<ul style="list-style-type: none"> • Traceability scores for palm oil all the way back to the oil extraction plant (target: 100%) • Number of incidents registered in the grievance mechanism Environmental Vision 2030 (reviewed CO ₂ emission reduction targets in April 2020) <ul style="list-style-type: none"> • Scope 1 & 2: 40% reduction by 2030 (compared to 2016) • Scope 3 (Category 1): 18% reduction by 2030 (compared to 2016)
J.Front Retailing Co., Ltd.	• Climate change	<ul style="list-style-type: none"> • Reduce Scope 1 & 2 greenhouse gas emissions resulting from company activities • Reduce Scope 3 emissions by promoting the Supplier Code of Conduct 	<ul style="list-style-type: none"> • 40% reduction in CO₂ emissions by 2030 (compared to 2017) • Zero CO₂ emissions by 2050 (compared to 2017) • 100% adoption of Supplier Code of Conduct by 2030 • 40% reduction in Scope 3 emissions by 2030 compared to FY2017

Sustainability Linked Loan

SuMi TRUST Bank is also working on sustainability linked loans, which are not based on comprehensive KPIs like Positive Impact Finance, but rather on a mechanism that enables SuMi TRUST Bank to set ambitious Sustainability Performance Targets (SPTs) on specific themes with the borrower company, and to vary the interest rate depending on the achievement of the targets. The SPTs are selected after thorough consultation with clients from the following categories: energy efficiency (energy conservation and renewable energy), water consumption, sustainable procurement, circular economy (recycling rate), biodiversity, and global ESG evaluation. Then, a third-party organization such as a rating agency evaluates the appropriateness of the established SPTs in light of the overall corporate CSR strategies of the borrower company.



Green bonds

SuMi TRUST Bank issued its first green bond (€500 million) in September 2018 in overseas markets and then its second (\$500 million) in March 2021 for mainly ESG investors and asset managers overseas. The proceeds raised from the issuance of these green bonds have been used to fund 10 renewable energy (solar) power generation projects in Japan, thus contributing to an annual CO₂ reduction of 102,008 tons*¹ (as of March 31, 2021). Information about the allocation of green bond proceeds and how they are helping to enhance the improvement is disclosed on our website*² and subjected to a third-party review.

*1 Figure calculated by multiplying the CO₂ reduction effects of the projects by SuMi TRUST Bank's loan ratio

*2 For details, please follow the following link.

https://www.smth.jp/english/sustainability/Initiatives_achievements/esgi/greenbond

Sustainability-linked derivatives

In August 2021, SuMi TRUST Bank concluded a forward foreign exchange contract (ESG foreign exchange contract) with ASICS Corporation that is aligned with the Sustainability-Linked Loan Principles developed by the Loan Market Association and other institutions. SuMi TRUST Bank believes this is the first time a Japanese financial institution has concluded such a contract with a listed company in Japan. By setting sustainability performance targets (SPTs) that align with the sustainability goals of Asics and linking the terms and conditions of the forward exchange contract to ASICS' performance against the SPT, Asics will be motivated to achieve it. Accordingly, this sustainability-linked derivative financial instrument aims to accelerate and support sustainable economic activity and growth that benefits the environment and society. Should ASICS fail to achieve the SPT, it can still generate a positive impact for society by making a donation through SuMi TRUST bank to an organization that suits the objectives of its sustainability vision.

Green deposits

In May 2021, SuMi TRUST Bank launched its first Green Deposit for corporate clients. Green Deposit is a foreign currency time deposit, the proceeds of which are used to fund green projects that help improve the environment, including renewable energy such as solar and wind power generation, or the acquisition or construction of environmentally friendly property. This service was also rolled out to individual clients beginning in June 2021.

Selected in the BoJ's climate change response operations

In December 2021, SuMi TRUST Bank was selected to receive financing under the Bank of Japan's funds-supplying operations to support financing for climate change responses. Based on this, the Bank established a ¥100 billion "green operations" framework for corporate finance in order to make best use of the BoJ's operations and provide stronger financial support to clients tackling climate change.

Environmental Improvement Impact of Projects Financed with Proceeds from the Green Bond Issuance

Category	Subcategory	Country	Number of projects	Annual power output (MWh)	Annual CO ₂ reduction (metric tons)	
						Company contribution
Renewable energy	Solar power generation	Japan	10	438,155	192,711	102,008

Towards the creation of positive impacts



Press conference for the Japan Impact-driven Financing Initiative (November 29, 2021)

Launch of Japan Impact-driven Financing Initiative

On November 29, 2021, a group of 21 private sector financial institutions, as founding signatories, announced the Japan Impact-driven Financing Initiative. The aim of the initiative is to have signatories proactively participate in impact creation and further the implementation of impact-driven investment and lending.

SuMi TRUST Holdings served as chair of the initiative's Joint Drafting Committee. Going forward, we intend to work closely with the other signatories and take a leading role in the expansion of impact finance in Japan.

Why positive impacts are required

The Principles for Positive Impact Finance of the United Nations Environment Programme Finance Initiative (UNEP FI) define positive impact as "that which serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental, and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated."

The concept of ESG that was spelled out in the Principles for Responsible Investment in 2006 quickly gained momentum in no time at all and went mainstream in the finance

industry. Now in the industry, ESG initiatives need to be not just assessed, but also put into practice. In other words, in order to make society more sustainable, we must play an independent and active role in the creation of positive impacts.

Initiatives of the SuMi TRUST Group

The first instance of the Group's initiatives was in March 2019 when SuMi TRUST Bank executed the world's first positive impact finance loan agreement (whereby the use of loaned funds is unspecified) (see page 54). We have since expanded our initiatives to equity investments, real assets (ships), and venture capital and we have come to holistically consider positive impacts as part of our value creation process by focusing on impacts on a management level as we do business in various asset classes.

Also, in October 2021, SuMi TRUST Bank set up an Impact Business Development Office within the ESG Strategy and Solution Department. The role of finance in shaping a sustainable society is now greater than ever before. The policy of the Group going forward will be to uncover potential positive impacts by deeply analyzing not only our clients, but also their value chains, and actively working out how to best manifest such impacts.

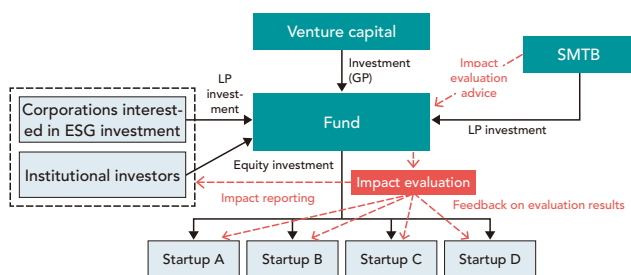
Expanding into various asset classes

Investments and loans	Equity investments	Real assets	Venture capital
<p>March 2019</p> <p>SuMi TRUST Bank concluded the world's first positive impact finance agreement with Fuji Oil Group Inc. whereby the use of loaned funds is unspecified</p>	<p>October 2019</p> <p>Sumitomo Mitsui Trust Asset Management launched and started managing the Japan Equity Impact Investment Fund (global equity fund also launched in January 2021)</p>	<p>February 2021</p> <p>SuMi TRUST Bank started providing ship investment fund impact analysis services to Anchor Ship Partners</p>	<p>April 2021</p> <p>SuMi TRUST Bank started providing scientifically-based impact analysis services to the investment targets of a venture capital fund managed by Real Tech Holdings</p>

Impact evaluations based on scientific knowledge

In April 2021, the SuMi TRUST Group established the Technology-based Finance (TBF) Team that brings together a group of experts within the Sustainability Management Department (see page 17). By leveraging impact evaluations based on the scientific knowledge of the TBF Team, the Group can raise impact measurement and management (IMM) to an extremely high level. Impact evaluation advisory services for venture capital firms is one classic example.

Impact evaluation services for VC



Impact management process

- Quantitative and qualitative evaluations are carried out following an identification of the impacts of the investee's activities, products, and services on society and the environment.
- Targets and KPIs for maximizing the positive impacts and minimizing the negative ones are established and then the attainment of KPIs over the investment period are monitored. The results are delivered as feedback to the investee company to improve management practices and enhance corporate value.

Recognition of initiatives

The SuMi TRUST Group's progressive initiatives on impact finance have been highly rated. In particular, in recognition of its positive impact finance solutions, SuMi TRUST Bank was awarded the gold prize in the financing category of the Ministry of the Environment's inaugural ESG Finance Awards Japan in 2020.

The Bank's positive impact finance solutions were also gonged with the Chairman's Award in the 17th LCA Society of Japan Awards. The practice of using the life cycle



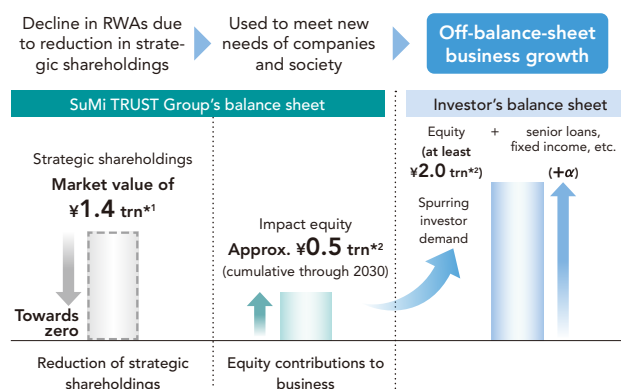
assessment (LCA) thought process and methodology in the decision-making process for financing was recognized as a meaningful practice, and it is for this reason that SuMi TRUST Bank became the first financial institution to be recognized in the LCA Society of Japan Awards.



Awards ceremony of the 17th LCA Society of Japan Awards

Launch of impact equity fund

We are currently using surplus capital generated from our ongoing reduction of strategic shareholdings to invest up to ¥500 billion in impact equity to meet demand for capital for mainly climate change and decarbonization measures. We hope this will have a pump-priming effect and stimulate demand for more than ¥2.0 trillion in capital from investors in an effort to generate social and economic value and forge new commitments with corporations.



*1 As of September 2021

*2 Estimated amounts generated from the Group's initiatives on the assumption that roughly ¥50 trillion will be required in Japan through to 2030 for investments in climate change measures, decarbonization, and infrastructure



2. Initiatives in the Asset Management Business

Initiatives of Sumitomo Mitsui Trust Asset Management

Approach to ESG

ESG issues reside in non-financial domains and do not manifest themselves in financial reporting, but they can have a considerable impact on corporate financial value over time. Based on this thinking, SMTAM considers the actions taken to address such issues to be integral to stewardship activities, alongside engagement and the exercise of voting rights. Through these activities, SMTAM aims to maximize returns for its clients and contribute to the achievement of the SDGs by actively fulfilling its role as an asset manager in the investment chain.

Specific ESG initiatives

(1) Initiatives for engagement

There are three approach methods: (1) top-down approach; (2) market cap approach; and (3) risk approach. In the top-down approach, SMTAM identifies companies for engagement based on the 12 topics formulated in accordance with the ESG materiality of SuMi TRUST Holdings. In the market cap approach, it selects companies in light of the importance of management issues and their market capitalization. In the risk approach, SMTAM identifies companies mainly by focusing on those against which it cast dissenting votes in the exercise of voting rights (low ROE, etc.) or companies where misconduct has occurred. With these three approaches, SMTAM seeks to carry out efficient and exhaustive engagement activities.

Total assets under management

¥85.7 trillion
(as of end-September 2021)

ESG initiative asset balance

¥30.9 trillion
(as of end-September 2021)

(2) Initiatives for the exercise of voting rights

SMTAM views the exercise of voting rights as an opportunity to call for the minimum standard of governance and considers it one method for expressing its views on governance. SMTAM emphasizes three key points: (1) high-quality governance that respects shareholder interests; (2) efficient utilization of shareholders' equity for sustainable growth; and (3) appropriate action in the event an incident occurs that damages corporate value. It has published detailed guidelines for the exercise of voting rights. SMTAM has also established criteria pertaining to ESG issues and it makes decisions on shareholder proposals in the same way as company proposals from the perspective of whether or not they will help maximize shareholder value over the medium to long term.

ESG guideline

As a signatory to the PRI, SMTAM engages investee companies to help resolve ESG issues and enhance their corporate value over the medium to long term based on the values expressed in the UN Global Compact and the SDGs, while at the same time focusing on ESG investment activities. In carrying out these activities, SMTAM has established 12 materialities to systematize the evaluation items. In addition, for in-house managed active products, fixed-income passive products, and individually designated passive products, SMTAM will suspend new and additional purchases of securities issued by companies involved in the manufacture of inhumane weapons, as listed below, and may sell existing holdings depending on the results of engagement.

*Inhumane weapons: Cluster bombs, anti-personnel landmines, biological weapons, chemical weapons

ESG engagement policy

SMTAM will engage in dialogue and express opinions that will contribute to the enhancement of corporate value over the medium to long term through the resolution of ESG issues of investee companies, positioning it as an opportunity to call for best practices from companies. It has designated 12 key topics, including climate change and improvements in corporate governance, through which it will conduct top-down engagement activities. At the same time, SMTAM will also employ a bottom-up approach linking these key topics to the business strategies of each corporation. On top of SMTAM's own engagement activities, the company will also participate in and collaborate with global initiatives for agendas related to greenhouse gases, palm oil, forest conservation, healthcare access, and diversity (promotion of women).



Initiatives of Nikko Asset Management

Approach to ESG

As an asset management company, Nikko AM's mission is to always act in the best interests of its clients. For that reason, it places utmost importance on fiduciary and ESG principles in its corporate philosophy and corporate activities. Guided by the belief that reflecting ESG in investment practices enhances the long-term value of corporations and contributes to sustainable economic growth, Nikko AM strives to incorporate ESG principles into all investment decision-making processes so that it can fulfill its fiduciary duties.

Specific ESG initiatives

(1) ESG Global Steering Committee

Formed in November 2016, Nikko AM's ESG Global Steering Committee is chaired by the Global Head of Investment. Its members include investment managers from Japan and overseas, as well as a large number of observers. The Committee is tasked with promoting and discussing the incorporation of ESG investment, methods for implementation, and new approaches. It also reports on its activities to the Board of Directors and is incorporated into Nikko AM's governance structure.

Total assets under management

¥32 trillion
(as of end-September 2021)

ESG initiative asset balance

¥12 trillion
(as of end-September 2021)

(2) ESG investment strategy

Nikko AM believes that appropriately incorporating ESG into investment processes is key to achieving excess returns over the medium to long term. Its active Japan equity investment strategies incorporate Creating Shared Value (CSV) evaluations, which take ESG factors into consideration. The evaluation score is based on the application of the CSV theory and assesses how companies balance their engagement of ESG issues, the pursuit of market competitiveness, and financials, as well as their creation of shareholder value by solving social issues. Through continuous engagement with companies, Nikko AM's research analysts actively evaluate how proactive they are in addressing ESG issues.

ESG guideline

Principle 1: Nikko AM will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: Nikko AM will be active owners and incorporate ESG issues into ownership policies and practices.

Principle 3: Nikko AM will seek appropriate disclosures on ESG issues by the entities in which it invests.

Principle 4: Nikko AM will promote acceptance and implementation of the Principles within the asset management industry.

Principle 5: Nikko AM will work together to enhance effectiveness in implementing the Principles.

Principle 6: Nikko AM will report on activities and progress towards implementing the Principles.

ESG engagement

Nikko AM's engagement involves exchanging opinions not only on the business continuity and financial strategies of investee companies, but also on management policies, business strategies, shareholder returns, ESG issues, and other matters referred to in publicly disclosed non-financial information, from a long-term perspective and in line with the company's growth phase. Nikko AM's engagement activities cover a wide range of stakeholders, from senior management to finance, corporate planning, and business managers. In addition, for companies that are particularly reluctant to provide information, Nikko AM proposes meetings with senior management to increase the effectiveness of engagement. Nikko AM is working to achieve closer engagement with investee companies, with the aim of sharing the company's situation from a third-person perspective and supporting the creation of corporate value over the medium to long term.

3. Consulting Business Initiatives

Consulting to support the adoption of sustainable management practices

There is no shortage of economic, social, and environmental problems that affect us, such as the spread of COVID-19, the escalation of climate change, and the widening disparity of wealth. As such, there is a growing call for companies, which play a leading role in the economy, to incorporate sustainability-conscious management and play a proactive role in solving issues.

SuMi TRUST Bank's approach to sustainable management is to establish a process that creates value for stakeholders as well as for itself from the three angles of economy, society,

and environment and then fully incorporate it into management. The Bank offers consulting services to support the introduction of sustainable management by drawing on its strengths of bringing together the perspectives of ESG institutional investors accumulated over many years in investment management with the perspectives of forward-thinking sustainable management practitioners. More specifically, we have assembled a project team of highly experienced, expert consultants to accommodate the needs of clients and provide convincing advice.

Factors that hamper the implementation of sustainable management

- Insufficient understanding of global trends (assuming sustainability does not suit Japanese culture).
- Sustainability being viewed as “corporate social responsibility” and not integrated into core strategic issues.
- Incomplete instructions and information sharing with employees caused by vague motives for promotion of sustainability. Lack of a sense of conviction among employees preventing the progress of initiatives in the field.
- Insufficient involvement of the board of directors and lack of awareness among management. Department in charge not given enough authority to promote sustainability.
- Lack of balanced dialogue with a variety of stakeholders, including NGOs (inadequate response to negative external criticism).

Sustainable Management Implementation Support

The Sustainable Management Implementation Support service is designed to support clients in creating a roadmap for accelerating sustainable management based on the existing implementation system, status of initiatives, and information disclosure, as well as solidifying the internal mindset.

Sustainable Management Promotion Support

The Sustainable Management Promotion Support service helps clients develop their value creation process and enhance their impact management and materiality management, which are an essential part of promoting sustainable management.

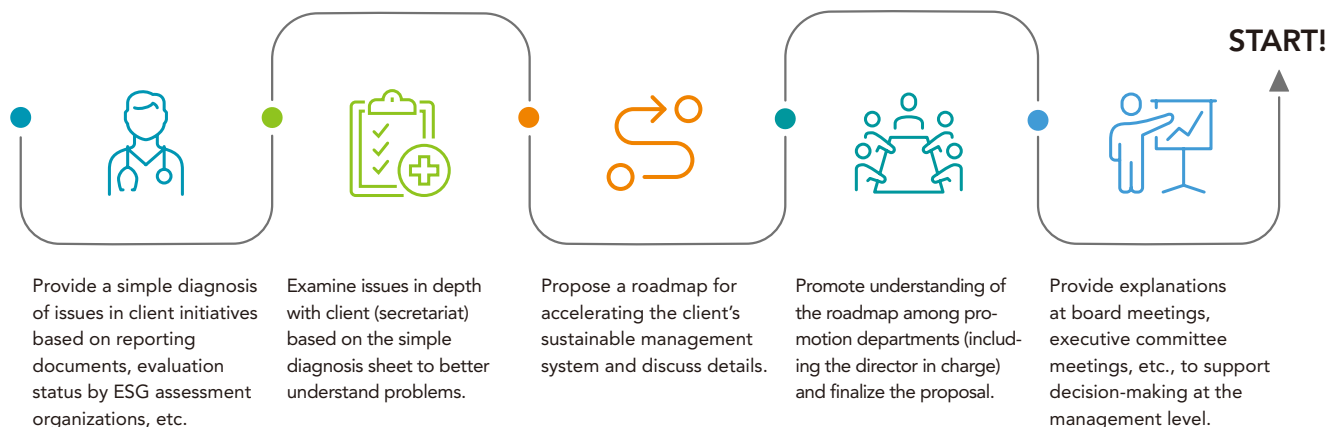
Sustainable Management Disclosure Support

The Sustainable Management Disclosure Support service aids clients in improving information disclosure with a focus on integrated reports as a means of communicating sustainable management to stakeholders in an easy-to-understand and concrete manner.

Sustainable Management Dialogue Support

The Sustainable Management Dialogue Support service assists clients in enhancing dialogue with investors, who have become increasingly interested in sustainable management and are beginning to incorporate ESG factors into their engagement and exercise of voting rights.

Process for supporting the introduction of sustainable management



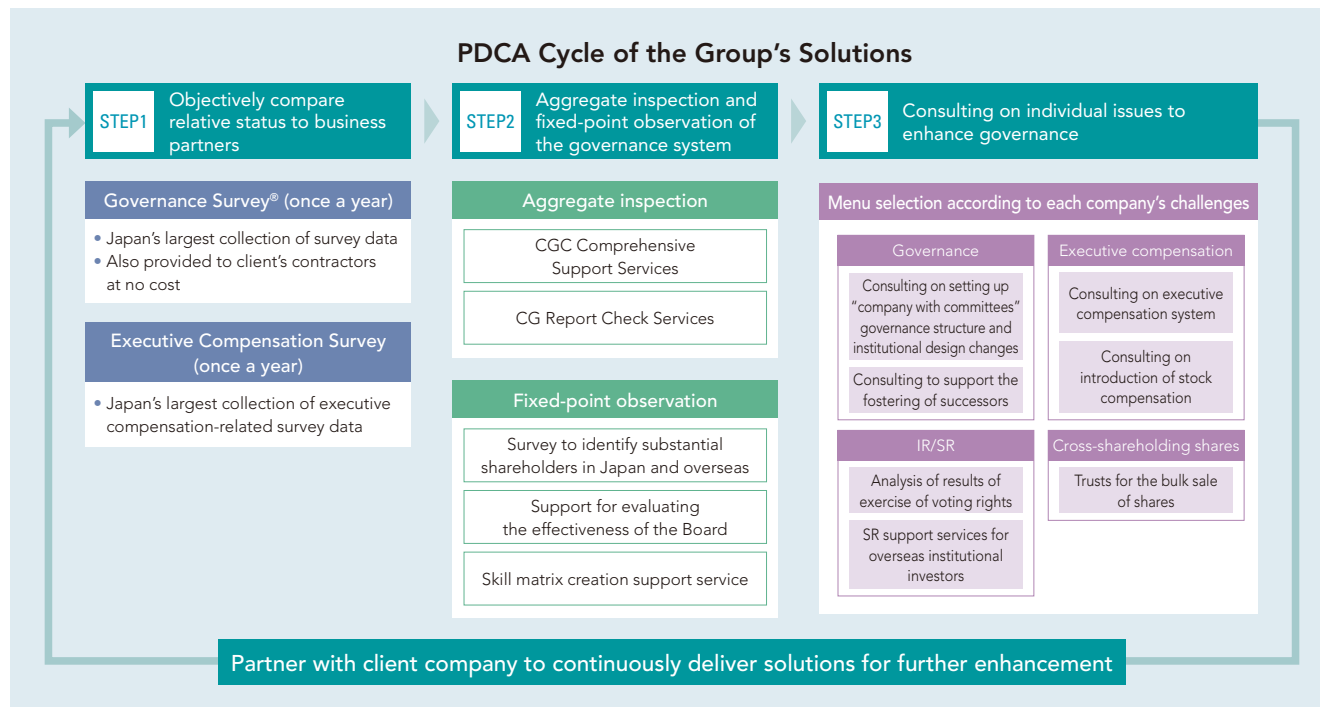
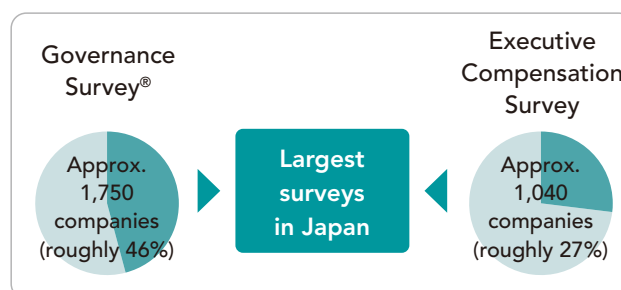
Governance Consulting

Corporate governance reforms in Japan have strengthened governance on the part of both companies and investors through the introduction and revision of the Stewardship Code and the Corporate Governance Code. Based on the revised codes and various guidelines/guidance, companies are now expected to implement more sophisticated initiatives to strengthen governance. The Group's Stock Transfer Agency Services Business supports the corporate governance initiatives of Japanese companies with our Governance Survey® and Executive Compensation Survey, which leverage the industry's leading client base*.

Now in its fifth year, the Governance Survey® attracted the participation of some 1,750 companies, making it the largest such survey in Japan. Nearly 50% of all listed companies in Japan took part and the distribution of those companies is quite similar to that of Japan's stock markets. The survey is supervised by Professor Kunio Ito and is characterized by providing governance index data (indexed to substantive progress) along with results compared alongside benchmark companies. The Executive Compensation Survey, conducted in collaboration with Deloitte Tohmatsu Consulting, is also in its fifth year and is also the largest in Japan in terms

of company participation, with approximately 19,600 executive compensation data points from some 1,040 companies broken down by company attribute. In addition to compensation levels, the survey intensively reviews compensation decision policies and the practical operation of compensation systems and compensation committees. Building on the data in the Governance Survey and the Executive Compensation Survey, the Group is able to partner with client companies to identify their specific challenges, deliver optimal solutions, and provide continuous and multifaceted support aimed at enhancing governance.

*As of the end of September 2021, 1,656 listed companies under management for a market share of 42.4%, the highest in the industry



The Group views governance consulting as an opportunity for close communication and interaction with the management of client companies, and thus continues active dialogues with them. This enables us to capture a wide range of management challenges that go beyond the governance challenges facing the management team and

provide further solutions.

Examples of the kinds of total solutions that benefit from Group strengths include sustainable finance, M&A advisory services, real estate brokerage and effective utilization, support for introducing and changing corporate pension schemes, and wealth management.

2 Planet

—Environmental Considerations

Without a healthy planet to provide the clean air, fresh water, agriculture, forests and fisheries on which human life depends, societies cannot succeed and companies cannot create long-term value.

From the World Economic Forum White Paper “Measuring Stakeholder Capitalism”

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- 065 The Group’s Approach to Environmental Issues
- 066 Actions for Adapting and Mitigating Climate Change
- 074 Natural Capital (Biodiversity Issues)
- 080 ESG in Real Estate
- 092 Environmental Burden Reduction Measures



The Group's Approach to Environmental Issues

With regard to the three elements of a sustainable society, namely the economy, society, and the environment, the spread of COVID-19 demonstrated how social dysfunction can cause immeasurable damage to the economy, while also highlighting how global environmental issues such as climate change can undermine the very foundation of society's existence. This implies that an economy can function only in a healthy society, and that society must stay within the limits of the environment. Based on this perspective, we have established an environmental policy that considers global environmental issues in relation to the economy, and we are accelerating our various environmental initiatives.

Sumitomo Mitsui Trust Holdings Environmental Policy

1. Provision of Products and Services

We will strive to reduce environmental risks and enhance environmental value for the society as a whole by providing financial products and services that contribute to the preservation of the global environment and the realization of a sustainable society.

2. Environmental Burden Reduction

We will strive to preserve the environment and realize a sustainable society through efforts toward energy conservation, resource conservation, and resource recycling based on the recognition of the burden imposed on the environment by the consumption of resources and the discharge of wastes involved in our business activities.

3. Pollution Prevention

We will strive to ensure continuous verification and improvement of our environmental activities and make efforts to prevent pollution.

4. Regulatory Compliance

We will comply with the laws, regulations, rules, and agreements concerning the preservation of the environment.

5. Monitoring

We will strive to ensure the continuous improvement of our environmental activities by setting and periodically reviewing and revising environmental objectives and targets.

6. Education & Training

We strive to ensure group-wide awareness of compliance with the Environmental Policy and to provide appropriate environmental education.

7. Information Disclosure

We will strive to promote activities to preserve the environment through communications with external organizations by publicly disclosing the Environmental Policy.

*The Action Guidelines for Mitigating Climate Change (see page 66) and the Action Guidelines for Preserving Biodiversity (see page 74) are specific guidelines that were drawn up based on this Environmental Policy.

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Pursuing sustainability-themed business opportunities	Opportunity	Clients, communities	Maximization of positive impact through business (e.g., development of innovative financial products that contribute to solving environmental issues, and engagement that encourages positive behavioral change among borrowers and investees)
Considering impacts on society and the business environment of companies to whom we extend investments and loans	Risk	Clients, communities, NPOs	Minimization of negative impact through business (e.g., investment and loan operations in line with policies for specific sectors and ESG guidelines, engagement that encourages the reduction of negative environmental impacts of borrowers and investees)
Climate change	Risk/Opportunity	Clients, shareholders/investors, governments, international organizations, employees, NPOs	Development of climate-conscious governance, finalization of strategies, enhancement of risk management, establishment of metrics and goals, information disclosure in line with TCFD, and pursuit of business opportunities

Highly
Relevant
SDGs



Actions for Adapting and Mitigating Climate Change

The most pressing environmental problem facing the world today is climate change.

At COP21, held in Paris in December 2015, signatory nations agreed to limit the increase in the global average temperatures to well below 2°C, and to pursue efforts to limit the temperature increase to 1.5°C; they also agreed to draw up a draft of further international targets. Since developed countries are responsible for 80% of historical carbon dioxide emissions, signatory nations also agreed that developed countries and developing countries had “common but differentiated responsibilities.” Countries across the globe have since accelerated moves toward realizing carbon-free societies. Through abnormal weather, rises in sea levels, and other phenomena, climate change is already impacting people’s lives, economic activity, and ecosystems in a number of ways. Moreover, the negative impacts of climate change are greatest on developing countries and the vulnerable, and

this is creating additional societal issues such as inequality and poverty.

At the same time, measures taken to ease or adapt to climate change are leading to improvements in ecosystem services through the enrichment of natural capital, while the migration of social systems driven by investment promotion and technological innovation is generating economic growth. Global sustainability now hinges on how quickly societies can achieve net zero CO₂ emissions.

Target SDGs for Climate Change Initiatives



Action Guidelines for Mitigating Climate Change

1. Implementation of Measures and Support to Help Mitigate Climate Change

In addition to actively taking measures to reduce greenhouse gas emissions in our own business operations, we are making efforts, as a corporate citizen, to support activities that mitigate and adapt to climate change.

2. Provision of Products and Services

We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy.

3. Collaboration with Stakeholders

We engage in dialogue and cooperation with our stakeholders as we work to mitigate climate change.

4. Education and Training

We will ensure that these guidelines are fully implemented at Group companies, and will actively conduct education and training to mitigate climate change.

5. Information Disclosure

We will actively disclose information related to our efforts to mitigate climate change.

Summary of Activities in 2020/2021

	Targets for 2020/2021	Results
Long-term sustainable finance target ^{*1}	<ul style="list-style-type: none"> Undertake a total of ¥5 trillion in projects in the 10-year period from FY2021 to FY2030 (including ¥3 trillion in the environmental field) 	<ul style="list-style-type: none"> ¥328.5 billion, as of September 30, 2021
Climate change mitigation	<ul style="list-style-type: none"> Further expand renewable energy finance portfolio Reduce CO₂ emissions by 50% from FY2019 levels by FY2030^{*2} 	<ul style="list-style-type: none"> 170 projects generating a total of 16,245 MW 4.4% less than in FY2020
Disclosure of climate-related information	<ul style="list-style-type: none"> Enhance TCFD Report 	<ul style="list-style-type: none"> Published TCFD Report in January 2022 Announced Carbon Neutral Commitment

^{*1} For initiatives carried out by SuMi TRUST Bank

^{*2} For initiatives carried out by SuMi TRUST Bank; in the Carbon Neutral Commitment announced in October 2021, the bank changed its policy to achieving net-zero greenhouse gas emissions from the SuMi TRUST Group by FY2030

Carbon Neutral Commitment

In October 2021, SuMi TRUST Bank announced the following Carbon Neutral Commitment, with the aim of reducing greenhouse gas emissions worldwide and solving other

climate change-related issues in society. In order to steadily promote this commitment, SuMi TRUST Holdings has also joined the Net Zero Banking Alliance (NZBA).

- 1) Contribute to achieving carbon neutrality in society by leveraging trust banking group's wide-range and flexible functions
- 2) Target net-zero GHG emissions in investment and loan portfolios by 2050*¹
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA
- 3) Achieve net-zero GHG emissions in the SuMi TRUST Group by 2030*²

*1 Scope 3 Standard (emissions of other companies related to the SuMi TRUST Holdings' activities) of the GHG Protocol, a GHG emissions measurement and reporting standard developed by the global GHG Protocol Initiative

*2 Scope 1 and Scope 2 of the GHG Protocol

Scope 1: A reporting organization's direct GHG emissions

Scope 2: A reporting organization's indirect emissions associated with the generation of electricity, heating/cooling, or steam purchased from other companies for its own consumption

Participation in International Initiatives

In order to more steadily promote its initiatives toward carbon neutrality, the SuMi TRUST Group has become a member of the Net-Zero Banking Alliance (NZBA); NZBA is a financial sub-sector net-zero initiative of the Glasgow Financial Alliance for Net-Zero (GFANZ), a sector-wide coalition of net-zero finance initiatives.

NZBA is an international initiative for banks committed to aligning their lending and investment portfolios with net-zero GHG emissions by 2050; it was convened by the UN in April 2021. NZBA members are required to systematically reduce operational and attributable GHG emissions from their lending and investment portfolios, with the goal of achieving net-zero emissions by 2050 or earlier.

The SuMi TRUST Group became a member of NZBA in October 2021. Going forward, in line with NZBA guidelines, the Group will draw up interim reduction targets and

concrete reduction schedules for GHG emissions, and promote initiatives aimed at achieving net-zero.

The Net-Zero Asset Managers initiative (NZAMI) is an international group of asset managers committed to achieving net-zero GHG emissions in investee companies by 2050; it was launched in December 2020. NZAMI members are required to systematically reduce GHG emissions in assets under their management, with the goal of achieving net-zero emissions by 2050 or earlier.

Sumitomo Mitsui Trust Asset Management became a signatory of NZAMI in July 2021, with Nikko AM following in November 2021. Going forward, in line with NZAMI guidelines, both companies will formulate interim GHG emissions reduction targets for assets under their management, and promote initiatives aimed at achieving net-zero.

TCFD Report Publication

TCFD stands for "Task Force on Climate-related Financial Disclosures." It was established by the Financial Stability Board (FSB) to develop recommendations for how companies ought to disclose climate-related financial information. SuMi TRUST Holdings declared its support for TCFD and its recommendations in 2018. Since then, Group companies have followed these recommendations in their activities, with a focus on the core recommendations related to information disclosure. The Group has published a TCFD Report

covering its Group-wide initiatives every year since fiscal 2020.

URL: https://www.smth.jp/-/media/th/sustainability/report/2021/tcfcd_all.pdf



Initiatives Led by the Technology Based Finance Team

Partnership Agreement with Hokkaido Regional Environment Office, Ministry of the Environment

In September 2021, SuMi TRUST Bank signed a partnership agreement with the Hokkaido Regional Environment Office, Ministry of the Environment, with the twin aims of popularizing ESG regional finance and of promoting the resolution of regional issues in Hokkaido. This forms part of the Group's wider goals of realizing its Carbon Neutral Commitment by 2050, and of creating a Regional Circular and Ecological Sphere,

which seeks to construct a recycling-based, carbon-free society that exists in harmony with nature.

Both parties will leverage their respective functions, knowledge, and networks to popularize ESG regional finance, and to promote the resolution of regional issues by creating model businesses focused on regional benefits and providing support for the implementation of impact evaluations. In this way, they will undertake new initiatives aimed at realizing regional sustainability.



The partnership agreement signing ceremony, September 16, 2021

<Agreement Overview>

1. Promote the popularization of ESG regional finance at regional financial institutions
2. Promote the simultaneous resolution of regional problems and of global warming, by focusing on decarbonization
3. Promote the introduction of renewable energies, etc., with a focus both on environmental friendliness and regional benefits
4. Support the implementation of impact evaluations for ESG regional finance projects
5. Promote innovation and implement outstanding technologies across society
6. Create regional financial opportunities such as co-financing

Partnership Agreement for Impact Evaluations on Local Production for Local Consumption of Energy

SuMi TRUST Bank has signed a partnership agreement with The Bank of Yokohama, Ltd., Hamagin Research Institute, Ltd., and Odawara City, Kanagawa Prefecture, to carry out impact evaluations on local production for local consumption of energy in Odawara City. This is the first time in Japan that a regional public entity and regional financial institutions have signed a partnership agreement to carry out in-depth impact evaluations.

Odawara City is working with private enterprises on

projects to promote the construction of local microgrids for the local production for local consumption of energy. Together with The Bank of Yokohama, the leading financial institution in the region, and Hamagin Research Institute, The Bank of Yokohama's thinktank, SuMi TRUST Bank will identify and assess the impact of these projects on regional finance, local communities, and the environment; their goal is to realize a model for local production for local consumption of energy in Odawara City.

Title	Partnership Agreement to Assess the Impact of the Local Production for Local Consumption of Energy Project in Odawara City
Target	<ul style="list-style-type: none"> • Establish a platform for cooperating with The Bank of Yokohama, Ltd., Hamagin Research Institute, Ltd., and Odawara City, with the goal of carrying out impact evaluations and formulating impact finance methods for the Local Production for Local Consumption of Energy Project • Carry out impact evaluations on renewable energy management, including the use of primarily solar-based distributed power supplies, and the multi-purpose use of electric vehicles (for transport, BCP, and adjusting supply and demand) • Select groups of companies to promote the project, and carry out impact evaluations on them; construct a logic model for understanding the collective impact of the initiatives of each company group
The role of SuMi TRUST Bank	<ul style="list-style-type: none"> • Identify businesses and projects to undergo impact evaluations • Carry out practical affairs related to impact evaluations • Provide know-how and support for the execution of practical affairs related to impact evaluations, including conducting interviews with Odawara City and companies involved in the project; managing changes in external environments; and tracking both the quantitative and qualitative effects of the project on regional finance • Provide support for understanding the technologies required for Odawara City's local production for local consumption of energy model • Provide support for minimizing negative impacts and for creating and enhancing positive impacts

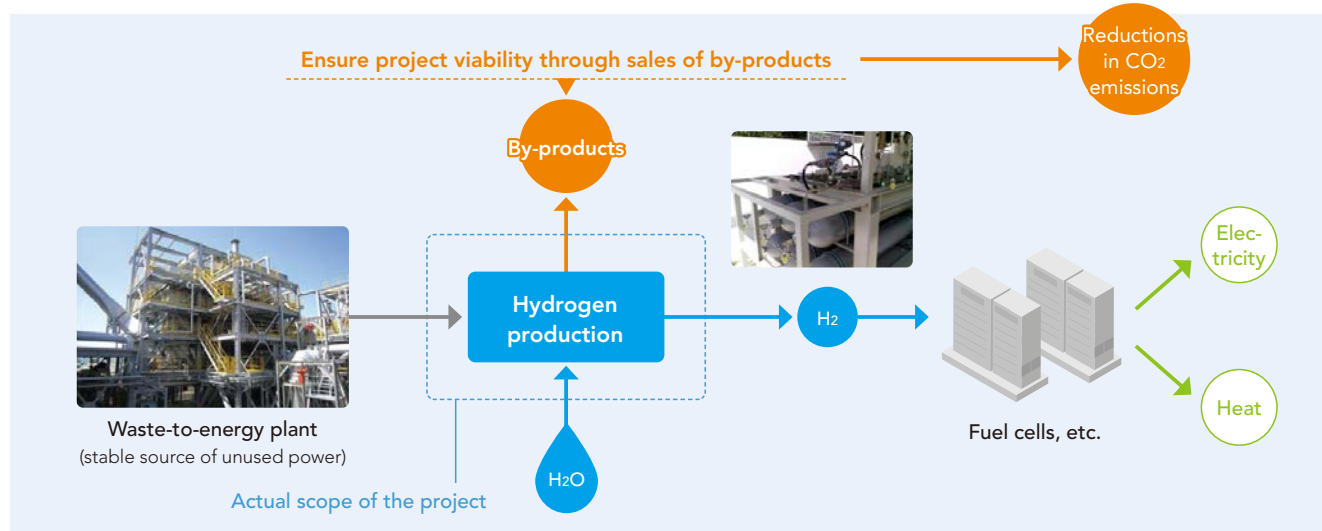
Establishing a Green Hydrogen Supply Chain

Asahi Pretec Corp., FC Development Co., Ltd., X-Scientia Co., Ltd., and SuMi TRUST Bank have started developing systems and carrying out verification tests on building a green hydrogen supply chain through the effective use of by-products. The parties proposed the “Development of a system for building a green hydrogen supply chain through the effective use of by-products” project for consideration as part of the “2021 Low Carbon Technology Research, Development and Demonstration Project,” promoted by the Ministry of the Environment’s Global Environment Bureau, and have been awarded a partial subsidy.

The project seeks to develop hydrogen co-production systems capable of utilizing unused electricity from waste-to-energy plants to jointly produce both hydrogen and by-products, with the goal of significantly reducing hydrogen

production costs. After the completion of the project, the parties will discuss utilizing renewable energy and unused regional energy; their goal is to contribute to regional decarbonization by producing affordable hydrogen, and creating a green hydrogen supply chain that uses both hydrogen and any valuable by-products locally.

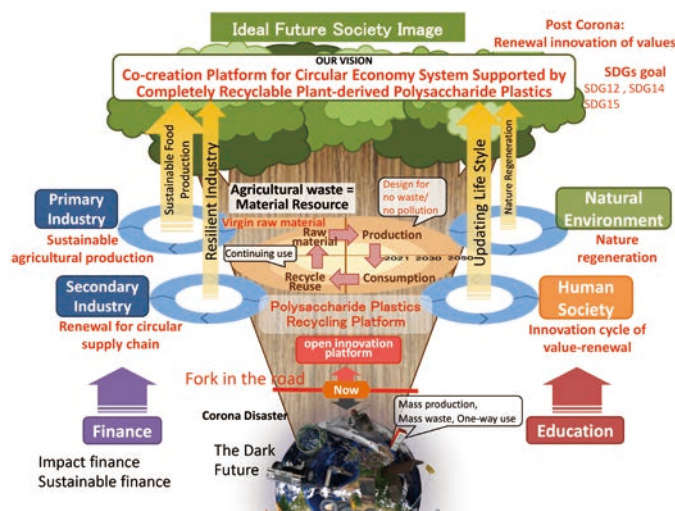
In April 2021, SuMi TRUST Bank established a technology-based finance (TBF) team—a group of experts in the fields of environment and energy—with the aim of financing the social implementation of decarbonization technologies. The TBF team’s first proposal was to collaborate with X-Scientia to actualize the design of the green hydrogen supply chain project; the team’s role is to stimulate demand with a view to future commercialization, and to establish business schemes.



Participation in “Renewable plant polysaccharide-based plastic resource-oriented society co-creation hub”

Recycling-oriented societies contribute significantly to climate change mitigation by reducing the amount of energy required for producing products. It was for this reason that, in December 2021, SuMi TRUST Bank chose to participate in the Kanazawa University-led “Renewable plant polysaccharide-based plastic resource-oriented society co-creation hub” project, which was selected by the Japan Science and Technology Agency as a full-scale (10-year project) program for open innovation platforms for industry-academia co-creation (COI-NEXT) for fiscal 2021.

This project views polysaccharide agricultural waste as a resource, and seeks to establish a bioplastic recycling platform that incorporates the following steps: tailoring the design of bioplastic products—which do not generate plastic waste—to their usage scenarios; producing only the necessary quantities of plastic; and collecting and recycling used plastic so that it can continue to be reused.



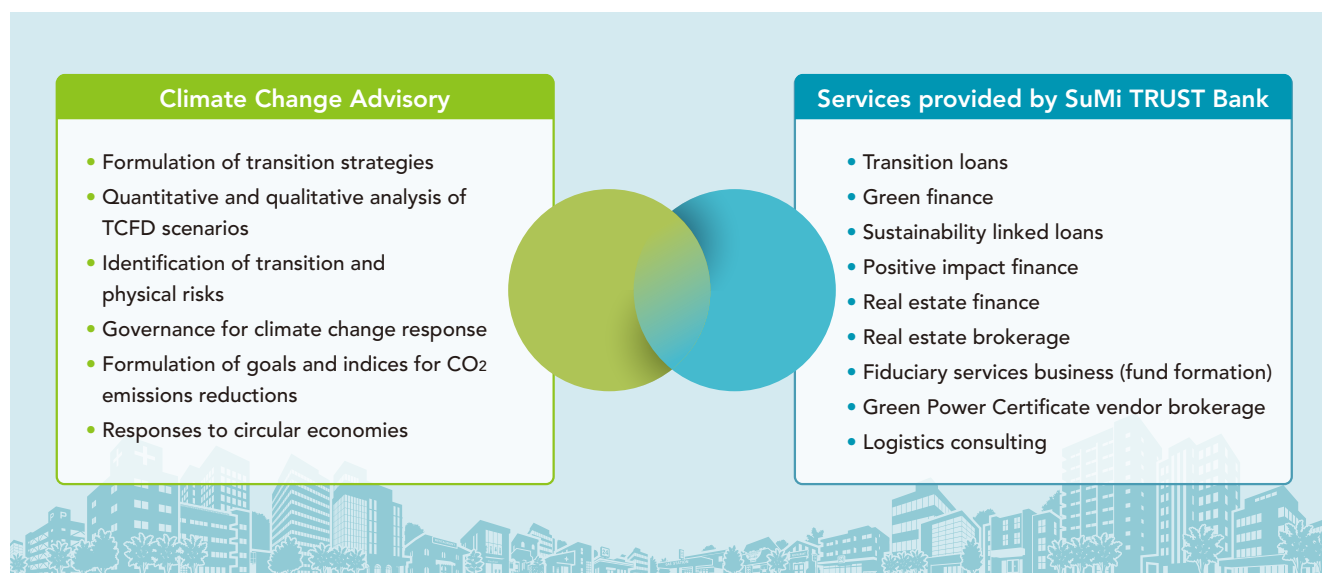
SuMi TRUST Bank Initiatives

Solutions to Climate Change

SuMi TRUST Bank established the Sustainable Business Promotion Office in April 2020. The organization was dedicated to developing and promoting ways to accelerate the growth of the Bank's solutions business for corporate enterprises, and to increase the corporate value (solutions business for social issues) of its clients through the provision of new ESG products and services.

In light of the increasing ESG needs of its clients, in April 2021 SuMi TRUST Bank reorganized the office as

the Sustainable Business Promotion Department with the aim of strengthening its functions in various areas: the cross-business development of ESG solutions; human resources; product development; business infrastructure establishment; and branding. The Sustainable Business Promotion Department will provide a comprehensive climate change response consultation service and a diverse array of solutions.



Financing Renewable Energy Projects

Through project finance, SuMi TRUST Bank promotes the implementation of large-scale wind power generation, solar power generation, and other renewable energy projects; in addition, it has established and manages a renewable energy fund that specializes in large-scale renewable energy power generation projects.

The Bank is expanding its project finance for both onshore

and offshore wind power generation overseas, and further increasing its financing activities for solar power generation in Japan. The SuMi TRUST Bank is involved in projects with a total power generation capacity of 16,245 MW, and a total annual output of 43,674 GWh; this equates to an annual CO₂ reduction effect of 18.976 million tons, of which SuMi TRUST Bank's contribution accounts for 2.961 million tons.

Reducing CO₂ Emissions through Project Finance

	Number of projects	Potential capacity (MW)	Annual output (GWh/year)	CO ₂ reduction (PJ-based) (1,000t)	CO ₂ reduction (contribution by the company) (1,000t)
Solar	118	5,896	8,804	4,625	1,313
Wind	26	3,577	9,598	3,450	574
Offshore wind	12	5,874	19,464	8,114	507
Biomass	13	779	5,764	2,767	565
Power generation from waste	1	120	44	21	2
Total	170	16,245	43,674	18,976	2,961

Eligibility inclusion: Project financing involving SuMi TRUST Bank (inside and outside Japan)

Capacity calculations: Numerical values of potential generation capacity, gigawatt hours of output per year, and CO₂ reduction effect cover all projects in each category.

Solar Power Generation Project Loans for Infrastructure Investment Corporations

In November 2020, SuMi TRUST Bank originated a loan of approximately ¥27.9 billion to an infrastructure fund that primarily invests in renewable energy power generation facilities; the loan will be used to finance the acquisition of a large-scale solar power generation plant. Following the acquisition, the infrastructure fund is expected to become one of the largest listed infrastructure funds in Japan, with total assets of approximately ¥58.8 billion.

The loan is a syndicated loan involving a total of 13

regional and national financial institutions, and is the largest loan that a listed infrastructure fund has ever received in Japan. The land (superficies) and power generation equipment included in the large-scale solar power plant acquisition funded by this loan is under a trust beneficiary right scheme, with SuMi TRUST Bank as the trustee. This marks the first time that SuMi TRUST Bank has been the trustee of a property with superficies.

Renewable Energy Funds and Investment Products for Investors

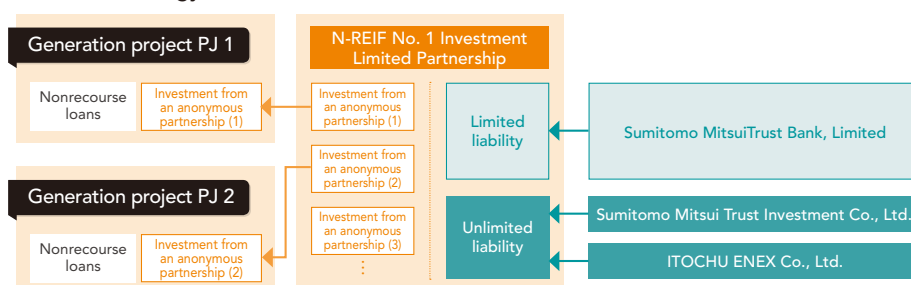
SuMi TRUST Bank established and operates funds that invest in renewable energy power generation projects. In addition, SuMi TRUST Bank launched a domestic renewable energy business investment fund for institutional investors.

As of March 2021, these funds have supplied equity funding for 27 mega-solar power generation projects and 1 wind power generation projects with total potential generation

capacity of 365 MW. Of the ¥142.0 billion in aggregate equity investment directed into these projects, our funds supplied total equity investment of ¥25.5 billion. These projects generate annual power output of 412 GWh, commensurate to CO₂ emission reduction of over 220,000 metric tons.

* For CO₂ emission reduction calculations, we use the emission coefficient of each electricity supplier in the electricity supply system of the region where each project is located.

Renewable Energy Fund Scheme



- We contribute by providing equity-like funding for the spread of renewable energy projects.
- We are building up an investment track record in solar and wind power generation, and plan to broaden the scope of our renewable energy investments.

The first fund of the Domestic Renewable Energy Business Investment Fund for Institutional Investors was established as a trust in April 2018 with an AUM of ¥12.7 billion (¥11.5 billion from external investors). The fund completed its investment phase in April 2020 following investment in seven projects and has moved into the management phase. The

total power generation capacity of all the projects included in the first fund is 119 MW, with annual power output reaching 138 GW, commensurate to CO₂ emission reduction of over 820,000 metric tons. We are currently considering the establishment of a second fund.

Establishing an Investment Fund for Renewable Energy Projects

There is a growing need for renewable energy in Japan. For this reason, in December 2021, NTT Anode Energy Corporation, Tokyo Century Corporation, SuMi TRUST Bank, and Sumitomo Mitsui Trust Investment established an investment fund with the goal of promoting the expansion

of solar power generation and other renewable energy projects. The four companies will combine their financial power and expertise in developing and operating renewable energy and, through this fund, seek to acquire renewable energy projects worth a total of around ¥100 billion.

Sumitomo Mitsui Trust Panasonic Finance Initiatives

Solar Power Generation for Self-Consumption

Sumitomo Mitsui Trust Panasonic Finance formed a partnership with an experienced solar power equipment manufacturer to help companies develop optimal investment plans for solar power generation for self-consumption based on their power utilization records, and reduce their initial costs

through subsidies.

This venture helps companies reduce their CO₂ emissions, reduce their Scope 3 emissions, and participate in SBT and RE100 initiatives; it also contributes to the Japanese government's Low Carbon and Decarbonization initiatives.

Contributing to Decarbonization through Corporate PPAs

Sumitomo Mitsui Trust Panasonic Finance is collaborating with power generation companies to promote the procurement of electricity through corporate power purchase agreements* (PPAs). Corporate PPAs offer three merits to clients: 1) the removal of solar power generation facilities from their balance sheets; 2) the procurement of renewable

energy with no initial investment; and 3) the effectively use of non-operational or idle land.

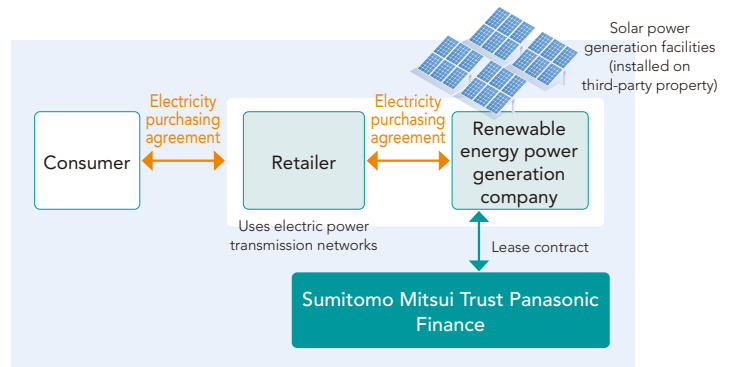
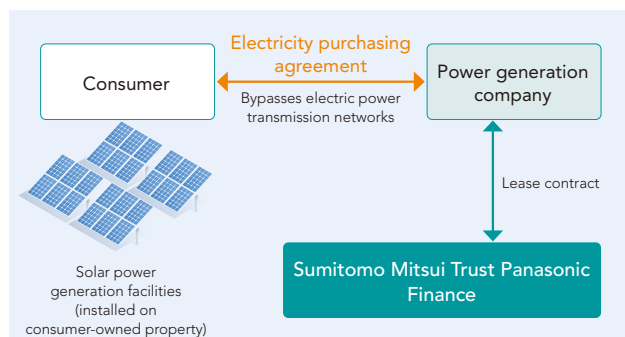
*Corporate PPAs are long-term agreements for consumers to purchase renewable electricity from power generation companies; they are available in various forms. Sumitomo Mitsui Trust Panasonic Finance has practical experience in the provision of subsidized on-site and off-site PPAs.

On-site PPAs

An on-site PPA is an electricity purchasing agreement in which a consumer purchases electricity that has been generated on its own property: the consumer provides a power generation company with use of privately owned property (rooftops, idle land, etc.); the power generation company uses this space to establish, operate, and maintain power generation facilities; the consumer purchases and consumes the electricity generated. Since on-site PPAs are exempt from renewable energy levies, consumers are not affected by rises in the unit price of electricity, so facilitating the stable procurement of electrical power.

Off-site PPAs

An off-site PPA is an electricity purchasing agreement in which a consumer purchases electricity that has been generated on third-party property: power generation facilities are installed on third-party property; electricity is sent from these facilities to the consumer via transmission networks. Off-site PPAs are targeted at consumers who face difficulties installing facilities on their own property, or whose demand exceeds their on-site generation capacity. Off-site PPAs incur consignment fees and costs related to supply and demand adjustments.



Mega-Solar Installations Using Leases

Leasing power generation facilities helps lower the initial investment cost for construction; projects can also earn stable income by using the feed-in tariff (FIT) system. Leases are therefore an effective method of financing that enhances business planning stability.

In addition to new projects, Sumitomo Mitsui Trust Panasonic Finance also provides lease-based financing options for fully operational projects that have been put up for sale to investors (secondary transactions). And it also started a leasing and installment plan support service for offshore floating mega-solar power plants. The Group will continue to fuse its extensive know-how honed thus far with financial services to offer schemes that best meet the needs of increasingly sophisticated renewable energy projects.



Micro-Power Generation in Water Supply Systems

Sumitomo Mitsui Trust Panasonic Finance proposes ideas for adopting micro-power generation systems in water supply systems across Japan, and promotes global warming mitigation measures and the use of natural energy in the regions.

Japan's water supply systems possess an enormous amount of untapped energy in the form of unutilized vertical drops in non-pressure flow pipes, surplus pressure in pumped supply pipes, and reduced pressure from pressure-reducing valves—all of which can be used for power generation. To utilize this untapped energy, Sumitomo Mitsui Trust Panasonic Finance operates a leasing system

in which it installs and operates highly efficient power generation systems in local government water facilities; this helps minimize initial investment costs and reduce the burden of operation for local governments.

As of November 2021, highly efficient power generation systems have been installed—or are scheduled to be installed—at approximately 46 water facilities across Japan, with a total power generation capacity of 1,589 kW. The company expects these facilities to generate 12,370 MWh of power per year, equating to annual CO₂ emissions reductions of 6,803 tons.

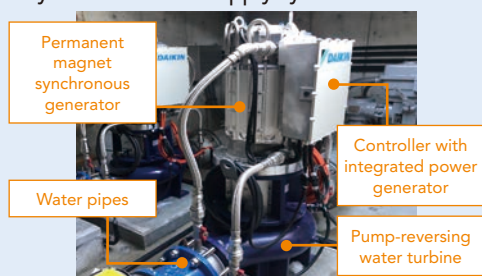
Characteristics of micro-power generation systems

- High efficiency:** Efficient power generation system developed with inverter controls
- Low cost:** System configuration uses general-purpose pumps, low-cost magnets, and standardized parts
- Compactness:** Power generator and control device are stacked on top of each other to minimize installation space

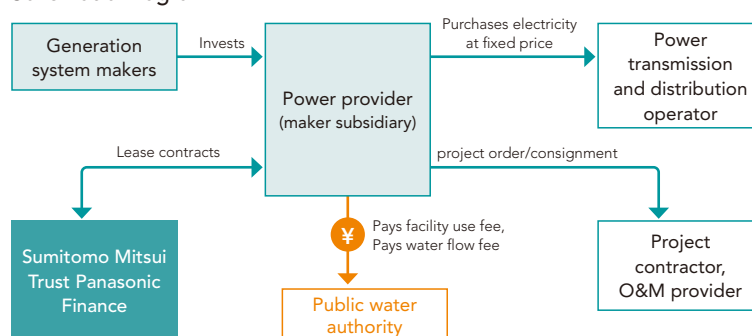
Characteristics of leasing system (advantages for local governments)

- No upfront investment costs on project launch
- Power provider manages and maintains the system
- Stable lease revenue and receipt of property tax

Newly developed micro-power generation system for water supply systems



Schematic Diagram



Home Renovation Loans for Smart Houses

Homes continue to evolve, and are now able to generate electricity on-site, and use this electricity in a smart manner. Through its home renovation loans, Sumitomo Mitsui Trust Panasonic Finance is supporting the conversion of homes into "smart houses." Today, smart houses are capable of efficiently generating and storing power through a combination of solar panels, storage batteries, and household fuel cells. Improved energy-saving functions also enable homeowners to tailor their electricity consumption to their lifestyles and the prevailing weather conditions. The ten-year Excess Electricity Purchasing Scheme for Photovoltaic Power commenced in 2009; as such, since 2019 there has been significant growth in household solar power generation equipment whose feed-in tariff contracts have expired. Going forward, the conversion of existing homes into "smart houses" will be a key topic in the fight against

global warming.

Following the liberalization of retail sales of electricity and gas to households in Japan, energy and telecommunication sector services are increasingly being integrated; examples include sales of packages that combine telecommunications or broadcasting services with various forms of electricity. The development of houses, home appliances, and vehicles with multiple functions is also advancing. Through its solar loans, Sumitomo Mitsui Trust Panasonic Finance has contributed to the popularization of household solar panels since the Excess Electricity Purchasing Scheme for Photovoltaic Power was established.

Going forward, by partnering with equipment vendors and installers, Sumitomo Mitsui Trust Panasonic Finance will continue to support the conversion of homes into "smart houses" via its renovation loans.

Equipment for Upgrading to a Smart House

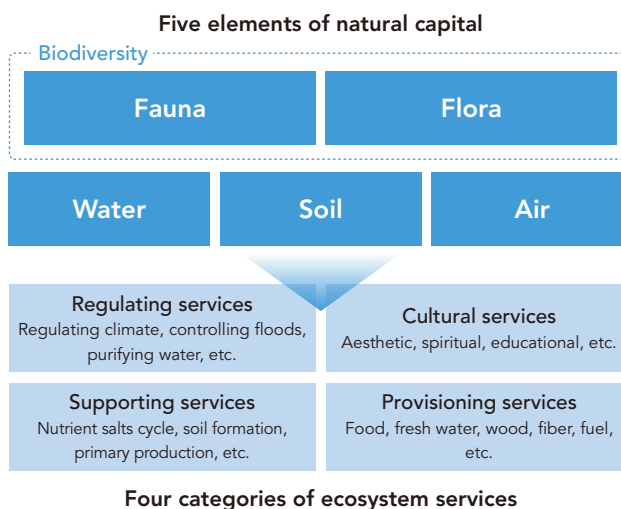


A smart house

Natural Capital (Biodiversity Issues)

The global environment is the foundation for sustaining the life of various living creatures. It comprises of natural capital, such as water, air, soil, as well as marine and terrestrial fauna and flora that are grown in such resources under the blessings of the sun. Humans also depend on natural capital and have utilized it to build social systems and develop the economy. In this process, however, humans have also caused significant consequences.

Natural capital is not inexhaustible. Supplies may be exhausted sooner or later unless we accurately track and manage our dependence and impacts on natural capital. This is closely interlinked with humans' day-to-day activities. For this reason, all SDGs are connected with natural capital. Primarily from the perspective of corporate activities, the Group focuses on natural capital in Japan, where we lay our business foundation, as well as natural capital outside Japan, where we rely on highly for the procurement of raw materials and parts. We have selected goals that contribute to proper dependence on and management of such natural capital.



Sumitomo Mitsui Trust Holdings Action Guidelines for Preserving Biodiversity

1. Implementing Measures and Providing Support for Biodiversity Preservation

We will strive to actively protect rare 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.

KPIs for Solving the Challenges

2020/2021	Target	Result	2021/2022	Target
Promotion through proposals to clients, seminars, school education, etc.	20 times or more	56 times	More advanced management system	Establishment of internal system
More advanced information disclosure	Issuing TNFD reports	Start consideration (framework to be released in 2023)	Enhancement of information disclosure	Participating in TNFD forums and information gathering
More advanced sector-specific policies	To be implemented within fiscal year 2021	Revise in fiscal year 2021 4Q	Promotion of related business	Accelerate inclusion in policy on investments and loans

Target SDGs for Natural Capital Initiatives



Also refer to Natural Capital, a separately published version of this report.
URL: <https://www.smth.jp/en/csr/report/2020/NC-E-all.pdf>



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.

The initiatives of NCD signatories have been expanded through NCD’s reorganization into Natural Capital Finance Alliance (NCFA).



Status of Business and Biodiversity Initiative “Biodiversity in Good Company”: Leadership Commitment

At the ninth meeting of the Conference of the Parties (COP 9) to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, SuMi TRUST Holdings signed the Leadership Commitment under the Business and Biodiversity Initiative “Biodiversity in Good Company,” which was led

by the German government. Since then, we have continued to use this commitment as a guideline for our activities.



Leadership Commitment	Initiatives in 2020-2021
1. Analyze impacts of corporate activities and current operational dependencies with regards to biological diversity.	We provided environmental rating loans with natural capital evaluation and Positive Impact Finance (PIF) solutions that comprehensively analyzes economic, social, and environmental impact of corporate activities, and also analyzed investee initiatives during our asset management company engagements.
2. Integrate the protection of biological diversity, the sustainable use of components and the equitable sharing of benefits derived from use (the three objectives of CBD) into sustainability management systems.	In our Sustainability promotion system, we draw up a plan for each fiscal year on efforts related to natural capital and review their performance semiannually.
3. Appoint a responsible individual within the company to steer all activities in the biodiversity sector and report to the Managing Board.	The head of the Sustainability Management Department steers all activities and reports to the Executive Committee.
4. Define realistic and measurable objectives to improve the protection of biological diversity and its sustainable utilization, to be monitored and adjusted every two to three years, and identify challenges.	We set targets based on the challenges for achieving SDG goals (see page 74).
5. Publish activities and achievements related to biological diversity in the company’s annual, environmental or sustainability report.	We publish the Natural Capital Report on an annual basis. Initiated research with a view to preparing a report in compliance with TNFD (Taskforce on Nature-related Financial Disclosures).
6. Inform suppliers about the company’s biodiversity objectives and integrate suppliers accordingly and step by step.	We continue to pay attention to procurement of copier paper and office supplies linked to illegal logging in tropical rain forests, which has large detrimental impacts on biodiversity. In the asset management business, we also engaged as an investor in tropical rainforests. In the PIF solutions business, we continued to set and monitor nature-related KPIs with our borrowers.
7. Explore the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system.	Sumitomo Mitsui Trust Asset Management participates in working group TNFD.

Major Initiatives in the Group’s Business to Date

2000	SuMi TRUST Bank is entrusted with the Keidanren Nature Conservation Fund, a charitable trust from the Keidanren Committee on Nature Conservation
2008	SuMi TRUST Holdings signs the Leadership Declaration of the Business and Biodiversity Initiative SuMi TRUST Holdings establishes the Basic Policy for Addressing Biodiversity Issues (currently Action Guidelines for Preserving Biodiversity) SuMi TRUST Bank translates the TEEB (The Economics of Ecosystems and Biodiversity) Interim Report
2010	Asset management company develops Ikimonogatari, a Japanese equity investment trust specializing in biodiversity
2012	SuMi TRUST Holdings signs the Natural Capital Declaration (now the Natural Capital Finance Alliance) proposed by UNEP FI at the United Nations Conference on Sustainable Development (Rio+20)
2013	SuMi TRUST Bank develops environmental rating loans with natural capital evaluation; SuMi TRUST Bank forms the the Natural Capital Study Group
2016	SuMi TRUST Bank signs the Equator Principles
2018	Asset management company joins Farm Animal Investment Risk & Return (FAIRR), an engagement organization working primarily with the fisheries and livestock industries
2019	SuMi TRUST Bank develops Positive Impact Finance (PIF)
2020	SuMi TRUST Bank establishes financing policies for specific sectors SuMi TRUST Bank is entrusted with a forestry trust by Okayama Prefecture’s Nishiwakura Village
2021	Asset management company participates in working group TNFD (Task force for Nature-related Financial Disclosures)

Natural Capital (Biodiversity Issues)

Positive Impact Finance

SuMi TRUST Bank is working on Positive Impact Finance (PIF), which considers not only the relationship with clients but also the relationship between clients and society, and helps transition to a sustainable society by ensuring an optimal relationship (see page 54). Many companies have some

level of exposure to natural capital in their supply chain. SuMi TRUST Bank supports client initiatives by identifying these impacts, setting KPIs for reducing negative impacts and increasing positive impacts, and monitoring them.

Example of Monitoring of KPIs and Results Set on the Theme of Natural Capital in PIF (Client) Fuji Oil Group Headquarters (From March 2019)

Theme	Target	KPI	Result	
Biodiversity and ecosystem services	Sustainable sourcing that considers the environment and human rights Supply chain improvement activities and RSPO initiatives aimed at NDPE (No Deforestation, No Peatland development, No Exploitation) in the sourcing process	Traceability scores for palm oil all the way back to the oil extraction plant	Fiscal year 2018 First half: 98% Second half: 99%	Fiscal year 2019 First half: 99% Second half: 100%

(Client) Sumitomo Forestry Co., Ltd. (From March 2020)

Theme	Target	KPI	Fiscal year 2019 result
Sourcing that considers sustainability and biodiversity	<ul style="list-style-type: none"> Forest management that balances global warming prevention and biodiversity conservation Expansion of sustainable use of forest resources Environment creation that considers biodiversity 	Raise domestic and overseas forest certified area to 221,467 ha by fiscal year 2021	221,101 ha
		Reach company-made tree sapling planted area of 7,920 ha and supplied volume of 7.26 million trees by fiscal year 2021	7,770 ha, 4.14 million trees
		Achieve chips and pellets for main fuel use handling volume of 1,363,930 tons by fiscal year 2021	1,112,224 t
		Raise percentage of sustainable timber and timber products handled to 100% by fiscal year 2021	89.8%
		Achieve company-made seedling unit sales of 500,000 in fiscal year 2021	424,000 trees

Initiatives in the Real Estate Business

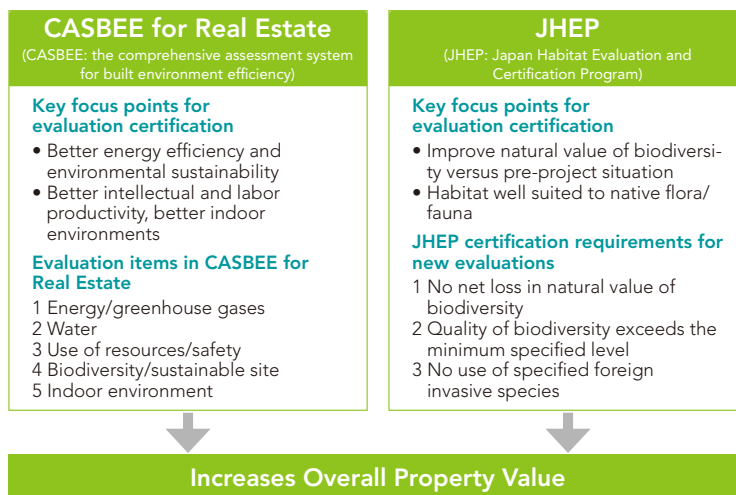
Construction Consulting on How to Foster Biodiversity and Ecosystems

Through the use of CASBEE for Real Estate*1 and JHEP*2 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.

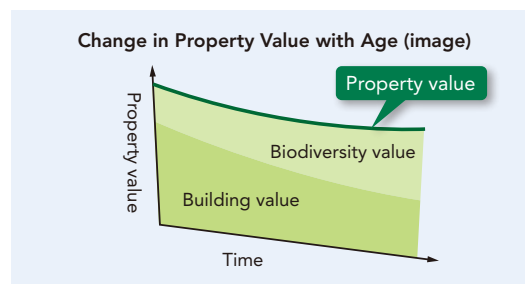
*1 CASBEE for Real Estate: The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). SuMi TRUST Bank is involved in the establishment of criteria.

*2 JHEP: Japan Habitat Evaluation and Certification Program is a system 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 decline 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 communities, neighboring buildings and green nature reserves.



Initiatives in Asset Management

Sumitomo Mitsui Trust Asset Management (SMTAM) has set “natural capital/resource conservation” as one of the top-down engagement ESG 12 topics, and has been engaged in engagement activities related to palm oil production, as well as engagement activities and proposals to the governments of Brazil and Indonesia regarding tropical rainforest conservation. In addition, we have been participating in the Task Force on Nature-related Financial Disclosures (TNFD), which was officially launched in June 2021, since the informal working group started in the previous year (as the only company from Japan participating), and have been contributing to the development of frameworks.

Activities through the Principles for Responsible Investment (PRI) Palm Oil Working Group—Engagement Toward Financial Institutions

As a PRI signatory, SMTAM joined the PRI Palm Oil Working Group in 2016 as a lead manager and has since been continually active. The working group is the oldest of those of PRI, which was established in 2011. It was established in response to the massive loss of rainforests and biodiversity caused by

palm oil production, the poor conditions for workers, and conflicts with local residents over land development, which became major social issues.

In 2018, the working group decided to strengthen its engagement activities with ASEAN financial institutions. The main aim is to encourage strengthened monitoring of compliance of palm oil producers, etc., among financial institutions, which play the important role of supplying funds in the palm oil supply chain. In November 2018, members of the working group, including SMTAM, visited financial institutions in the ASEAN region, and conducted engagement to request clarification of the role of the financial industry in the transition to a sustainable palm oil sector and to strengthen monitoring among financial institutions.

Multi-Engagement Activities—Engagement Toward the Indonesian Government

In November 2020, the Indonesian government established the Omnibus Law with the aim of simplifying laws and regulations to speed up business and achieve economic benefits. From the draft bill stage, SMTAM was concerned that the enactment of this law would lead to deforestation. In order to solve social issues, we determined that it is essential for governments and public policy organizations to collaborate with private companies and public entities, and that it is necessary to engage multi-stakeholders other than investee companies.

In September 2020, SMTAM joined forces with 35 overseas asset managers to send a letter to the Indonesian government saying that there is the risk that economic stimulus packages under the law could lead to deforestation. The letter subsequently was sent individual responses by the Indonesian Deputy Foreign Minister and the Environment and Forestry Minister. At the same time, SMTAM worked of its own accord to engage with the Indonesian Ambassador to Japan, expressing the opinions that: (1) Long-term investors are not concerned about the law itself, but want transparency in how it is applied and (2) we would like particular care taken not to damage forest conservation. As the Indonesian government's view, it was mentioned that the government is conscious of various stakeholders, including investors and environmental groups in implementing the law, and that the government would give due consideration to the balance between economic stimulus and environmental conservation, especially with regard to measures to prevent deforestation, in the implementation rules.

Examples of Engagement Activities Through the PRI Palm Oil Working Group

Target Company Malaysia: CIMB Group (Finance)

Deciding to Strengthen Engagement Toward ASEAN Financial Institutions

In 2018, the working group decided on a policy to strengthen engagement activities toward ASEAN financial institutions.
This was to encourage strengthened monitoring of compliance of palm oil producers, etc., among financial institutions, which play the important role of supplying funds in the palm oil supply chain.

Engagement with CIMB

We started engagement with CIMB, which is a leading Asian financial group and has the biggest presence in ASEAN, by requesting: (1) Clarification of the role of financial institutions in the transition to a sustainable palm oil sector; and (2) Strengthened monitoring of compliance by palm oil producers, etc.

Corporate Action

- Amid repeated engagement, the company formulated a policy to: (1) Be the first financial institution in the region to incorporate EES (environmental, economic, and social) into its risk assessment; (2) Incorporate sustainable finance policies into the screening process for lenders; and (3) Promote enhanced monitoring of palm oil producers for compliance.
- Declared in December 2020 that coal-related financing will be phased out by 2040. This marked the first time that a Malaysian financial institution declared a withdrawal with a clear timeframe.

Future Policy

As the scope of engagement has expanded to include other ASEAN financial institutions, the top ASEAN groups have begun to respond positively to sustainability initiatives. However, with regard to medium-sized and smaller enterprises, we are still at the stage of promoting understanding about sustainability activities of financial institutions. To solve the palm oil problem, we plan to widely conduct engagement toward financial institutions throughout the ASEAN region.

Commitment Letter to Prevent Deforestation Caused by Grain Production

In November 2021, SMTAM endorsed the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation, which was endorsed by over 30 global asset managers (total assets of \$8.7 trillion).

Forestry Trust

Japan is one of the most forested countries in the world, and half of the forests that were planted after the war are now in full-scale use. However, their use has not progressed and is, on the contrary, causing a negative impact. The main reasons for the lack of appropriate use of forests are the small-scale ownership structure of forests, the increase in the number of landowners outside of villages due to the concentration of population in urban areas, and the emergence of forests with unknown owners.

In order to help solve these social issues, SuMi TRUST Bank developed the forestry trust. The forestry trust is the kind of SDGs initiative that only a trust can provide, promoting forestry and regional revitalization.

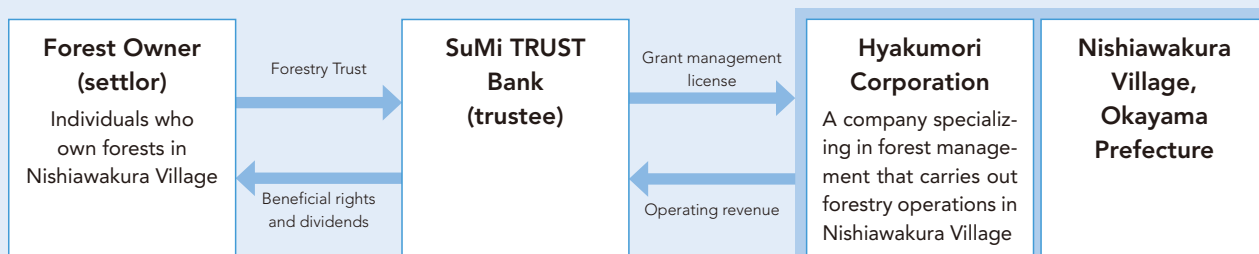


Forestry Trust Business

In August 2020, SuMi TRUST Bank was entrusted with a forestry trust with a trust property of approximately 10 ha of forest from an individual client (hereinafter “owner”) who owns forest in Okayama Prefecture’s Nishiawakura Village, as the first commercial trust in Japan. SuMi TRUST Bank will entrust management activities to forestry entities on behalf

of the owner, manage revenues, and distribute dividends. The forestry entity that performs the work combines multiple forests to ensure more efficient forestry management and prevent the situation where the owner of the land becomes unclear due to inheritance and other factors.

Forestry Trust Scheme



Thinning of Forests

In the summer of 2021, thinning work was carried out in Okayama Prefecture’s Nishiawakura Village. Forest maintenance and conservation are carried out by repeating the cycle of thinning at intervals of five years or more, followed by clear-cutting and reforestation. Appropriate maintenance can help prevent disasters such as landslides and increase carbon dioxide absorption.

This thinning has created a healthy environment for the forest to grow by creating adequate space between the trees and allowing sunlight to shine through.

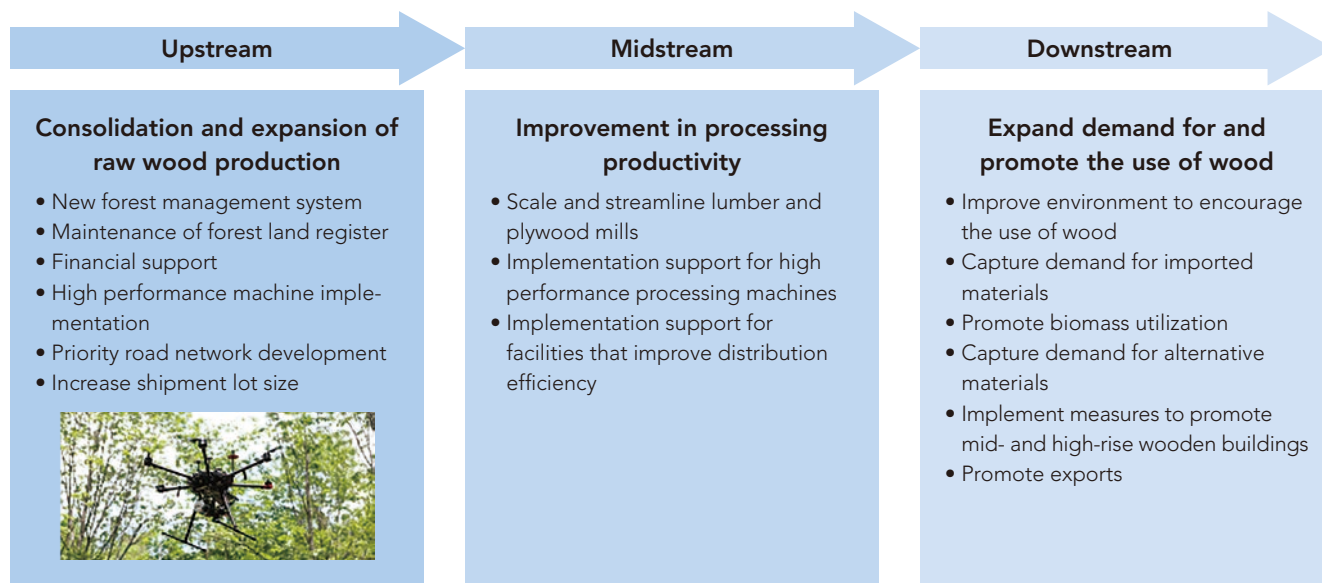
Thinning materials used included construction materials, furniture materials, and woody biomass (chips) for boilers, etc., which were utilized without waste in the local ecosystem and generate profit.



Smart Precision Forestry Initiatives

To further improve the productivity of the forestry industry, SuMi TRUST Bank is supporting the realization of smart precision forestry utilizing drones and ICT in collaboration with Shinshu University and other organizations. In addition, to

revitalize the forestry industry, we are working with related parties to improve the entire supply chain in order to boost efficiency and add value not only upstream, but also mid-stream and downstream.



ICT-driven Smart Precision Forestry

Awarded the Ninth Platinum Vision Award: Grand Prize / Economy, Trade and Industry Minister's Award

At the Ninth Platinum Vision Award (organizer: Platinum Society Network), held on October 21, 2021, SuMi TRUST Bank received the highest Grand Prize / Economy, Trade and Industry Minister's Award for its forestry trust initiatives.

The award was given in recognition of the fact that the Company has created new value by combining the power of trust, which is responsible for asset management, with the latest digital technology, with the aim of solving the social issues facing Japan's forests.



Award ceremony

About Platinum Society Network and Platinum Vision Award

With Hiroshi Komiyama as representative founder, Platinum Society Network is a nationwide collaborative organization that promotes "Platinum Society," a higher level of community development that aims to create a comfortable society that is eco-friendly, where the elderly can participate, and where people can grow and find employment in the community. The Platinum Vision Award was established to honor outstanding models for a "Platinum Society" and to communicate them widely to society.



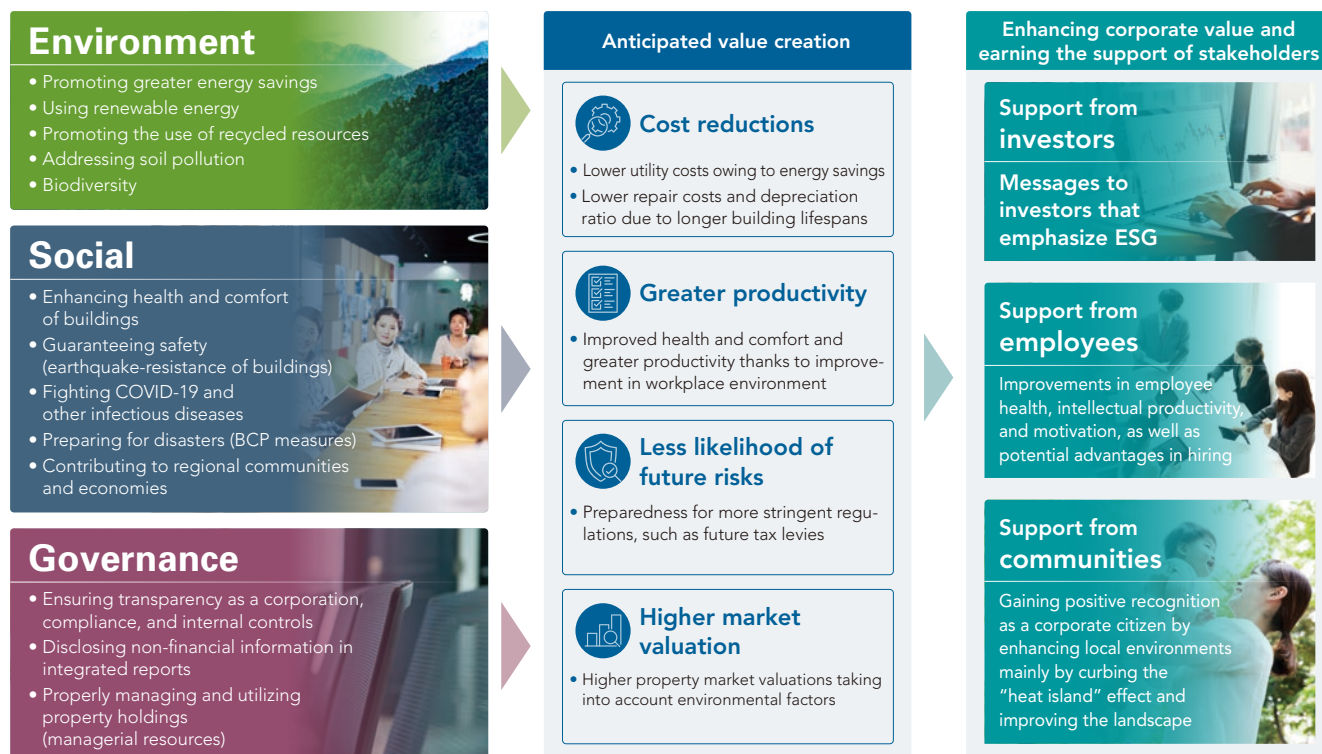


In light of heightened interest in the Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) criteria, as well as the government's carbon neutral pledge to achieve net-zero GHG emissions by the year 2050, corporations are also being urged to take more concrete action. The amount of CO₂ emitted from the construction and management of buildings is said to account for approximately 40% of all CO₂ emissions in Japan, including indirect emissions. And given that humans spend a lot of time indoors, indoor environments affect the health and productivity of occupants. Considering that real estate has a significant impact on the environment, society, and the economy, we aim to help achieve the objectives of the SDGs through the proliferation of environmentally friendly properties. The Group aims to further promote energy-efficient and resource-efficient cities and buildings, as well as the uptake of environmentally friendly properties that contribute to improving production efficiency.



ESG initiatives in the real estate sector and expected benefits

Tackling ESG issues in the real estate sector to bring about a sustainable society has the potential to improve corporate value and asset value for clients and solve management issues.



As a Pioneer in Environmentally Friendly Property

As the problem of climate change grows conspicuously worse, the real estate sector too must consider the environment if it is to help bring about a sustainable society. Environmentally friendly property refers to real estate that takes the environment into account and delivers environmental value thanks to exceptional environmental performance and sound management. A high level of environmental quality, minimal impact on the environment, and

strong resilience is required if environmental performance is to be enhanced. It is vital that buildings provide comfortable spaces to its users, do not harm the environment, and are resilient enough to ensure business continuity even in the event of a disaster. The Group believes environmentally friendly properties have more added value than conventional properties because their high level of environmental performance reduces risk and boosts earnings.

What is environmentally friendly property?



Sumitomo Mitsui Trust Holdings, Inc.

SuMi TRUST Bank has long proposed many ideas relating to environmental real estate with a focus on showing, in ways that are readily understandable, how environmental performance can create added value. In fact, efforts to raise awareness of this topic go back to a paper we published in 2005 about the added value created by environmentally friendly property. In 2010, SuMi TRUST Bank became the first Japanese financial institution to establish a section within the organization dedicated to environmentally friendly property. In addition to its

sophisticated business platform in the real estate business, the Bank has worked to orient its businesses toward promoting environmentally friendly property through pioneering initiatives in environmental real estate. Furthermore, consideration of social and corporate governance aspects has also grown in importance alongside environmental factors. In 2021 we set up a planning and promotion unit that specializes in ESG in real estate with the aim of delivering total solutions to solve the ESG/SDGs challenges of our clients.

Main initiatives as a pioneer in environmentally friendly property

► Inception A commemorative paper entitled "A Note on Environmental Value Added for Real Estate" for the 10th anniversary of the Tokyo Association of Real Estate Appraisers received a prize for excellence in 2005 (see page 90)	► Initiatives related to CASBEE <ul style="list-style-type: none"> Lead organizer of a subcommittee examining CASBEE property appraisal since 2007 and vice chairperson since 2020; launched "CASBEE for Real Estate" certification system in 2013 (see page 76)
► Organizing study groups <ul style="list-style-type: none"> Lead organizer of a sustainable real estate study group since 2007; released results of studies in 2009 and 2016 Lead organizer of a smart city study group in 2013; released results of studies in 2016 	► Initiatives related to real estate appraisal and evaluation <ul style="list-style-type: none"> Chair of a working group on environmental added value, organized by the Japan Association of Real Estate Appraisers (JAREA), since 2007 Member of an office building performance evaluation and display manual committee; released a manual on office building performance evaluation and display in 2017 Released a report on examining assessments concerning ESG considerations in real estate appraisals (MLIT) in 2021
► Initiatives linked to UNEP <ul style="list-style-type: none"> Member of a property working group organized as part of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2007; successively released a collection of case studies and a handbook for Responsible Property Investment (RPI) 	► Initiatives with national and local authorities <ul style="list-style-type: none"> Member of an MLIT-sponsored study committee on the promotion and spread of environmentally friendly property; the committee was established in 2008 Member of the Tokyo Metropolitan Government's low carbon partnership committee for small and medium-sized buildings; the committee was established in 2012 by the Tokyo Bureau of Environment Member of the Smart Wellness Office Research Committee, sponsored by the Japan Sustainable Building Consortium; announced results of a study on economic impact of buildings with CASBEE evaluations in 2015 (see page 91); discussed CASBEE-Wellness Office system, which started offering certifications in 2019 (see page 84) Member of an MLIT-sponsored study committee on the promotion of ESG investment for addressing social issues in the real estate sector since 2021

Visualizing environmental performance

Consulting in support of CASBEE for Real Estate certification applications

CASBEE for Real Estate initiatives

CASBEE (Comprehensive Assessment System for Built Environmental Efficiency) is currently gaining traction in Japan as a system for evaluating the overall environmental performance of buildings. It was developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in 2001. Various tools have been released thus far—for example, CASBEE for New Construction, which can assist designers in the environmentally friendly design process or be utilized in reports submitted to local governments, and CASBEE for Real Estate, which is used widely in the property market mainly as a labelling tool. CASBEE for Real Estate was developed in 2012 for the purpose of promoting the broader adoption of environmental performance assessments of buildings (offices, commercial

facilities, logistics, apartment complexes) in the property market. The items of assessment in CASBEE for Real Estate have been considerably narrowed down so they remain compatible with environmental performance assessments overseas whilst also remaining consistent with other tools in the CASBEE® family, such as CASBEE-NC (New Construction) and CASBEE-EB (Existing Buildings). Owing to the fact that CASBEE for Real Estate can also be used in GRESB (see page 190) assessments, its use is quickly gaining momentum mainly among REITs and real estate companies that are sensitive to sustainability. It is comprised of assessment items that easily reflect initiatives related to the SDGs or ESG. Since 2021 it has been able to optionally assess the initiatives of buildings with regard to the SDGs.

Table Evaluation items in CASBEE for Real Estate (In the case of office buildings)

Energy/ Greenhouse gases	Target setting and monitoring/energy saving standards/O&M ^{*3} system, usage and emissions intensity (calculated values), usage and emissions intensity (actual values) , natural energy forms
Water	Target setting and monitoring/O&M system, water usage volume (calculated values), water usage volume (results)
Use of resources/ Safety	Conforms to new earthquake resistance standards, high earthquake resistance/seismic isolation and vibration damping, etc., usage of recycled materials , service life of structure materials, necessary renewal interval for main equipment functions, higher self-sufficiency ratio (electricity, etc.), operation and maintenance
Biodiversity/ Sustainable site	No use of invasive alien species, enhancement of biodiversity , soil environment quality/regeneration of brownfields, public transportation access, measures in preparation for natural disaster risks
Indoor environment	Attainment of building sanitation and environmental management standards , use of daylight, natural ventilation function, view

*1 Underlined items are prerequisites (they must be met to pass an evaluation).

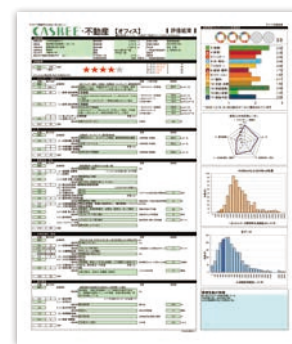
*2 Items in **red** are related to universal metrics the United Nations Environment Programme's Sustainable Buildings and Climate Initiative (UNEP SBCI) is studying.

*3 O&M: operation and maintenance

Consulting to Support Applications for CASBEE for Real Estate Certification

SuMi TRUST Bank engages in consulting services to support applications for the CASBEE for Real Estate certification. CASBEE accredited professionals with the proper qualification support the selection of real estate applying for certification while also evaluating the environmental performance of real

estate and supporting the submission of applications for certification to certifying bodies.



A CASBEE evaluation sheet

Problem Discovery and Proposals for Improvement via CASBEE for Real Estate

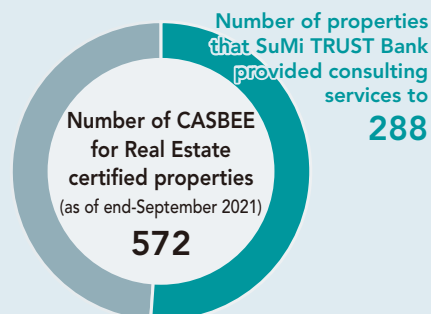
SuMi TRUST Bank offers proposals on initiatives that work in concert with CASBEE for Real Estate evaluations to identify problems and suggest improvements aimed at bolstering

environmental performance.

To help with corporate initiatives aimed at solving sustainability issues, SuMi TRUST Bank offers consulting to support applications for CASBEE for Real Estate certification.

- Number of CASBEE for Real Estate certified properties (as of end-September 2021): 572

Of these, the number of properties that SuMi TRUST Bank provided consulting services to: 288 (Including 254 listed real estate investment trusts (J-REITs), 16 private J-REITs, 7 corporations, 7 special purpose companies, etc., a life insurance company and others)

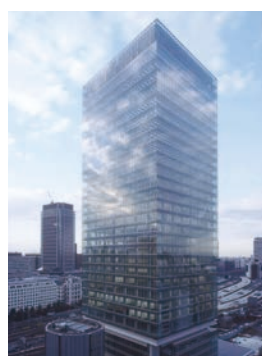


Examples: Consulting to Support Applications for CASBEE for Real Estate Certification

Owners	Property	Rank	Certification date
SCC TMK	Pacific Century Place Marunouchi	S	2021/1/29
Global One Real Estate Investment Corp.	Yokohama Plaza Building	S	2021/3/15
Daiwa House REIT Investment Corporation	DPL Nagareyama I	S	2021/3/31
Japan Metropolitan Fund Investment Corporation	GYRE	S	2021/3/31
Mitsui Fudosan Private REIT Inc.	GATE CITY OHSAKI	S	2021/3/31
ORIX JREIT Inc.	ORIX Ikebukuro Building	S	2021/3/31
Industrial & Infrastructure Fund Investment Corporation	IIF Akishima Logistics Center	S	2021/5/28
Japan Prime Realty Investment Corporation	Shinyokohama 2nd Center Bldg.	S	2021/6/30
Isetan Mitsukoshi Holdings	Isetan Shinjuku Main Store	S	2021/7/9
Mitsui & Co., Private REIT Inc.	Honmoku Front	S	2021/7/30
Japan Metropolitan Fund Investment Corporation	Twin 21	S	2021/8/31
Nippon Prologis REIT, Inc.	Prologis Park Narita 3	S	2021/8/31
Activia Properties Inc.	A-FLAG DAIKANYAMA WEST	S	2021/11/25



Isetan Shinjuku Main Store



Pacific Century Place Marunouchi



Twin 21



ORIX Ikebukuro Building



Prologis Park Narita 3



DPL Nagareyama I



GATE CITY OHSAKI



Honmoku Front



A-FLAG DAIKANYAMA WEST



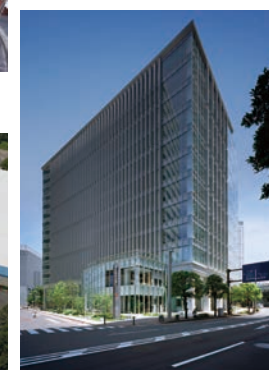
Shinyokohama 2nd Center Bldg.



GYRE



IIF Akishima Logistics Center



Yokohama Plaza Building

Consulting in support of CASBEE-Wellness Office certification applications

What is CASBEE-Wellness Office?

Given the spread of ESG investment in the real estate market and the need for health & productivity management and reforms aimed at improving intellectual productivity, a new office model assessment system was launched in June 2019. This new system focuses on evaluating buildings in terms of health and comfort for office workers. SuMi TRUST Bank was involved in the development of CASBEE-Wellness Office through an MLIT study group tasked with promoting ESG investment and by sitting on its Smart Wellness Office Research Committee. It currently provides consulting services in support of certification applications.

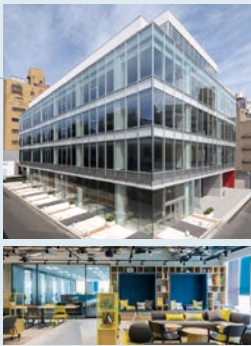
Assessment components under CASBEE-WO

Category		Assessment component
Basic performance	Health, comfort	Space, interior, sound, light, air & ventilation, refreshment, exercise
	User-friendliness	Mobility & communication, telecommunications
	Safety	Disaster readiness, countermeasures for harmful substances, water quality, security
Operational management	Maintenance	Maintenance
	Satisfaction	Satisfaction
Program		Exercise program

Case Study A

Round-Cross Roppongi

Round-Cross Roppongi is an office building owned by ORIX JREIT Inc. The fourth and fifth floors are serviced offices operated by ORIX. For this project, a CASBEE-Wellness Office evaluation was conducted for the entire building’s common areas and facilities, along with the sections dedicated to the serviced offices, and was successfully certified. In addition to the wide variety of seating arrangements and meeting spaces to meet the demands of different work situations, the building was recognized for its careful management regarding disinfection and air quality control, which have become increasingly important recently.



Consulting to Support Applications for CASBEE for Urban Development Certification

About CASBEE for Urban Development

Among CASBEE®’s various tools, CASBEE for Urban Development is an environmental performance evaluation for assessing the overall development of housing and commercial areas (urban development). It evaluates environmental quality from the three aspects of the environment, society, and the economy as well as reduction in the environmental footprint. It consists of evaluation items that help show

initiatives related to the Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) issues. SuMi TRUST Bank carries out environmental performance evaluations using CASBEE for Urban Development, and offers support services such as certification application advisory and review handling services.

Case Study B

Suita Sustainable Smart Town

Suita Sustainable Smart Town, a multi-generation residential-type, health-oriented smart town currently being promoted by Suita City in Osaka Prefecture together with 15 partner companies, is the third sustainable smart town project of Panasonic Corporation. In March 2021 the town acquired the highest rank of “S” in the CASBEE for Urban Development evaluation certification. The urban development characteristics of the town—namely, wellness, energy, mobility, security, and community—are also reflected in the CASBEE for Urban Development evaluation result.



Making the Value of Smart Towns and Cities Visible, Supporting Concept Formulation

Developing smart towns and cities that adopt next-generation “smart community*” social systems at the local level is an important step from the standpoint of regional development. In the past few years, these towns and cities have combined a series of complex reforms from changes to citizen lifestyles and local transportation systems to the introduction of area energy networks, including the recapture of heat and unused energy, to go together with effective use of electricity. To realize smart towns and cities, it is necessary to create economic value added commensurate with

higher costs while establishing clear targets from the basic planning stage onward for environmental, social, and governance (ESG) issues for the city or town. SuMi TRUST Bank supports projects for smart towns and cities on many fronts such as devising frameworks that link various initiatives on environmental contributions etc. to economic value added and formulating project concepts. Through our provision of financial functions such as home mortgages, we also help projects get executed.

*See METI’s website for details.

Concept Diagram for Making the Value of Smart Towns Visible



Case Study C

Fujisawa Sustainable Smart Town

The Fujisawa Sustainable Smart Town is a project currently being carried out by Panasonic Corporation at the former site of Panasonic’s Fujisawa factory. The town’s opening ceremony was held in spring of 2014 and 18 partner companies, including Panasonic Corporation, Fujisawa City, and SuMi TRUST Bank are currently furthering its development. SuMi TRUST Bank is participating in various ways, such as designing smart town evaluation indicators (environmentally friendly property value) and creating project-specific product plans for environmentally friendly housing loans. This project has also earned praise for its community-wide comprehensive CO₂ reduction efforts together with town management. It was selected for subsidies under the MLIT-led “leading projects” program for sustainable buildings (formerly known as the 2013 No.1 “leading projects for promoting CO₂ reduction” program for housing and buildings).



Main entrance



SQUARE Center



Central park



Streetscape

Helping clients make environmental considerations during construction

The first bank in Japan to develop a land trust product in the 1980s, SuMi TRUST Bank has been involved in managing and developing many buildings and condominiums, and as such, now leverages its experience from these projects to provide construction consulting services. We offer advice on factoring in environmental considerations, such as the installation of energy-saving systems in buildings according to client requests, ways to take into account landscapes

and ecosystems, and extending building lifespans. In recent times, there has been an increase in the number of properties seeking to acquire environmental performance certifications like ZEB* (net-zero energy building), as well as projects that aim to be adopted in MLIT's leading projects program for sustainable buildings or in METI's net-zero energy building proof-of-concept pilot program.

*Buildings that seek to realize a comfortable indoor environment whilst balancing out the amount of primary energy used annually by the building to zero.

Examples: Construction-phase support for environmental considerations

Company Name	Location	New build/renovation	Use	Number of Floors	Floor Area	CASBEE rank
Toyo Seikan Group Holdings, Ltd.	Tokyo	New build	Office* ¹	2 basement floors, 21 floors above ground, 1 rooftop floor	Approx. 72,400 m ²	S (acquired)
DAIKIN INDUSTRIES, LTD	Osaka Prefecture	New build	Office, R&D facility* ¹	1 basement floor, 6 floors above ground	Approx. 48,000 m ²	S (self-evaluation)
HIROSHIMA MAZDA CO., LTD	Hiroshima Prefecture	Renovation	Office, observation deck, product sales and dining facilities* ¹	2 basement floors, 14 floors above ground	Approx. 11,500 m ²	A (notification)
Chugoku Labour Bank	Hiroshima Prefecture	New build	Office	14 floors above ground	Approx. 9,700 m ²	S (acquired)
ANRITSU CORPORATION	Kanagawa Prefecture	New build	Office* ²	7 floors above ground	Approx. 28,000 m ²	S (self-evaluation)
THE SHIMANE BANK, LTD	Shimane Prefecture	New build	Central branch* ¹	1 basement floor, 13 floors above ground	Approx. 12,000 m ²	S (self-evaluation)

*¹ Selected for the MLIT-led "leading projects" program for sustainable buildings.

*² Selected for the METI-led "net zero energy building" proof-of-concept pilot program.

Case Study D

HIROSHIMA ORIZURU TOWER

(case example of selection in MLIT's leading projects program for promoting CO₂ reduction in housing and buildings)

Situated adjacent to the Atomic Bomb Dome (Hiroshima Peace Memorial), this office building underwent full-scale renovations.

The existing framework was reused and the building enlarged to accommodate a higher level of earthquake resistance. A large canopy, louvers, and a "spiral slope" walking ramp were also built into the newly expanded sections. The building reduces its CO₂ footprint by utilizing various energy-saving features, including solar shading and cross ventilation.

Visitors to the building can access the HIROSHIMA HILL observation deck under the giant canopy on the roof, enjoy numerous activities in ORIZURU Square, and learn about its CO₂ reduction initiatives.



Case Study E

Global head office of Anritsu

(case example of selection in METI's net-zero energy building proof-of-concept pilot program)

With the aim of contributing to global decarbonization and the creation of a sustainable society, the Anritsu Group has plans to turn its head office and R&D site into a net-zero energy building (ZEB).

By improving heat insulation efficiency of exterior walls and windows, combined with the use of natural energy, such as natural lighting and ventilation, and the installation of highly efficient lighting fixtures and air-conditioners, Anritsu is endeavoring to achieve ZEB status by reducing energy consumption and generating its own energy with solar power.

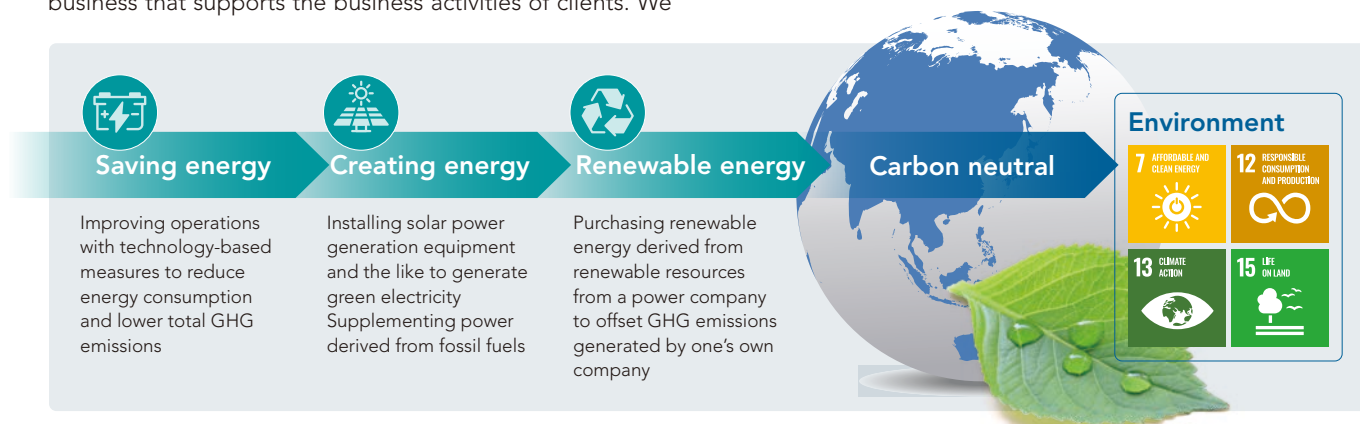
In addition, the adoption of energy that can be visualized is also helping foster an awareness of energy-saving among its users (employees).



Using less energy in existing buildings

With the number of companies seeking to achieve carbon neutrality by 2050 continuing to increase, SuMi TRUST Bank is now offering an energy-saving consulting service that entails the planning of measures designed to lower GHG emissions from buildings as part of its property administration business that supports the business activities of clients. We

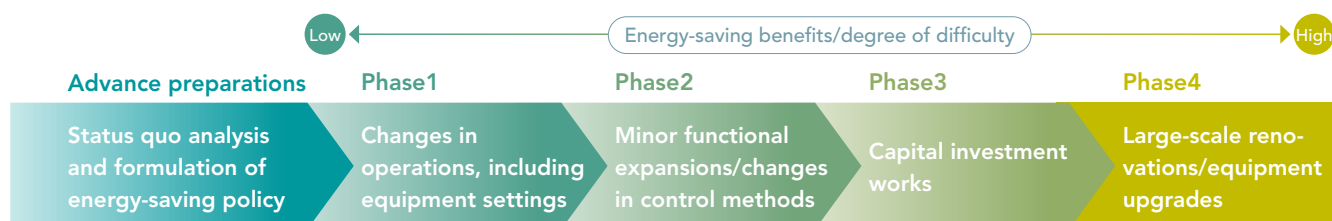
aim to strike the right balance between higher profitability stemming from revised capex plans with reductions in total GHG emissions, lower utility costs, and limiting deterioration in equipment by achieving greater energy savings in existing buildings.



Energy-saving initiatives start with an analysis of the status quo, or basically a building health check. After obtaining the emissions intensity for the client's building from the amount of energy it consumes, we compare and analyze it against benchmarks based on publicly available data that match the building's characteristics, such as figures published by the Tokyo Metropolitan Government's Bureau of Environment. We then gain an understanding of the building's current

energy performance, which is used to establish reduction targets for GHG emissions and fuel, lighting, and water usage, and to formulate an energy-saving policy. The extent of energy-saving benefits is more or less proportional to the degree of difficulty (investment costs, time, degree of impact on tenants, etc.). That is why it is important to undertake examinations beforehand when devising a plan.

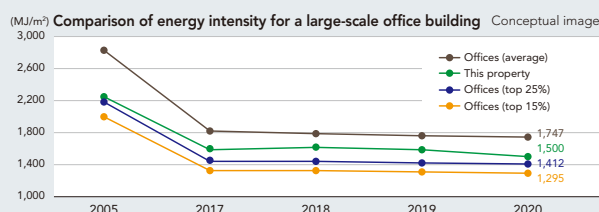
Conceptual image of formulating and implementing an energy-saving policy



Advance preparations

Example of a comparison with benchmarks for an office building

After obtaining the emissions intensity for the client's building from the amount of energy it consumes, we compare and analyze it against benchmarks that match the building's characteristics, such as figures published by the Tokyo Metropolitan Government's Bureau of Environment. Measuring the building's energy-saving performance gives a rough idea of its energy-saving potential.



Case example of a client proposal

Energy-saving proposal for a production plant in the manufacturing industry

We analyzed the details of annual and daily fluctuations in the amount of energy consumed by equipment (excluding manufacturing equipment) incidental to production equipment at a client's production plant and proposed energy-saving operational approaches without the need for additional capital investment.

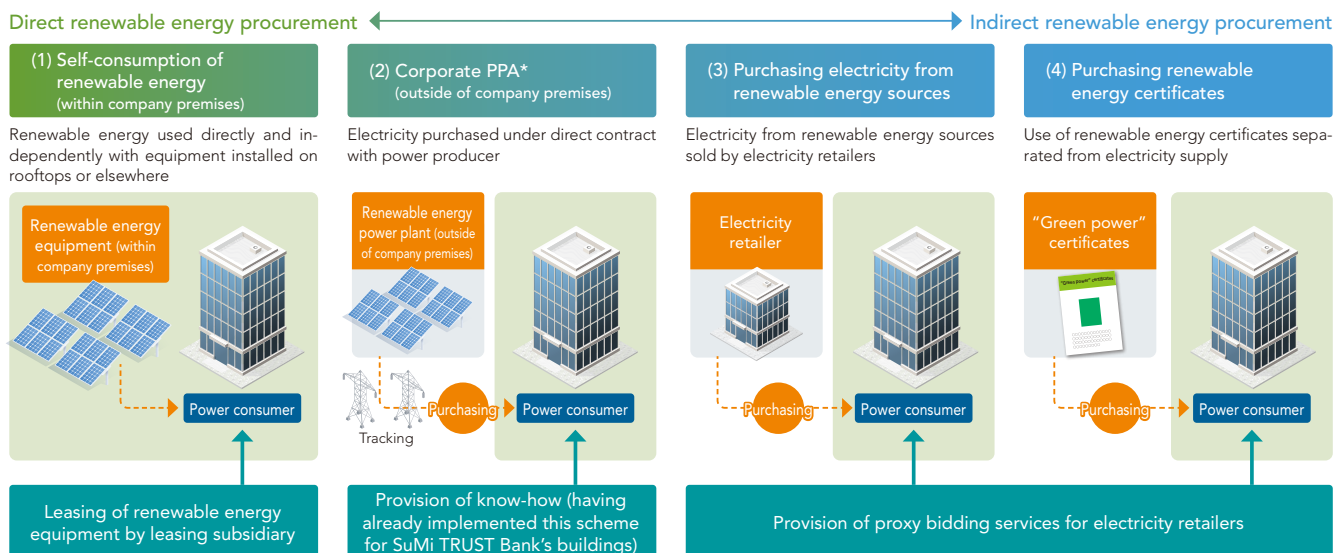
We also examined the impact it would have on production lines, the amount of reduced energy use if such measures were to be taken, and the possibility of cost reductions in an effort to help the client make a decision on whether or not they adopt our proposal.



Introduction of renewable energy sources

More and more clients are proactively considering the introduction of renewable energy in an effort to decarbonize their buildings. SuMi TRUST Bank appropriately grasps decarbonization strategies of its clients (power consumers) and helps them select procurement methods that balance environmental and economic performances. In addition to

collecting electricity retailers' bidding to clients, the Bank supports the long-term, stable procurement of renewable energy by participating in more direct renewable energy creation models, such as self-consumption-type transactions and corporate PPA* transactions.

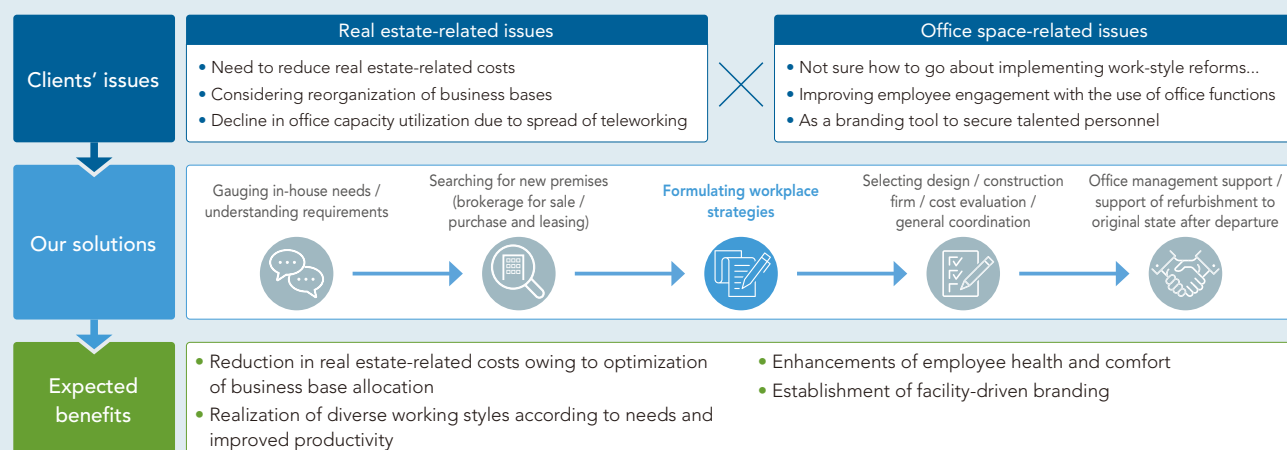


Creating workplaces best suited to new-era working styles

Promoting the health of their employees is one key management issue in terms of the "social" component of ESG. In particular, companies are focusing on developments of the environment and functioning of offices where employees spend a great deal of time. These investments lead to greater corporate value as they have a positive impact on boosting the activity and productivity of organizations seeking to achieve well-being, as well as enhancing talent acquisition/retention and boosting employee engagement. Recently, the role of

offices has changed dramatically, especially with online meetings becoming popular due to spread of teleworking. Offices are now required to play roles that only offices can, enrich face-to-face communication, and serve as a hub of innovation. SuMi TRUST Bank helps its clients improve the quality of their working styles and places of work by providing comprehensive support, from the formulation of strategies for developing office space environments and functions, right through to the practical business of moving office.

Workplace consulting



Strengthening governance by improving real estate management systems

Real estate is one key part of a management foundation that underpins the business activities of a corporation. Upholding corporate ethics, ensuring transparency in decision-making and execution processes, and undertaking fair and honest transactions are also important topics in

terms of strengthening the “governance” component of ESG. SuMi TRUST Bank provides facility management services with an extensive lineup of corporate real estate (CRE)-related systems and menus to meet its clients’ needs.

Facility management services

We offer our clients a wide range of services, such as the visualization of real estate information, support on real estate management systems, and help desks. We help clients formulate and execute measures to enhance governance of their real estate management system in accordance with their issues.



Building maintenance support/aiding longer lifespans

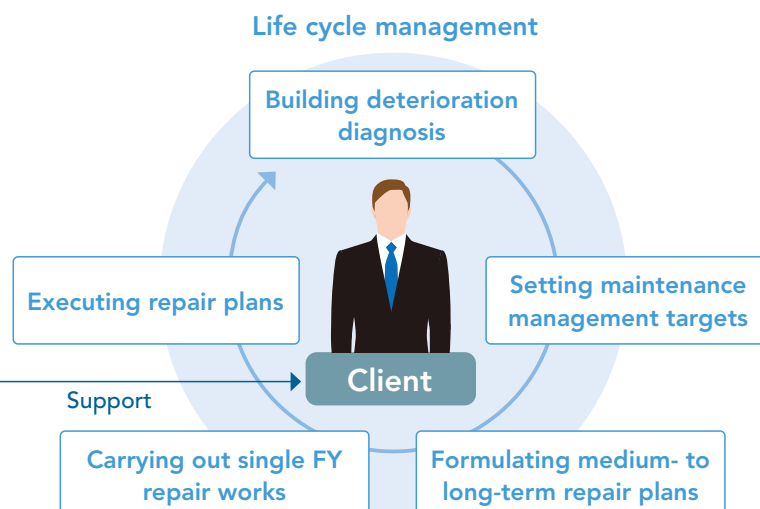
Real estate risk management is also a key management issue. Companies are required to adequately manage real estates to prevent such trouble as fires or malfunctions caused by building deterioration, and also maintain building safety and develop business continuity plans. Preventive maintenance is not only a key factor to keep lower repair costs and extend the lifespan of a building,

but also effective in lowering the building’s carbon footprint. At the same time, properly carrying out maintenance over the life cycle of a building is quite burdensome on the owner, despite being very important. SuMi TRUST Bank offers support to clients concerns related to all kinds of building maintenance.

SuMi TRUST Bank offers support to clients worried about issues related to building upkeep and maintenance.

Examples:

- ▶ Support on diagnosing building deterioration
- ▶ Evaluation of building degradation with the use of quantitative evaluation indicators
- ▶ Formulation of medium- to long-term repair plans
- ▶ For repair works:
 - Selection of construction contractor
 - Cost evaluation
 - Management



Delivering value

Added Value of Environmentally Friendly Property ¹

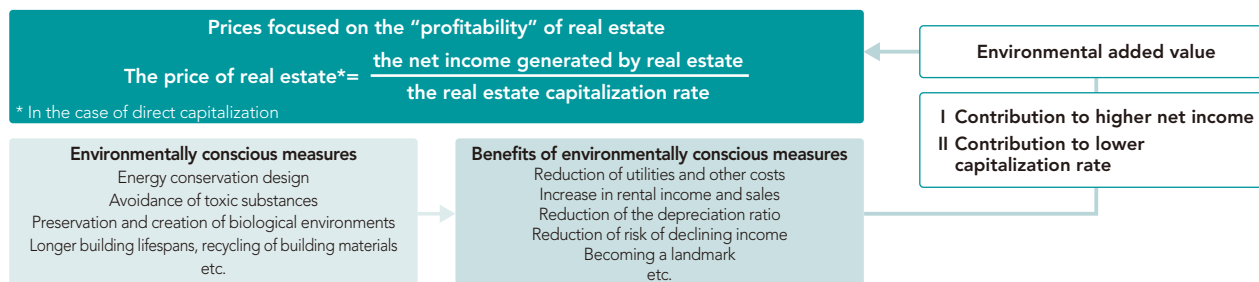
Added Value Derives from Property Profitability

It is often said environmental friendly property “costs more than usual and is difficult to invest in,” but price theory in real estate investment suggests such buildings are able to generate added value equal to or greater than their additional cost. From the perspective of profitability (how much and how long do properties generate steady profits), a property’s price derives from net income (revenue minus costs) divided by the real estate capitalization rate. The greater gross income including rents is, and the lower the costs of utilities, maintenance, and building management are, the higher net income is, and so the higher the valuation of a property. In addition, stable properties with less income fluctuation risk are awarded higher valuations as investors require a lower yield from them. Environmentally friendly property can earn higher net income by reducing

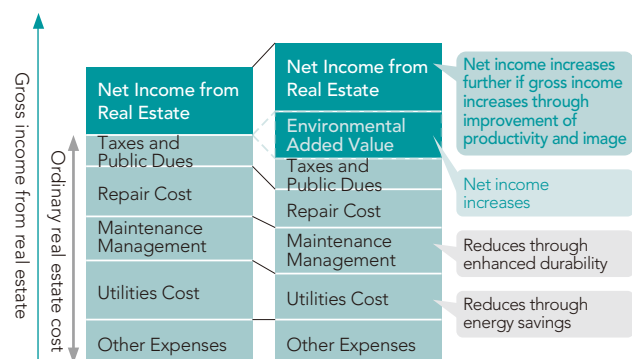
utility expenses via energy savings and maintenance and operating expenses via the enhanced durability of parts and materials. Furthermore, such buildings can also generate higher gross income on higher rents stemming from higher productivity enabled by their enhanced office environments and the cachet boost from their environmental credentials. Furthermore, environmentally friendly property is less exposed to future environment-related tax hikes or tougher regulations, so the capitalization rate for such buildings factors in less environmental risk. A lower depreciation rate resulting from a longer life span as well as enhanced appeal as environmentally friendly can also lower the capitalization rate.

For the reasons above, SuMi TRUST Bank believes that environmentally friendly property will realize added value.

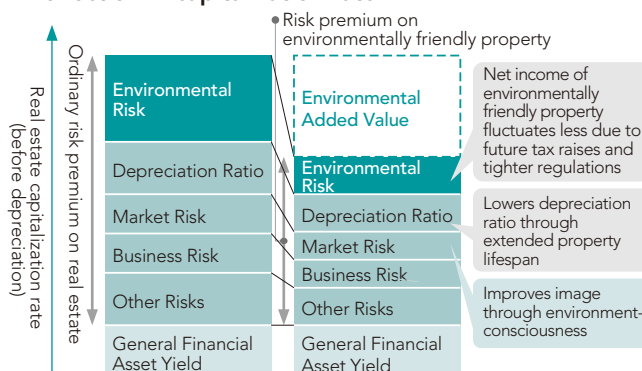
Conceptual diagram of environmental added value (1) Prices focused on the “profitability” of real estate



Conceptual diagram of environmental added value (2) Reflection in net income



Conceptual diagram of environmental added value (3) Reflection in capitalization rate



Source: Partial revision of "A Note on Environmental Value Added for Real Estate," a commemorative paper written by Masato Ito in 2005 for the 10th anniversary of Tokyo Association of Real Estate Appraisers

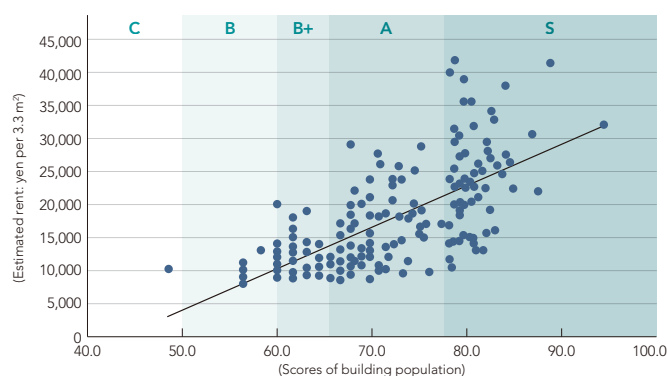
Added Value of Environmentally Friendly Property ²

Helping to Make Added Value Visible

Study on Economic Impact of Buildings with CASBEE Evaluations

Given the paucity of research in Japan showing a correlation between the environmental performance of buildings and economic benefits, SuMi TRUST Bank implemented a study into the economic impact of buildings with CASBEE® evaluations as the leader of a working group examining economic benefits under the aegis of the Japan Sustainable Building Consortium's Smart Wellness Office Research Committee. The study analyzed buildings with CASBEE® certification and non-evaluated buildings and found average market rents in buildings with CASBEE® certifications or applications were about 3.6% higher. This suggests each point in the CASBEE scoring system (adjusted so 100 points is the maximum score) equates to a market rent 0.5% higher than the average. These results were announced at symposiums, the Architecture Institute of Japan convention, and other events.

Correlation between CASBEE Score and Market Rents (Single regression analysis)



Source: Data is from a fiscal year 2014 report issued by Japan Sustainable Building Consortium's Smart Wellness Office Research Committee.

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Amount of rent increase for every point in the CASBEE scoring system

CASBEE for New Construction/Real Estate

¥342 per month per tsubo (roughly 3.3m²)

A multiple regression analysis was performed on 90 office buildings that had acquired either CASBEE for New Construction or CASBEE for Real Estate certification, with the main explanatory variables being the CASBEE score, total floor space, number of minutes (on foot) from the nearest station, and building age. The response variable was rent. The results of the analysis confirmed that rent tends to increase by ¥342 per month per tsubo for every one point increase in the assessment score (indexed to 100) for CASBEE.

Source: FY2020 report issued by the Japan Sustainable Building Consortium's SDG/Smart Wellness Office Research Committee

CASBEE for Wellness Office

¥234 per month per tsubo

A multiple regression analysis was performed with the main explanatory variables being the CASBEE for Wellness Office score, total floor space, and number of minutes (on foot) from the nearest station. The response variable was rent. The results of the analysis confirmed that the higher the CASBEE for Wellness Office score, the higher the rent.

Reflecting environmental performance in property appraisals

Economic value of environmentally friendly property

According to a 2021 report on examining assessments concerning ESG considerations in property appraisals by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), results of analyses have shown that properties accredited with a CASBEE certification have a cap rate approximately 0.12% lower than the standard cap rate (assumption of 5%).

Society now demands property appraisals that take ESG into account

We have started incorporating ESG-related factors into our appraisals. Factors include natural disaster risks, demand for energy-efficient buildings, BCP readiness, ventilation and other infection control measures, and work style reforms. In autumn 2021 we issued our first-ever appraisal report that takes ESG factors into account.

The report recognizes that even though a property might be located beyond walking distance from the nearest train station, if the entire area is an excellent place to live from an ESG perspective, the property should garner strong demand even when compared to alternative or rival properties in the same supply-demand area.

Environmental Burden Reduction Measures

Through its natural resources, CO₂ emissions, waste generation from the use of energy, paper and the like in its business activities, the Group impacts natural capital and the environment, and it works to reduce environmental impacts that arise from its business activities and recognizes reducing negative impacts on society is an important matter. The Group also factors in environmental and social consideration by investee and lendee companies into its decision-making processes for loans and investment. With the aim of realizing smaller environmental impacts on social as a whole, we promote both initiatives to reduce direct environmental impacts from our business activities and initiatives to reduce indirect environmental impacts from investee and lendee companies in our portfolios.

SDGs have established goals and targets relating to a host of environmental issues. Our initiatives aimed at

responding to environmental issues arising from the Group's business activities are linked to the 17 SDG goals: reduction of waste, including chemical substances such as PCBs, CFCs, and generic waste such as paper waste, and properly managing, recycling and disposing of waste (Goal 3); efficient use of water (Goal 6); use of renewable energy generated by solar panels newly installed on four branch offices since 2013 (Goal 7); certification of the head office building under the "CASBEE* for Real Estate" system (Goal 11); CSR procurement that guards against buying paper from sources deemed at risk for human rights and environmental abuses from tropical rainforest logging (Goal 12, Goal 15); and energy conservation activities aimed mainly at reducing electricity use (Goal 13). Every year, SuMi TRUST Bank provides e-learning on environmental management for all employees to deepen their understanding.

1. Initiatives to Reduce Environment Impacts

EMS Integrated with Framework for Operational Efficiencies

The Group operates environmental management systems (EMS) based on a framework that promotes operational efficiencies via initiatives for reducing the environmental impacts of its business activities. Through common activities relating to time (labor productivity), materials (resource productivity), and costs (efficiency), our aim is the simultaneous attainment of the goals of operational efficiency, environmental burden reduction, and cost reduction. For each activity aimed at achieving gains in operational efficiency mainly via reforms to operational flows and reorganizing shifts to reduce overtime hours, we seek to operate systems to harvest benefits from those activities such as lower paper consumption and less electricity consumption from the use of lighting and air-conditioning during overtime hours.

We target the following to reduce our environmental impacts: (1) reducing electricity consumption (CO₂ emissions), (2) reducing paper consumption, (3) reducing waste disposal volume, and (4) promoting green procurement (CSR procurement). We implement the promotion of operational efficiency at all branches, which are all working to promote awareness on reducing environmental impacts. All branches and departments are currently promoting operational efficiency and making every effort to raise awareness about reducing environmental impacts. For problems that our stand-alone initiatives are unlikely to deliver a solution, we are stepping up our supply chain management efforts in the area of CSR procurement, for example by requesting suppliers to change their materials.

Examples of Initiatives Aimed at Concurrent Achievement of Greater Operational Efficiency, Lower Environmental Burden, and Lower Costs

Initiative example	Effects from greater efficiency	Effects from lower eco-burden	Effects from lower costs
Paperless meetings	Lighter work load (e.g. preparing copies, replacing materials) and fewer work hours; prevent information leaks	Conserve environment on lower paper use, less waste disposal	Spend less on purchasing paper, reduce waste disposal costs
Even out work allocation and manage time to reduce overtime (encourage people to leave work at a set time, create leave-work-early days)	Less overtime means more self-initiated activities during off hours	Help mitigate global warming via reduced electricity use	Less overtime trims personnel costs and lowers electricity costs (reduced use of lighting and air-conditioning)

2. Initiatives to Achieve Zero CO₂ Emissions

The SuMi TRUST Group Carbon Neutrality Commitment

(Reduction of company emissions)

The Group plans to achieve net zero greenhouse gas emissions by fiscal year 2030.

Up until now, SuMi TRUST Bank had set out a target of reducing CO₂ emissions to zero by 2050. However, in light of the recent rapid movement toward decarbonization, we have expanded the scope of our reduction targets to include the entire Group, and have moved up the target fiscal year for achieving net zero to fiscal year 2030.

CO₂ emissions are generated from the Head Office, computer centers, branch offices, and other office buildings due to the business activities of SuMi TRUST Bank. Around 80% of SuMi TRUST Bank's CO₂ emissions derive from purchased electricity, while some 10% is generated by the combustion of utility gas through in-house power generation. Accordingly, it aims to reduce its emissions mainly by adopting electricity-related measures.

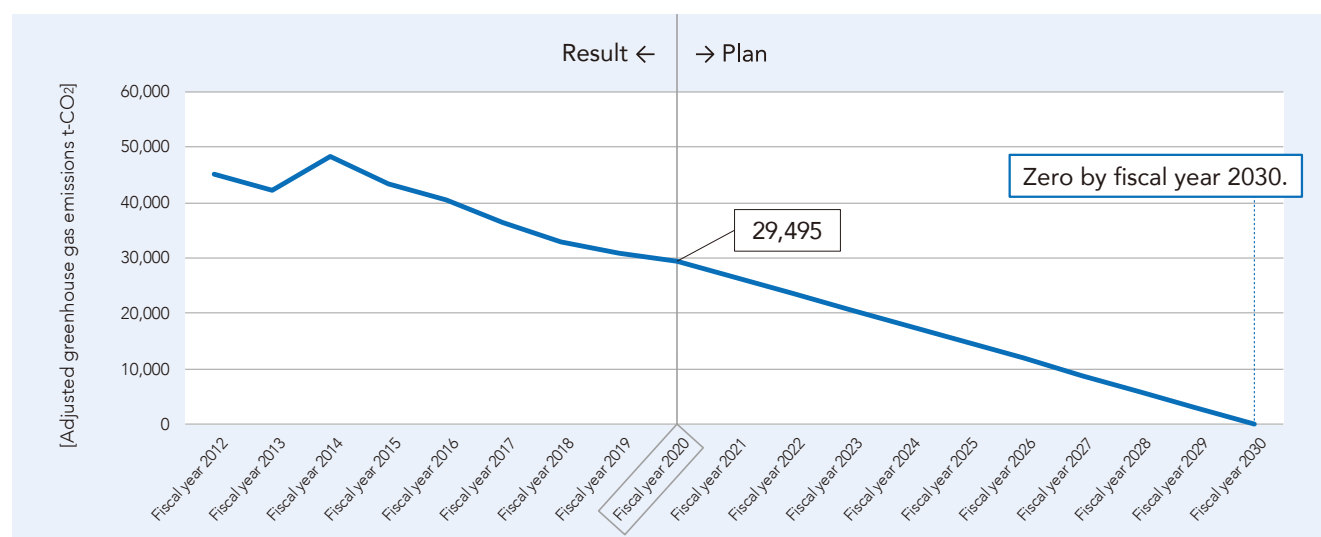
In addition, we have begun procuring renewable energy power under the Corporate PPA^{*1} scheme, which purchases power from newly installed solar power plants. We will first start from the Fuchu Building and Shiba Building in the Tokyo metropolitan area from January 2022, and in March 2022, the Kyoto Branch and the Himeji Branch in the Kansai area will switch to renewable energy for their electricity procurement.

One of the features of the Corporate PPA initiative is that it can contribute to increasing the number of renewable energy power plants in the country. For these offices, we will procure a combination of electricity from renewable energy sources and non-fossil certificates^{*2}, making them essentially 100% renewable energy. Furthermore, we have been procuring energy for the Head Office building from April 2021 and for branch buildings (excluding tenant buildings, etc.) in the Tokyo metropolitan region from October using a combination of non-fossil certificates. These initiatives will help SuMi TRUST Bank achieve a reduction equivalent to approximately 50% of CO₂ emissions.

^{*1} Corporate PPA (Power Purchase Agreement) are contracts for the user to purchase renewable energy power directly from the power generation company. SuMi TRUST Bank has introduced the off-site Corporate PPA, which is a model in which power is supplied from a remote power generation facility via the power transmission and distribution network.

^{*2} Non-fossil certificates are certificates that have non-fossil value (value that can be accounted for when calculating the ratio of non-fossil power sources under the Act on Sophisticated Methods of Energy Supply Structures), zero-emissions value (Value with a CO₂ emission factor of 0 kgCO₂/kWh under the Act on Promotion of Global Warming Countermeasures) and environmental display value (value that a retail electricity supplier can represent and claim as added value to users). By procuring a combination of electricity from renewable energy sources and non-fossil certificates, it is possible to achieve virtually 100% renewable energy.

Trends in Adjusted Greenhouse Gas Emissions* at SuMi TRUST Bank



*Adjusted greenhouse gas emissions refer to the amount of greenhouse gas emissions adjusted according to methods specified by the Minister of the Environment and the Minister of Economy, Trade and Industry, with consideration given to greenhouse gas emissions emitted by specified emitters in the course of business activities, calculated quotas voluntarily acquired by specified emitters and transferred to the national account in order to fulfill their commitments under Article 3 of the Kyoto Protocol, and domestic certified emission reductions, etc. acquired by specified emitters. (Item 4, Order on Reporting, etc., of Carbon Dioxide Equivalent Greenhouse Gas Emissions, etc.)

Environmental Burden Reduction Measures

Initiatives to Achieve Targets for Fiscal Year 2030

We aim to achieve our targets through voluntary initiatives, such as energy conservation, and by contributing to the initiatives of society as a whole, such as the spread of renewable energy.

(1) Saving Energy by Streamlining Operations and Using More Efficient Equipment

We will proceed with reductions by streamlining operations (mainly by reducing overtime), introducing highly efficient devices at computer centers (upgrade servers and air conditioning, using cloud technology, etc.), and reducing floor size of the Head Office building and branches.

(2) Contributing to a Lower Electric Power Emission Coefficient through Increased Uptake of Renewable Energy

If renewable energy becomes widespread for power in Japan, it will promote lower carbon power consumption and reduce the emission factor for power in Japan as a whole. The Group will leverage its trust and financial functions to contribute to the spread of renewable energy, thus helping SuMi TRUST Bank to lower CO₂ emissions.

(3) Adoption of Renewable Energy by SuMi TRUST Bank

We will promote reduction by switching to electricity from renewable energy sources for purchased electricity.

business activities and outputs like CO₂ emitted as a result of those activities. As SuMi TRUST Bank is subject to the Act on the Rational Use of Energy, we calculate the volume of energy consumption and CO₂ emissions at all of our offices across Japan using a common system.

Annual emissions in fiscal year 2020 (adjusted emissions) were 29,495 t-CO₂, marking a 39% reduction compared to 48,426 t-CO₂ during the fiscal year 2014 peak. Over the past five years, electricity consumption has been reduced by 19%, from 66,742,000 kWh to 53,940,000 kWh, and utility gas consumption has been reduced by 10%, from 2,107,000 m³ to 1,890,000 m³, contributing to a reduction in total CO₂ emissions. We are planning to announce the CO₂ emissions reduction of the Group as a whole from the next fiscal year onwards.

In addition, SuMi TRUST Bank's large-scale offices in Tokyo are obliged to reduce CO₂ emissions in accordance with the Tokyo Metropolitan Government's Environmental Preservation Ordinance. Over the five years of the second plan period (FY2015 to FY2019), we reduced emissions by 91,726 t-CO₂, a substantial excess reduction of 60,348 t-CO₂ over the mandatory reduction level of 31,378 t-CO₂. Furthermore, for the third plan period (FY2020 to FY2024), the Fuchu Building and the Head Office Building (a joint building with another company), which are obligated to reduce CO₂ emissions, are obligated to achieve reductions of 6,940 t-CO₂ and 1,993 t-CO₂, respectively, on a single-year basis, and have achieved reductions of 15,034 t-CO₂ and 4,234 t-CO₂, respectively, in fiscal year 2020.

SuMi TRUST Bank CO₂ Emissions

The Group is striving to reduce its environmental impacts in the form of both inputs such as electricity and gas used for

Energy Consumption and CO₂ Emissions (Domestic Offices)

Energy use		FY2016	FY2017	FY2018	FY2019	FY2020
Total energy consumption (heat amount)	GJ	801,370	736,011	688,949	677,157	670,227
Total energy consumption (crude oil equivalent)	kℓ	20,675	18,989	17,774	17,470	17,291
Energy consumption intensity	kℓ/m ²	0.049	0.047	0.048	0.047	0.047
Electric power	thousand kWh	66,742	60,444	56,003	54,753	53,940
Utility gas	thousand m ³	2,107	1,996	1,869	1,893	1,890
CO ₂ emissions		FY2016	FY2017	FY2018	FY2019	FY2020
Greenhouse gas emissions	t-CO ₂	40,833	37,068	33,504	31,327	30,029
Adjusted greenhouse gas emissions	t-CO ₂	40,393	36,240	32,864	30,840	29,495
Emissions intensity	t-CO ₂ /m ²	0.098	0.093	0.090	0.085	0.081
Adjusted emissions intensity	t-CO ₂ /m ²	0.097	0.091	0.088	0.084	0.080
Scope 1 emissions	t-CO ₂	4,907	4,575	4,362	4,421	4,297
Scope 2 emissions	t-CO ₂	35,925	32,493	29,142	26,906	25,732

Scope of calculations: Offices of SuMi TRUST Bank in Japan subject to the Act on the Rational Use of Energy.

Group companies, including Sumitomo Mitsui Trust Asset Management, are tenants in some office buildings.

Calculation methods: Calculated according to provisions set out in the Act on the Rational Use of Energy.

CO₂ Emissions and Reduction Obligation of Offices Covered by the Tokyo Metropolitan Government's Environmental Preservation Ordinance

		Third Plan Period (FY2020)	
		Fuchu Building	Head Office Building
Base emissions	t-CO ₂	25,704	13,287
Emissions upper limit	t-CO ₂	18,764	11,294
Mandatory reductions	t-CO ₂	6,940	1,993
CO ₂ emissions	t-CO ₂	10,670	9,053
Emission reductions	t-CO ₂	15,034	4,234
Excess reductions	t-CO ₂	8,094	2,241

This is the status of reductions at the SuMi TRUST Bank Fuchu Building and Head Office Building, which are obligated to reduce emissions as per the "greenhouse gas emission reduction obligations and emissions trading systems" of the Tokyo Metropolitan Government's Environmental Preservation Ordinance. The Head Office Building is a shared building, but the rate of obligation for each unit owner is not defined.

The obligatory reduction rate is 27% for the Fuchu Building and 15% for the Head Office Building.

The maximum amount of emissions and the obligatory reduction amount are converted to single year figures.

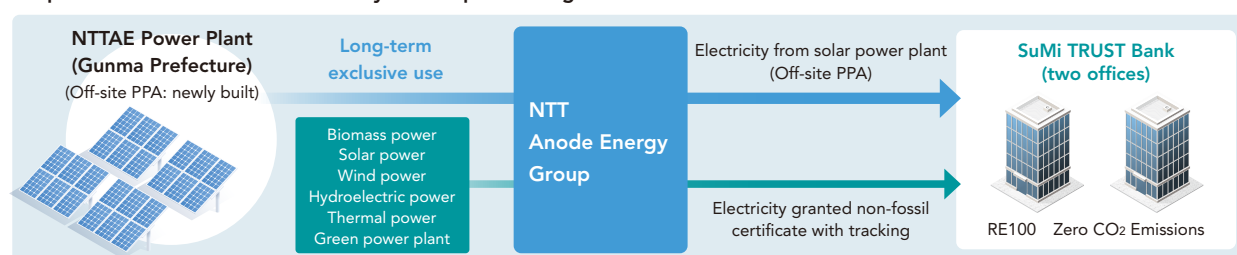
Emissions amounts have been verified by a third-party verification institution.

Started Renewable Energy Procurement Through Corporate PPA

Four domestic offices of SuMi TRUST Bank (Shiba Building, Fuchu Building, Kyoto Branch, and Himeji Branch) have started to introduce renewable energy by using the mechanism of Corporate PPA from a newly opened solar power plant.

We will receive electricity from solar power plants newly established by NTT Anode Energy Corporation in Gunma Prefecture for the Tokyo metropolitan region and by Minna Power Co., Ltd. of the UPDATER Co., Ltd. Group in Nara Prefecture for the Kansai region. In addition, non-fossil certificates with tracking from green power plants, such as solar power and wind power, will be granted for electricity that is insufficient to be generated by the Corporate PPA's solar power alone. By doing so, we will be able to procure electricity from 100% renewable energy sources in the form of specific power plants. The SuMi TRUST Group has been promoting investment in renewable energy projects, including the establishment of an investment fund for renewable energy projects, and places importance on the need to increase the number of renewable energy sources that can replace fossil fuels. Furthermore, for these initiatives in the Kansai region, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. is providing the lease. Through these initiatives, we are preparing a system to provide the services necessary to supply renewable energy to environmentally advanced electricity clients outside the Group who are aiming for RE100, SBT, etc. in the future.

Corporate PPA Mechanism in the Tokyo Metropolitan Region



Started Introduction of Carbon Neutral Utility Gas

Approximately 10% of SuMi TRUST Bank's CO₂ emissions are attributable to utility gas used at computer centers and other facilities. Utility gas is a necessary energy source for in-house power generation and adjustment of peak power consumption, but since it is burned on-site (on the premises of SuMi TRUST Bank), CO₂ emissions are unavoidable.

Therefore, SuMi TRUST Bank has decided to adopt carbon neutral utility gas that comes with credits generated from projects that contribute to global warming countermeasures and solve environmental and social issues such as biodiversity conservation, local employment and education, and securing water and energy.

We have chosen a measure that will indirectly contribute to the reduction of CO₂ emissions equivalent to those resulting from the use of gas at the SuMi TRUST Bank Fuchu Building and Shiba Building by using carbon neutral utility gas that incorporates the concept of co-benefits that simultaneously contribute to climate change and other challenges, and that is accompanied by credits issued under reputable certification standards. Regarding the operation status of carbon neutral utility gas, Tokyo Gas has undergone third-party verification, and SuMi TRUST Bank has received a certificate of supply.

Through the Carbon Neutral LNG Buyers Alliance, which was established in March 2021 by Tokyo Gas Co., Ltd. and companies and corporations that purchase carbon neutral utility gas, we are working to expand the use of carbon neutral utility gas.

Impact of the Carbon Neutral Utility Gas Credit Creation Project

Category	Impact	SDGs
Climate	Annual CO ₂ reduction benefit (annual amount of credits generated) 10.05 million t-CO ₂ Protection of peat swamp forests: approx. 150,000 ha	13 Climate Action
Biodiversity and ecosystem protection	Protection of 1.6 million ha of endangered forests, 3,600 ha of reforestation Protecting the habitats of 13 endangered and 31 threatened species Protection of 30 species of high conservation value, protection of 700 species of plants and insects	15 Life on Land
Creation of employment	716 (30% female) (Peru), over 500 in 34 regions (Indonesia), 15,000 (China)	8 Decent Work and Economic Growth, 5 Gender Equality
Education	Improving the school education environment in six regions	4 Quality Education
Economic benefit	Creation/support of 24 sustainable businesses, development of fair trade products Project visitors: 500,000 per year	1 No Poverty, 8 Decent Work and Economic Growth

Note: The above impact is from when SuMi TRUST Bank joined the alliance.

3. Other Initiatives to Reduce Our Environmental Impacts

The amount of copy paper used by the Group in fiscal year 2020 was 472 ton, a significant decrease of 204 ton (30%) from the previous year. The increase in work from home, in addition to paperless activities and activities to improve work efficiency, are thought to have had a large impact. In terms of output items, the volume of paper waste remained unchanged from the previous year, but we have maintained a 100% recycling rate. Waste other than paper waste was 319 ton, a 5% decrease from the previous year. The recycling rate was 60%, maintaining the same level as the previous year. In

order to promote the creation of a recycling-oriented society, we will continue to purchase 100% recycled paper for copy paper and strive to reduce the total amount of waste generated and recycle for effective use. We will strive to properly manage and dispose of equipment and chemical substances imposed on businesses by the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and the Act on Rational Use and Appropriate Management of Fluorocarbons.

Performance in Paper Use, Water Use, Waste Output and Recycling

		FY2016	FY2017	FY2018	FY2019	FY2020
Paper use	t	712	738	706	676	472
Recycled paper	t	596	566	568	531	336
Water use	thousand m ³	166	139	127	122	114
Total waste output	t	1,756	1,332	1,304	1,268	1,269
Paper output	t	1,280	1,050	1,025	933	950
Recycled volume	t	1,280	1,050	1,025	933	950
Recycled rate	%	100	100	100	100	100
Other waste output	t	477	282	289	336	319
Recycled volume	t	132	115	137	207	190
Recycle rate	%	28	41	47	62	60

Tabulation scope: Base buildings (excludes some branches in the case of water use)

4. CSR Procurement

Goal 12 of the SDGs, "Responsible Consumption and Production," aims to ensure sustainable manufacturing and consumption patterns, and calls on consumers to engage in activities that lead to sustainable management and efficient use of natural resources, prevention of soil, air and water pollution, and waste reduction.

The Sumitomo Mitsui Trust Group strives to give procurement priority to goods and services that factor in consideration for the environment and society based on its Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy). Through its cooperation with suppliers who care about the environment and society and efforts to spread CSR procurement, the Group seeks to contribute to

sustainable social development as a corporate group trusted by the public.

CSR Procurement Policy

Papers, stationery goods, fixtures and equipment used by SuMi TRUST Holdings in its businesses have been procured through a long supply chain that begins with the mining of resources and extends to its processing, manufacturing and sales. Throughout this process, it is a duty of consumers to procure products and services that have been designed not to pollute the environment or cause human rights issues. SuMi TRUST Group has formulated a CSR procurement policy to promote procurement that gives consideration to the environment and society.

1. Fair Transactions

We select suppliers through a fair and transparent method by taking comprehensive account of economic rationality, appropriate quality, delivery punctuality, compliance with social norms, consideration for social challenges and consideration for the environment. We do not provide profits to or impose undue disadvantages on specific clients without due reason.

2. Compliance with Laws, Regulations, etc.

We respect laws and social norms in procurement and never violate them in any case. We are not involved with antisocial forces in any way and reject unjust demands.

3. Consideration for Social Challenges

We strive to conduct transactions with and procure products and services from suppliers who respect basic human rights, give consid-

eration to industrial safety and health and avoid violations of human rights, such as unjust discrimination, forced labor and child labor.

4. Consideration for the Environment

We strive to conduct transactions with and procure products and services from suppliers who promote efforts to reduce the environmental burden and contribute to mitigating and easing environmental problems, including climate change and biodiversity problems.

5. Cooperation with Suppliers

We seek cooperation from and promote cooperative initiatives with suppliers in order to give consideration to social challenges and the environment across supply chains in our procurement activities.

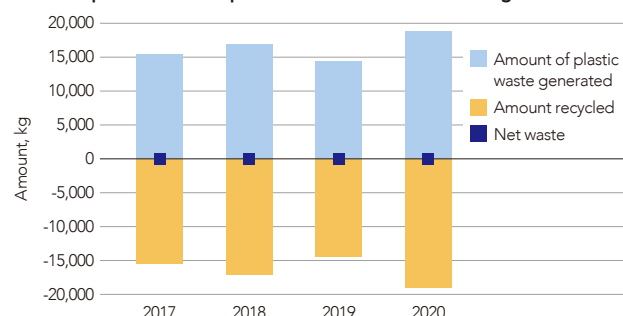
Measures to Address Plastic Garbage

Ocean pollution caused by “marine plastic garbage” washed into from rivers and elsewhere is a global problem which has an enormous impact on marine ecosystems, and on industries such as fisheries and tourism.

In April 2019, the Group has established the “SuMi TRUST Group Zero Plastic Waste Declaration,” which aims to eliminate plastic garbage that is thrown away without recycling by 2030, as concrete action against this global marine pollution problem. Based on this declaration, we are now promoting concrete initiatives under the two pillars of: (1) not producing plastic waste by our employees and (2) not allowing our clients to produce plastic waste.

SuMi TRUST Bank has not provided items such as shopping bags and straws with purchases at the convenience stores operated for employees in our large office buildings. Since the formulation of the Zero Plastic Waste Declaration, original posters calling for waste separation and plastic waste reduction have been displayed throughout the Group, and mainly domestic branches have established their own Plastic Waste Reduction Activity Month to visualize the actions of each individual, and efforts to have employees bring their own bags and bottles are expanding. In addition, we thoroughly recycle plastic waste at the Head Office Building and other base buildings. The graph on the right shows, as an example, the status of plastic waste disposal in the Head Office Building from 2017 to 2020. While the amount of waste fluctuates by year, the entire amount of waste generated is recycled by a disposal company, resulting in virtually no waste. In the future, we will reduce the amount of waste plastic generated to achieve zero plastic waste and we will also actively consider ways to improve the

Status of plastic waste disposal at the Head Office Building



efficiency of recycling, such as material recycling and chemical recycling. In addition to the above, we are reviewing and switching the materials of various distribution items as a way to prevent our clients from generating plastic waste.

In August 2021, 492 people from 81 branch offices participated in an online internal study session for all branches and departments nationwide. Members of the Sustainability Management Department explained the threat of micro-plastics, 3R+Renewable, and circular economy, and called for participants to understand global trends and take concrete initiatives. One of the themes of the With You Eco Festival (see page 169), which was held for the branch offices from October of the same year, was the reduction of plastic waste. We promoted the visualization of the results of activities, such as how much CO₂ emissions can be reduced by using one's own bottles and reusing plastic umbrellas. As of January 2022, our employees' efforts have contributed to a reduction of 1,512.3 kg of CO₂.

Chronology of Activities

April 2019	Formulation of the SuMi TRUST Group Zero Plastic Waste Declaration ①
October 2019-	The entire Group will gradually switch from biochemical film to Graphan (pulp material) as the material for the plastic windows of windowed envelopes used in business operations and for mailing to clients.
October 2019	Promote reduction of plastic at celebrations and informal receptions
April 2021-	Gradually switching from plastic to LIMEX as the material for handbag plastic bags to be given to clients ②
July 2021-	Exhibition of Thinking about Plastic Waste posters at branch offices nationwide ③
August 2021	Hold internal online study session on how to engage with plastic ④
October 2021-January 2022	Hold With You Eco Festival for branch offices nationwide
November 2021-	Changed the tea serving service to clients visiting office buildings to environmentally friendly paper-bottled beverages (tea). ⑤

①



Zero Plastic Waste Declaration poster

②



Handbag plastic bags made with LIMEX mix

③



Thinking about Plastic Waste poster

④



Internal online study session on how to engage with plastic

⑤



Environmentally friendly paper bottle beverage (tea)

5. Initiatives at Group Companies

Nikko Asset Management Co., Ltd. recognizes the threat that climate and environmental risks pose to the world, believing that it has a responsibility to minimize the impact of its business activities on the environment. Ever since first introducing an environmental policy in 2010, it has committed to actively considering environmental issues in its business activities.

The company has been measuring, evaluating, and offsetting the Group's greenhouse gas emissions since 2018. Based on power, transportation and travel usage data at each global location, we use an external consultant, Carbon Footprint Ltd., to evaluate CO₂ emissions. It was confirmed that the total greenhouse gas emissions of the company in 2020 amounted to 1,822.8 t-CO₂, equivalent to 2.10 t-CO₂ of emissions per employee and emissions per 1 billion yen of

sales of 15.74 t-CO₂. This marked a reduction of 69% on the previous year's total emissions.

The graph, "Breakdown of Nikko Asset Management Group Greenhouse Gas Emissions," shows the contribution of each category to the Group's CO₂ emissions in 2019 and 2020. The biggest factor contributing the reduction in total emissions was the reduction in business trips due to restrictions on movement caused by the COVID-19 pandemic. Although emissions from domestic and international air travel have decreased from more than 80% in 2019 to nearly 40% in 2020, it is still the largest contributor to the company's CO₂ emissions. At the same time, the amount of electricity used at our offices has been reduced by 20.5%, while the increase in electricity consumption due to employees working from home exceeded the relevant reduction.

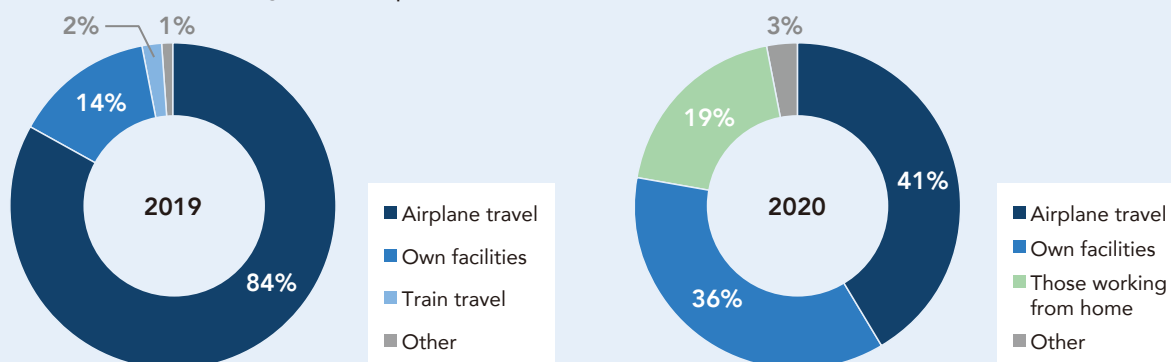
Nikko Asset Management Group Greenhouse Gas Emissions

Item	2019	2020	YoY comparison
Total CO ₂ emissions (t-CO ₂)	5,906.90	1,822.80	Down 69.1%
t-CO ₂ emissions per employee	6.36	2.10	Down 66.9%
t-CO ₂ emissions per 1 billion yen sales	58.43	15.74	Down 73.1%

2019 data: All employees of the Nikko AM Group (as of January 1, 2020)

2020 data: Permanent employees of the Nikko AM Group (as of January 1, 2021)

Breakdown of the Nikko Asset Management Group Greenhouse Gas Emissions



The Nikko Asset Management Group supports the United Nations Sustainable Development Goals (SDGs), Japan's 2050 Carbon Neutral Declaration, and other efforts by the international community to achieve a society with net zero carbon emissions. The company believes that it is essential to continue to minimize the negative impact on the environment in the communities in which it operates, so it has set specific targets for reducing CO₂ emissions and has updated its Environmental Policy. The renewed environmental policy focuses on the eight areas listed on the right.

1. Compliance with laws and regulations, etc.
2. Reduction of greenhouse gas emissions
3. Pursuing resource efficiency
4. Selecting vendors and purchasing products with consideration to the environment
5. Reduction of disposable plastic
6. Protecting biodiversity in the natural environment
7. Enhanced reporting and disclosure
8. Promoting employee education and advocacy

As a concrete goal, the Nikko Asset Management Group aims to reduce greenhouse gas emissions per employee throughout the Group by 40% by 2030 compared with 2019*.

As a first step in these efforts, the Tokyo Office has switched to electricity from renewable energy sources, and preparations are underway to reduce CO₂ emissions from the use of electricity in offices.

Emissions were significantly lower in 2020, but we are well aware that this was achieved under unusual circumstances. As the world gradually returns to normalcy, Nikko Asset

Management Co., Ltd. will use what it has learned over this period of time, and it is aware of the need to control the rebound in greenhouse gas emissions. The company is confident that setting a clear long-term goal for emission reduction will help us realize this.

*Covers direct and indirect emissions by the company under Scope 1 and Scope 2 (emissions from fuel combustion, electricity supply, and other uses) as defined in the Greenhouse Gas Protocol, as well as some indirect emissions under Scope 3 (emissions from fuel and energy activities and business trips not included in Scope 1 and Scope 2).

Environmental Performance of Nikko AM (Tokyo Head Office)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	YoY comparison
Electricity consumption	thousand kWh	1,029	1,057	1,092	1,007	869	Down 13.7%
Total energy consumption	GJ	13,441	13,807	15,191	13,710	12,149	Down 12.8%
Copy paper procurement amount per employee	Piece	614	548	496	457	114	Down 75.1%
Stationery goods green procurement ratio	%	65.0	58.8	54.5	13.6	9.5	Down 30.2%

Scope: Head Office Building (Tokyo Midtown Tower)

Period covered: Each fiscal year (From April to March of the following year)

CO₂ emissions: Calculated using the formula for measuring specific greenhouse gas emissions provided by the Tokyo Metropolitan Government's Ordinance on Environmental Preservation.

*Past results are not a prediction of future performance.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. is taking steps to reduce power usage, copier paper, and gasoline.

The company has introduced open-plan workspaces and achieved a more compact office to suppress electricity consumption, reducing electricity consumption and copier paper volume by drawing on the benefits of paperless meetings, online approval forms for workflow, and less overtime work. In fiscal year 2020, as part of our measures against COVID-19, a mobile communication environment was established to enable location-independent telework, and as a result, the amount of copy paper used was reduced by 19.0% from the previous year.

In addition, the company is striving to reduce CO₂ emissions by switching from the use of private company cars to

public transportation in sales activities (e.g., using rail and rental cars), and is promoting initiatives that contribute to the environment and society (health and safety), such as reducing driver fatigue and preventing traffic accidents by reducing long-distance driving.

As a result of these initiatives, the amount of gasoline used for private company sales cars is decreasing every year. In particular, in fiscal year 2020, we were able to drastically reduce the amount of waste by 24 kl (34.0%) compared to the previous year, due in part to restrictions on activities caused by the declaration of a state of emergency due to the COVID-19 pandemic. This reduction is equivalent to approximately 55.7 t-CO₂ when converted to CO₂ emissions.

Environmental Performance of Sumitomo Mitsui Trust Panasonic Finance

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	YoY comparison
Electricity consumption	thousand kWh	1,008	982	984	938	896	Down 4.4%
Gasoline consumption	kl	118	117	89	70	46	Down 34.0%
Copier paper consumption	thousand sheets	17,464	17,508	17,567	18,499	14,984	Down 19.0%

3 People

—Social Considerations

People are at the center of global economic prosperity, driving wealth creation, developing innovative products and services, and supporting the communities in which they live and work.

From the World Economic Forum White Paper "Measuring Stakeholder Capitalism"

100

- 101 The Group's Approach to Social Issues
- 102 Human Capital
- 119 Respecting Human Rights
- 123 Addressing Issues of a Super-Aged Society

The Group's Approach to Social Issues

The sustainable society envisioned under the SDGs is based on the assumption that humans will play a central role. Thus, the 17 goals ultimately aim to achieve human happiness. In 1948 the World Health Organization (WHO) described the state of human happiness as "well-being" (a state of complete physical, mental, and social well-being) and the Organisation for Economic Co-operation and Development (OECD) has defined the conditions of well-being to be comprised of material components such as income, employment, and housing, as well as immaterial components that contribute to quality of life (QOL), including health, education, and social connections. Our initiatives on pursuing prosperity and those related to global environmental considerations are also sorted into those that create positive impacts that ultimately lead to the well-being of people from all walks of life, not just our clients and employees.

Definition of Well-Being by the OECD

Material conditions	Immaterial conditions (QOL)	
<ul style="list-style-type: none"> Income and wealth Jobs and earnings Housing 	<ul style="list-style-type: none"> Health status Work and life balance Education and skills Civic engagement and governance 	<ul style="list-style-type: none"> Social connections Environmental quality Personal security Subjective well-being

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Main stakeholders	Key measures
Pursuing sustainability-themed business opportunities	Opportunity	Clients, employees, communities	Maximizing the positive impacts through business (e.g. development of innovative financial products that help solve social issues and engagement with companies to whom we extend investments and loans to actively encourage behavioral change)
Considering impacts on society and the business environment of companies to whom we extend investments and loans	Risk	Clients, employees, communities, NPOs	Minimizing the negative impacts through business (e.g. investments and loans in line with policies for specific sectors and ESG guidelines, and engagement with companies to whom we extend investments and loans to encourage the control of negative impacts, such as human rights issues)
Population decline and issues of a super-aged society	Risk/Opportunity	Clients, employees, communities, business partners	Reviewing business operations from the perspective of the impact on the well-being of elderly clients, addressing dementia-related problems, and transferring assets between generations taking into account the viewpoint of child-rearing support

Governance and Management Framework Materiality

Materiality	Risk/Opportunity	Main stakeholders	Key measures
Bolstering human resources and developing workplace environments	Risk/Opportunity	Employees	Hiring and appointing diverse human resources, adopting appropriate performance evaluation and compensation packages, nurturing human resources, improving employee satisfaction levels, promoting employee health, and preserving employment and worker rights

Highly
Relevant
SDGs



Human Capital

Enhancing Human Capital to Increase Corporate Value

Human Resources Strategy

The Group's Codes of Conduct ("Value") state: "We will realize our organizational capabilities full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust." It is essential that we create more sophisticated human capital to raise corporate value and maximize the value we provide to stakeholders.

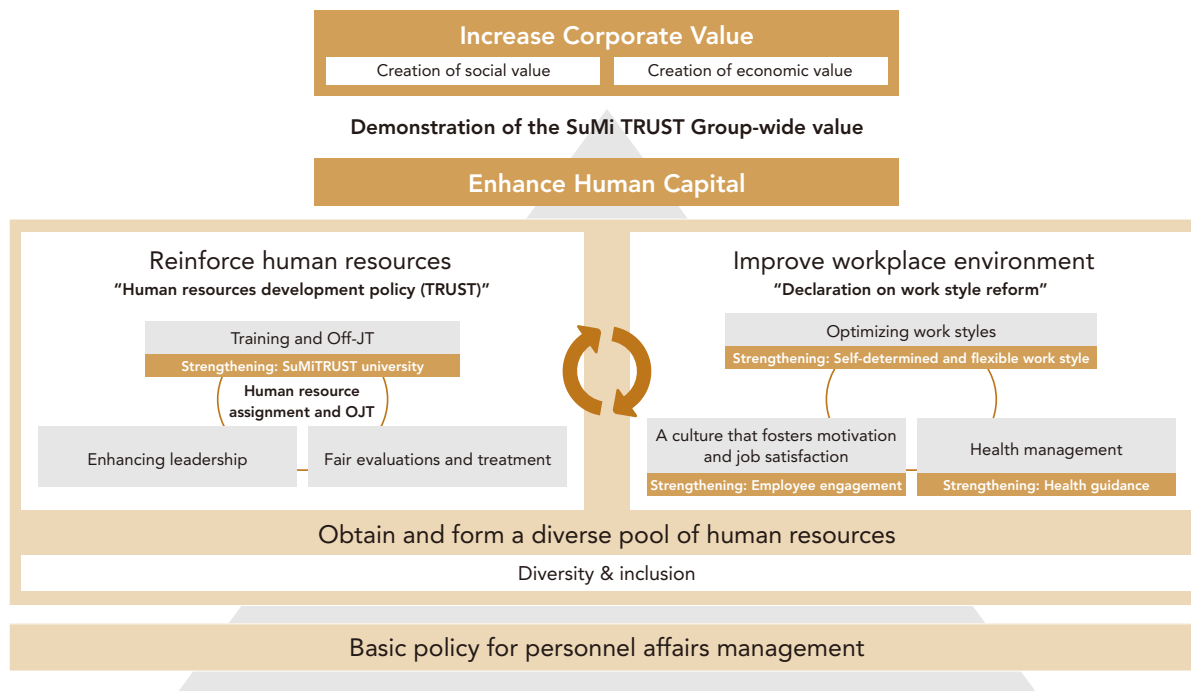
The Group categorizes individual human resources measures by function. We then apply a long-term investor's perspective to processes that create more sophisticated human

capital while activating synergies between each function. This approach is also conducive to the enhancement of information disclosure.

By enhancing our engagement with employees, the organization and individual employees can draw upon diversity and continue to contribute to mutual growth with the same expectations as a foundation for activity. In this way, we will seek to create new value even despite significant changes in the structure of Japanese society.

Personnel System and Management Principles

1. SuMi TRUST Bank respects individuals' diversity and promotes voluntary initiatives so as to exercise creativity and create value added in a broad range of fields.
2. SuMi TRUST Bank promotes friendly rivalry among employees to improve themselves as well as their autonomous growth in order to enhance its expertise and comprehensive capabilities as a trust bank.
3. SuMi TRUST Bank assigns the right person to the right job according to job capability in order to make the most of individuals' potential.
4. SuMi TRUST Bank gives fair and just evaluation and treatment to individuals according to their capability, role and achievement so that they can have motivation and feel a sense of satisfaction at achieving self-fulfillment and contributing to the Company.



Basic Policy for Personnel Affairs Management

The SuMi TRUST Group provides a workplace in which individuals' diversity and creativity are fully utilized as value-added to the organization and they can have dreams and pride and feel motivation when working. It also forms a group of personnel capable of providing comprehensive solutions by making full use of their advanced expertise and comprehensive capabilities and helps them to make successful achievements.

Diversity & Inclusion

Promoting Diversity & Inclusion

The Group has various functions and a diverse business portfolio, which is one of our strengths. Our human resources basic policy therefore calls for a workplace in which individuals' diversity and creativity are fully utilized to add value to the organization. As diversity promotion becomes a more widely recognized concept in society, SuMi TRUST Bank established the Diversity & Inclusion Office (D&I Office) within its Human Resources Department in October 2016 to accelerate the efforts to promote diversity and inclusion by correlating diversity promotion with a corporate culture that emphasizes diversity. The D&I Office comprises specialists from the Human Resources Department and members from business supervision departments. The Office promotes

diversified work styles for individual employees and implements measures that increase corporate value in a way that is tailored to each business unit's circumstances.

In addition, promoting diversity has become a major business trend and long-term investors emphasizing ESG are taking a greater interest. In response, SuMi TRUST Holdings also established the D&I Office within its Human Resources Department in October 2017 to promote diversity and inclusion throughout the Group.

*SuMi TRUST Group's promotion of Diversity & Inclusion

URL: https://www.smth.jp/en/about_us/management/human_resources/diversity_inclusion/index.html

Diversity & Inclusion Report No. 3 (published May 29, 2020)

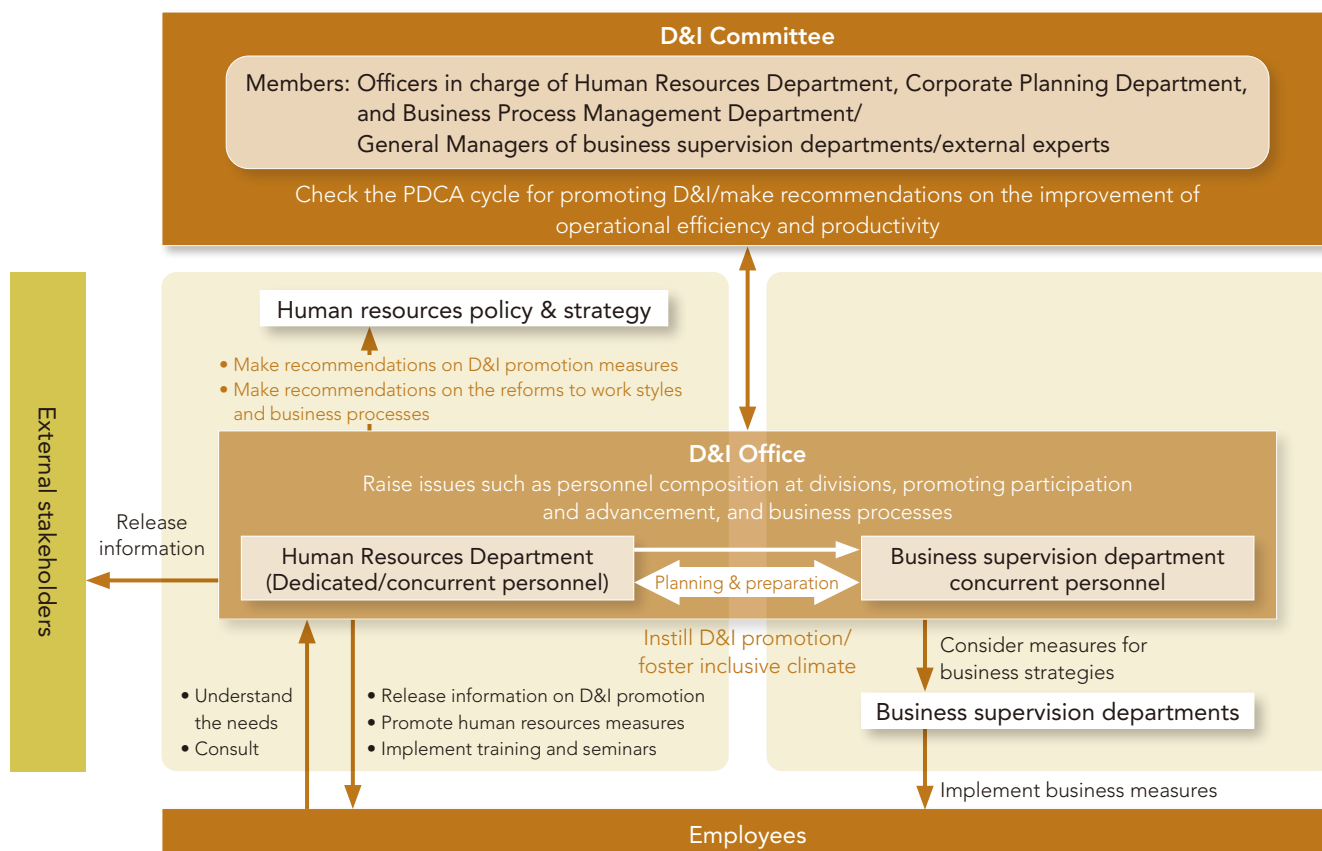
URL: https://www.smth.jp/english/-/media/th/english/about_us/management/human_resources/pdf/E200529.pdf

1. Diversity & Inclusion Promotion Framework at SuMi TRUST Bank

SuMi TRUST Bank's initiatives for promoting diversity and inclusion focus on the empowerment of women, persons with disabilities, and global workforce, enhancement of work-life

balance, and encouragement of understanding human rights and the LGBTQ community.

Organizational Chart for D&I Promotion at SuMi TRUST Bank



D&I: Diversity & Inclusion

2. Initiatives for Promoting Women's Active Participation and Advancement

As the Group ensures “the right people are placed in the right positions based on their capabilities in order that all of our employees can realize their full potential,” we place people in managerial positions based on their abilities regardless of gender.

SuMi TRUST Bank has formulated a new general employer action plan in April 2020 based on the Act of Promotion of Women's Participation and Advancement in the Workplace. With the goal of increasing the number of women in decision-making positions, the action plan calls for SuMi TRUST Bank to increase the ratio of women in the section manager position or higher to over 12%, and the ratio of women in management positions to over 30% by the end of March 2023. As we achieved some of our goals ahead of schedule, in November 2021 we formulated a new action plan to increase the ratio of women in the section manager position or higher to over 20%, and the ratio of women in management positions to over 30% by the end of October 2024 to further accelerate our initiatives to promote the participation and advancement of women.

Pipeline models have been formulated to facilitate the planned nurturing of employees in each business, while various types of training are being conducted with a view to future appointments of female employees to management positions as we set our sights on being the number one financial institution for both HR development and HR participation. Such training measures include seminars for women in leadership positions and training aimed at facilitating self-determined career planning. Furthermore, we are widening the scope of activities for female employees by offering a broad range of appointments through which they can take up the challenge of working in different roles. In addition to training, we provide growth opportunities through job relocation and reassignment.

Human Resource Development in Consideration of Placing Female Employees in Managerial Positions Support for Women's Solid Career Formation

SuMi TRUST Bank carefully runs training sessions for female employees to coincide with the turning points of their careers so as to provide them with opportunities to independently consider their career development and build networks. In a career training held for sixth year employees, we help employees chart a course for their own careers over the medium to long term with advice from external lecturers and senior employees. SuMi TRUST Bank is also undertaking initiatives to earnestly listen to the concerns of female employees—who are susceptible to the impacts of major life events—and to provide them with opportunities as early as possible so they can design their own career as part of their life planning. In addition, starting in fiscal 2020, we began holding career seminars for employees suited for our pipeline models to clearly communicate the Bank's policies and initiatives for each job level, as well as its expectations for them to take on the challenge of becoming managers, and to build a network that extends beyond our businesses. Furthermore, each business also conducts training and events for employees to address issues in promoting the participation and advancement of women. Through these initiatives, SuMi TRUST Bank supports the growth of female employees so they can set their sights

Female Executives and Managers at SuMi TRUST Bank

	End of March 2019	End of March 2020	End of March 2021
(1) Directors and executive officers	2 (2.9%)	4 (5.7%)	4 (5.7%)
(2) Women in general manager level positions	9 (3.7%)	12 (4.8%)	16 (6.5%)
(3) Women in section manager level positions	134 (11.8%)	135 (11.7%)	150 (12.9%)
(4) Women in section manager or higher positions ((2) + (3))	143 (10.3%)	147 (10.5%)	166 (11.8%)
(5) Women responsible for management operations	1,423 (23.9%)	1,570 (25.8%)	1,683 (26.9%)

*The number inside the parenthesis is the female employee ratio. Executive officers included in (1). Women in assistant manager or higher positions shown in (5), which also includes (4).

on even higher management positions by sweeping away the concerns and pressures associated with becoming a manager and allowing them to demonstrate their capabilities in their own management style (see page 106 for information on the career course system).

Use of Outside Networks and Dialogue with Directors and Officers

We send female employees to joint events with other companies to provide opportunities for them to broaden their perspectives through interaction with people from other businesses, as well as to make an objective reassessment of their careers. In addition to Company-hosted events and training, at branch offices and departments too, we adopt a bottom-up approach to furthering the participation of female employees by providing them with opportunities to think about their own careers through interaction with women from business affiliates.

Our executive officers are also actively involved in the nurturing of female employees. To that end, we organize executive seminars so that female employees can talk directly with executives, gain insights into management, and hear what executives expect of female employees. Furthermore, we implemented an executive mentorship program starting this fiscal year. Under this program, all managing executive officers become mentors for female employees who are candidates to become branch managers, offering one-on-one mentoring on a monthly basis to help them acquire a wide range of knowledge, perspectives, and personal connections, while providing them with opportunities for growth.

Training for Directors, Officers, and Management

To promote a change in mindset throughout the management team—a key element in developing an environment in which women can thrive—SuMi TRUST Bank incorporates topics concerning unconscious bias and female health issues into manager training. In addition, we take steps to deepen the understanding of executive officers regarding diversity and inclusion by, for example, providing training for executive officers and management on mentoring methods and effective ways to interact with subordinates as part of the executive mentorship program.

3. Initiatives to Support Work-Life Balance

Career-Building Support to Weather Life Events

A System of Workplace Reassignments and Leave to Accompany Spouses on Overseas Transfers

In fiscal 2016, SuMi TRUST Bank instituted a system so that A-course employees (who are not subject to new workplace assignments accompanied by relocation) (see page 106) can change their workplace location in the event of spouse's relocation. Furthermore, since July 2017, employees have been allowed a leave of absence to accompany a spouse on an overseas transfer, regardless of whether that spouse works for the same company or a different company. Both male and female employees can apply to take advantage of the system. When a spouse is transferred overseas, it imposes a heavy burden on the family environment. This system came about from a desire to help our employees independently build their careers by offering them more than just a choice between career and family. Both domestic workplace reassignments and leave to accompany spouses on overseas transfers are used as ways for employees to continue their careers despite life events.

Users

Domestic workplace
reassignments
as of March 2021

201

Leave to accompany spouses
on overseas transfers
as of March 2021

14

Work-Life Balance

SuMi TRUST Bank set a target of 100% paternity leave ratio for male employees in its general employer action plan commitment as an initiative for achieving diverse working styles and a healthy work-life balance, one of the topics in its Declaration on Work Style Reform (see page 111). This initiative is being promoted throughout the Group for the purpose of fostering a culture in which male employees assuming responsibility for some household duties is considered normal and so they can make new discoveries outside of the workplace and get a feel for how society is changing. The 100% target was achieved in fiscal 2017 and 2019, as well as in fiscal 2020. Going forward, we will continue to undertake activities geared towards entrenching the practice of taking paternity leave as part of company culture; for instance, even after the 100% target has been attained, we are encouraging employees to take more days off work.

We are also promoting initiatives to help employees balance work and nursing care, a trend that is expected to become more common going forward. As a part of this, we jointly hosted an online nursing care seminar together with the employees' union so employees all over Japan could easily participate, and we also organized a seminar just for management so they could learn how to more smoothly communicate with subordinates that need to take time off to look after their loved ones. In the annual employee awareness survey conducted to measure awareness of the nursing care schemes and corporate culture, our score for fiscal 2020 exceeded 60, which is considered a positive assessment.

4. Empowerment of Global Employees

SuMi TRUST Bank offers training every year to local-country employees working at its overseas branches and overseas subsidiaries and affiliates. Training is focused on deepening employees' understanding of the SuMi TRUST Group and its operations, and strengthening networks among participants and business lines. The training includes a management strategy briefing with an accompanying discussion as well

as lectures on Japanese business culture and history, and business overviews.

In addition, we provide Japanese language classes for foreign employees at our offices in Japan to accommodate those who wish to communicate smoothly in Japanese in their work in Japan.

5. Promoting Advancement of Disabled Persons

We aim to have even employees with disabilities thrive at work and find their jobs rewarding as members of the SuMi TRUST Group. Nikko Asset Management has been running the Athlete Employee Programme since 2013 and is focused on hiring employees with disabilities. The employees that joined Nikko AM through this program established a working group for disabled employees and some of those employees are involved in creating a more comfortable working environment for all employees—one of the missions of the SuMi TRUST Group.

Moreover, the number of places at SuMi TRUST Bank where disabled employees can work alongside their colleagues is growing. Such positions include client service at branch offices or administrative duties in the head office. We

also make sure to sit down for a discussion with such employees after they have started working in order to address any concerns or requests they might have. The issues raised from these meetings prove useful when developing a more comfortable workplace environment, in terms of both physical and mental perspectives. As of September 30, 2021, the employment rate of disabled persons stood at 2.32%.

Employment Ratio of Disabled Persons

As of September 30, 2021

2.32%

Branches with Disabled Persons

As of September 30, 2021

110 branches

Gaining & Shaping a Population of Diverse Human Resources

Reinforce Human Resource

The SuMi TRUST Group Human Resources Development Policy

The SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a development spirit consisting of “TRUST,” for the growth and career development of the employees who will create our future.

- Talent**Talent (individuality) can blossom
RespectRespect each individual
UniquenessDevelop true professionals
SupportMake mutual teaching and support our motto
TryPraise small, daily challenges

Based on the “fiduciary spirit of TRUST,” the SuMi TRUST Group aims to contribute to our clients and the continuous development of society through the growth of our employees, thereby maximizing the creation of shared value and becoming the corporate group that is chosen by society.



We have been advancing measures to be the “No. 1 financial group for human resource development” with the aim of “bolstering human resources,” which is one of the two wheels for raising the level of our group of personnel that provides comprehensive solutions (see page 102). Today, however, as digitization and other advances are transforming business models at an ever-accelerating pace, we need to share more concrete guidelines within the Group and accelerate their promotion. It was for this reason that, in April 2018, we created our “Human Resources Development Policy” as the shared human resource development slogan within the SuMi TRUST Group.

Through our Human Resources Development Policy, we have initiated various measures in fiscal 2019 aimed at becoming the “No. 1 financial group for human resource success,” where all kinds of people, from young to senior, regardless of gender or course, can flourish.

Career Course System Enabling Proactive Choice

SuMi TRUST Bank has implemented a course-based system that promotes employee career formation. Employees are

streamed into three courses, the G Course, the R Course, or the A Course, depending on their likelihood of being transferred and the nature of their work duties. There is also a system, applied to all courses, that places employees into four work groups based on their demonstrated capabilities. By adopting this system, we encourage personnel management based on ability, rather than age or gender. All employees regularly talk with their superiors on the status of career formation to be evaluated and receive feedback.

Strategic Human Resource Assignment and OJT*

The SuMi TRUST Group views OJT as the foundation for human resource development. We also focus on assigning employees to roles that awaken their passion for growth and allow them to display their abilities to the maximum extent. SuMi TRUST Bank has introduced a program that enables new employees to experience multiple work domains within a fixed period after joining the Bank, which helps them ascertain their own job aptitude through their own work experiences. We are also advancing initiatives such as a trust internship program, in which employees spend a fixed

Course name		Residence and workplace relocation	Eligible business operations	Primary role
G Course (General & Global)	Nationwide relocation type	Possible	All operations	<ul style="list-style-type: none"> • Leaders of department- and branch-level organizations, or • High-level professionals regarding various specific operations
R Course (Retail & Region)	Operation- and region-specific type	Possible within the specified area*	Operations for retail total solutions	<ul style="list-style-type: none"> • Leaders of department- and branch-level organizations engaged in operations for retail total solutions, or • High-level professionals that undertake operations for retail total solutions
A Course (Area)	Region-specific type	None	All operations	<ul style="list-style-type: none"> • General managers of departments and branches, or • Professions regarding various specific operations

*Nationwide- and regional-types (Tokyo, Kinki and Chukyo areas)

period of time learning the trust business in a section that is responsible for planning and development of trust operations, products and services. The program is aimed at developing human resources who possess a “high degree of expert knowledge in trust operations” and a “deep understanding of the fiduciary spirit.”

In addition, we have reduced the amount of paperwork at each branch by expanding the functions of our internal systems and consolidating operations. Under these circumstances, we are moving forward with integrating the operations of multiple branches in the area, promoting efficient operations, and strengthening our sales structure, while at the same time striving to develop human resources by rotating personnel.

*On-the-Job Training (OJT) is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via daily tasks.



Online training in progress



Communication tool among new employees, development personnel, and branch managers

Number of New Recruits

	Total (total of male and female)	Male	Female
FY2017	433	179	254
FY2018	402	178	224
FY2019	396	153	243
FY2020	402	140	262
FY2021	394	146	248

Salaries for New Employees in Fiscal 2020

(Starting Salaries)

(Post graduate)

(University graduate)

Monthly salary **235,000 yen** **210,000 yen**

*Common across all courses

Recruiting Diverse Human Resources

It is indisputable that employing diverse human resources is the starting point for developing a robust corporate foundation. The recruitment section of SuMi TRUST Bank website provides clear explanations of the characteristics of its personnel system, the mechanism of trusts and their significance, and the overview of its businesses. The website is also carefully designed to give students from a wide variety of backgrounds an idea of what working at the SuMi TRUST Group is really like with features such as employee interviews. In addition, human resources likely to demonstrate expertise as trust bank employees are strategically recruited by setting aside the recruitment quotas for experts in law and other

fields, as well as assigning them to digital-related operations or asset management operations as an initial job assignment.

We also actively recruit mid-career professionals, in addition to new graduates, to ensure diversity, which is the source of our strength as a trust bank group. In recent years, the SuMi TRUST Bank has recruited approximately 100 mid-career professionals in Japan every year, including those from different industries, regardless of their nationalities.

As of the end of September 2021, 20% of our hires were mid-career hires while 20% of employees appointed to section manager or higher were mid-career hires, and we plan to continue maintaining this level going forward.

As for employees with foreign citizenship, our core subsidiary SuMi TRUST Bank employs a total of 81 employees in Japan and more than 700 employees in overseas offices. The ratio of local staff in management positions at our overseas offices is around 64%, and we plan to maintain this level going forward (as of September 30, 2021).

Respect for Employees' Will in Job Assignment

SuMi TRUST Bank determines new hires' job assignments by taking a comprehensive approach, examining their aptitude and confirming their wishes through interviews with each of them before they formally join the Bank. At the same time, SuMi TRUST Bank also values the initiative and motivation of each individual, and provides opportunities for incoming hires to acquire qualifications at their own will (pension actuary, real estate appraiser) and to take on the challenges of their initial assignment (global business, digital transformation, asset management and administration, market operations, etc.), thereby carrying out initiatives to encourage incoming hires to acquire the expertise trust bank employees need, as well as to continuously develop specialized talent.

Internal Job Posting System

With regard to employees' assigned positions, SuMi TRUST Bank has initiated an internal job posting system to encourage its employees to independently and voluntarily form their own careers. Under this system, employees applying for job quotas various departments set can actually move to the departments where they have applied if they clear the Human Resources Department's selection process. More recently, in response to changes in the business environment, SuMi TRUST Bank has been recruiting for special job posts that require novelty and significant expertise. In fiscal 2020, SuMi TRUST Bank started recruiting CEOs for its industry-government-academia collaboration start-up business and digital strategy company through the internal job posting system.

Number of Internal Job Postings

FY2020

72

Number of Internal Job Posting System Users

FY2020

343

Personnel Exchanges among Group Companies

To bolster consolidated management and create stronger human resources group-wide, the SuMi TRUST Group encourages mutual exchanges of human resources among Group companies. To ensure smooth personnel exchanges, Sumitomo Mitsui Trust Career Partners offers training to Group companies.

Study at SuMiTRUST University

To further develop the expertise and individuality of each employee, the Group has developed an in-house university under the name of SuMi TRUST University. SuMi TRUST Bank also partnered with external educational institutions to offer training aimed at improving business skills and many self-development programs that encourage employees to continue enhancing their capabilities.

SuMi TRUST University provides a wide range of learning opportunities, including original content that enables employees to freely pickup knowledge, skills, and expertise that are unique to a trust bank and distinctive of Sumitomo Mitsui Trust Bank. It also offers courses to deepen knowledge in areas such as business skills, digital technology, and liberal arts, to help each employee achieve their career goals and aspirations. Furthermore, the University focuses on revitalizing communication so that employees can come together and further their learning in the age of 100-year life. It also emphasizes the importance of employees sharing knowledge and experience and stimulating each other to make new discoveries and create new value. In fiscal 2020, the University entered the second phase of its development. In addition to starting seminars where employees who do not come into contact with each other in the course of their regular work get together to discuss and conduct research

on common themes, we are also building a social network where employees can freely exchange information related to learning, and the University is continuing to evolve as a learning platform where employees can meet new people and acquire new knowledge. Some employees have already started their own English study circle, and we plan to proactively support these activities.

At the same time, we are working to build a learning platform accessible by all Group employees, regardless of the company or employment status, with the aim of developing a course management system that lets each employee freely construct their own curriculum while providing communication tools that support mutual learning among employees.

Various Training Programs

- Training for new employees, rank-based training, business process-based training, language training (English and Chinese); carefully tailored trainings are provided according to the levels of experience and skill.

Web Campus

- Learning system using the Internet, including e-learning
- All employees can learn compliance rules, operational knowledge, business skills, etc.

Self-Development Support

- Financial assistance to cover the cost of various qualification and certification tests, grants to support obtaining credentials, provision of books for the disabled

Various Trainee Programs

- Capability development training programs, including training for acquiring qualifications and language trainee programs, are implemented
- Overseas training and language trainee programs (English, Chinese, and Thai), business process trainee program (New York, London, Shanghai, Singapore, etc.)

Concept Image of SuMiTRUST University

	Business	Global	Digital	Liberal arts	SMTB Knowledge	Rank-based and screened trainings
Officers and GMs	NEW Creative thinking courses Online video training content service	NEW Secondment overseas English and Chinese language courses		SuMi TRUST 50 lectures (lectures by external lecturers) Industry-academia collaboration: University lecture participation program (Education domain)	NEW Seminar: "Purpose" management Seminar: SDGs and creativity	NEW Training for newly appointed managing executive officers Training for newly appointed executive officers Training for newly appointed general managers
Deputy GMs and section managers		English study circle Dispatch of trainees	Digital Academy	NEW Trust fundamentals online course		Training for newly appointed deputy general managers Training for newly appointed section managers Career ownership training
Group leaders	Online MBA courses SuMiTRUST Academy					GL training NEW Remote management training NEW 1-on-1 training SL training University dispatch
Small group leaders						Co-creation programs with other companies
Employees with certain responsibilities						G&L II training G&L I training Challenging Year
New employees						New employee training

Strengthening Leadership

Developing Next-Generation Leaders

In cooperation with Hitotsubashi University's Graduate School, SuMi TRUST Bank offers GL training for Global Leaders (for deputy general managers, associate general managers) to nurture the next generation of top management and SL training for Strategic Leaders (for section managers, operational chiefs) to nurture the next generation of leaders. Candidates learn the values, general knowledge (liberal arts), and MBA elements they need for management, and through sessions and courses, they complete the program by presenting a proposal to senior executives. Furthermore, we carry out various training sessions to develop leaders among our female employees and provide them a path to management.

After these training sessions, employees receive opportunities to put their learnings at the sessions into practice in a variety of settings through their assigned duties and replacement.

In addition, through exploring the history of the Mitsui and Sumitomo corporate groups and communication with outside lecturers and foreign students, the program aims to reaffirm the SuMi TRUST Group's origins and business spirit, broaden horizons, instill global awareness, and enable participants to build networks within and outside the Company.

Strategy for Global Human Resources

To foster a global mindset and produce a continuous stream of human resources who can succeed in business sectors both in Japan and overseas, the SuMi TRUST Group has increased the number of employees sent from Japan to work overseas to 215 as of March 31, 2021, up from 115 as of March 31, 2012. We have also increased the number of employees with foreign citizenship working in Japan to 69 as of March 31, 2021, up from 22 as of March 31, 2012. Employees hired overseas are eligible for transfers to other overseas

locations and their training at the Head Office is also considered to be undertaken.

In addition, we provide screened training for next-generation top management candidates with no overseas experience to develop their management perspectives and language skills at global level.

Management Under the New Normal Environment

In addition to training to develop next-generation leaders to aggressively pursue strategic business development, SuMi TRUST Bank conducts rank-based training to ensure that each generation receives training at the appropriate time. Currently, section managers and team leaders undergo team building to help them defend the administration of their branches and departments while responding to demands from management as well as training to gain management awareness. The training is designed and conducted in partnership with an external educational institution based on their integrated leadership training curriculum (the 7 Habits of Highly Effective People). Furthermore, we conducted a new training program in fiscal 2021 for all managerial positions at the section manager level and above to help them understand the new management styles that have emerged under the new normal environment. This training provided insights on communicating with subordinates, instilling organizational ideals, and managing the workforce in a remote work environment. Human resources development requires not only classroom learning but also practical training through hands-on experience. Therefore, in order to help these managers acquire practical knowledge and skills, we not only encourage learning through group discussions at the training site but also support post-training assignments and other out-of-class activities. We actively promote human resource development through recurrent education that



Data Concerning Training for Human Resources Development (FY2020)

Total number of trainees* ¹	Number of selected and nominated trainees	Percentage of employees that participated in training* ²	Total training hours	Training costs	No. of training days
10,059	91	31.8%	935.4 days (Calculated at 7 hours per day)	¥340 million	170* ³

*1 Total number of trainees in business-specific training, rank-based training organized by the Human Resources Department, and SuMi TRUST University

*2 Percentage of employees that participated in business-specific training, rank-based training organized by the Human Resources Department, and SuMi TRUST University, calculated as: Number of trainees (excluding overlaps) / total number of employees × 100.

*3 For fiscal 2020, total training days have decreased YoY as a result of the preparation time taken for shifting to online training, as well as an increase in trainings held on the same day due to the shift to online training.

Human Capital

looks ahead to an age of 100-year life and, from fiscal 2019, we started inviting external instructors (former managers, university professors, etc.) to provide training for newly appointed executive officers and managing executive officers.

These training programs are held online as a general rule, and are designed to promote the growth of human resources based on a flexible management approach that supports a variety of work styles.

Reinforcement of Digital Human Resources

SuMi TRUST Bank is working to strengthen the expertise and expand the workforce of its digital human resources capable of providing value to clients and employees by way of a technology-driven business transformation and is therefore offering employees numerous ways and opportunities to undertake learning. It organizes lectures by external experts and well-known figures in the digital field and has also launched a Digital Academy to communicate information online about topics of focus. Furthermore, the Bank has introduced a university lecture participation program through which employees can study leading-edge technologies like AI and

blockchain, as well as analysis techniques leveraging probability and statistics. We are also taking on the challenge of creating innovation through strengthening our digital human resources by, for example, introducing joint training programs with IT-related companies to examine business models.

Fair Evaluations and Treatment

In order to fairly evaluate and treat diverse human resources, it is necessary for all employees to share and practice the goals of the evaluation system, and in practice, objectivity is essential. For this reason, roughly every three years, SuMi TRUST Bank sends members of the Human Resources Department to each branch and department to interview employees. Additionally, as a means of obtaining a multi-faceted view of our personnel, we have introduced an anonymous survey for subordinates and others to rate the day-to-day management actions of line managers in the branch management ranks (general managers, deputy general managers, section managers, etc.). Further, we also promote management action reform and encourage the cultivation of a climate of bi-directional dialogue.

Purpose of Personnel Evaluation System

- To maximize our performance as an organization by aligning the vectors of the Company and individual employees in the same direction
- To ensure goal setting and issue identification, daily communication, and face-to-face meetings to review performance, etc. lead to changes in behavior and capacity development
- To fairly evaluate the various achievements of employees and the diverse capabilities they have demonstrated to ensure they are assigned to appropriate jobs and treated justly

Personnel Evaluation Systems with Individual Employee Participation

SuMi TRUST Bank's personnel evaluation system enables individual employees to participate in the evaluation process. At the beginning of each business term, SuMi TRUST Bank's employees consult with their supervisors and determine specific business execution tasks. After the end of the term, supervisors meet face to face with employees and review their attainment level versus issues identified and the process they went through to deliver results, provide them with assessments they find convincing, and afford them capability evaluations across the process they followed to achieve results. Those capabilities demonstrated and evaluated include the state of their ethics and compliance and their degree of involvement in developing human resources.

Starting in fiscal 2019, Sumi TRUST Bank changed its performance evaluation cycle from six months to one year to make it easier to tackle medium- and long-term issues as well as short-term initiatives. Although the evaluation period is longer, we still intend to meet at least once a quarter for timely sharing and resolution of day-to-day issues and to conduct interim process checks.

Bonus System Reflecting Business Performance

From the perspective of encouraging individual employees to fully exercise their capabilities, SuMi TRUST Bank has introduced a system to appropriately reflect the business

performance of the entire Group and individual's performance and achievement in the bonus amount with a view to realizing "incentives for building up earnings for the entire Group as well as for contributing to business unit, branch, or department the individual belongs to" and "fair and highly transparent system management through clarification of the process of reflecting business performance."

Through appropriate evaluation of personnel and the payment of bonuses reflecting performance, the Group has developed an environment that enables capable personnel to fully exercise their capabilities.

To further support our employees' accumulation of financial assets, we sponsor a SuMi TRUST Group employee stock ownership plan that regularly purchases shares of SuMi TRUST Holdings.

Employees to be evaluated

13,290 employees (as of end of September 2021)

Business performance indicators used to determine performance-linked bonuses

- Achievement ratio of the consolidated net business profit before credit costs
- Achievement ratio of the consolidated net income

Evaluation method used to measure individuals' performance

Decided through relative distribution among employees belonging to the same business unit based on the results of performance evaluation specified under the personnel evaluation system

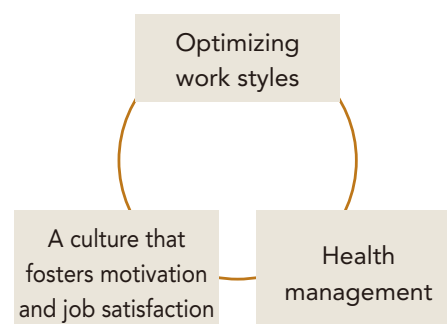
Upholding Positive Workplace Environments

Declaration on Work Style Reform

The SuMi TRUST Group hereby declares it a top commitment to offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions. The Group as a whole will work towards the following goals.

1. Achieving diverse work styles and work-life balance
2. Supporting health improvement through measures such as boosting health awareness and appropriately managing work hours
3. Providing opportunities for all employees to grow while participating actively with motivation

Through the enthusiastic work of each individual employee, we will continue to be a corporate group that contributes to the benefit of clients and is useful to society.



To “improve the workplace environment” the other side of our action to raise the level of the Group’s workforce (see page 102), in May 2017, we created the Work Style Reform Headquarters, led by the presidents of SuMi Trust Holdings and SuMi TRUST Bank, and instituted the “Declaration on Work Style Reform” to demonstrate the commitment from the top of the Group.

At SuMi TRUST Bank, the initiatives implemented in accordance with this declaration are helping to generally improve the scores for the questions regarding workplace environment and work-life balance in the annual employee awareness survey.

Support for the International Labour Principles

The SuMi TRUST Group supports the ILO Declaration on the Fundamental Principles and Rights at Work as a signatory to the UN Global Compact.

We also make sure that employees can read about our guidelines concerning labor standards by posting them on the Company’s intranet. This same information is also shared with our overseas offices.

Specific Initiatives

- Set and enforce a nine-hour interval rule (the minimum number of hours between the end of a work day and the start of the next work day)
- Ascertain working hours of all Group employees, including those at affiliated companies, and take thorough measures to prevent overwork
- Discuss overtime work status and the management status of systems to promote employee health for the entire Group four times per year at meetings of the Board of Directors. Utilize the opinions of attendees, including those of external directors and external auditors, in drawing up and executing proposals
- Upload to our internal intranet successful management examples of efficient work operation execution
- Shift to business casual attire year-round
- Data is processed and returned with the use of RPA

Optimizing Work Styles

Improving the Workplace Environment

The Group is conducting a broad range of initiatives to improve the workplace environment. Specifically, we have been working on reducing the level of overtime work by carrying out thorough work-efficiency and time-management measures. We aim to achieve a goal of cutting clerical work at branches by 70% in around five years by implementing business process reforms and promoting branch strategies. We are also steadily improving efficiency in headquarters operations, for example by automating routine tasks.

The manpower created from these changes will be shifted to the on-site sales force, IT operations, and other specialized areas in order to enhance client support and improve services.

Furthermore, the Group has been working to reduce overall work hours by encouraging employees to take paid leaves and setting months for leaving work early and weeks for leaving work on time.

Status of Paid Holiday Use among SuMi TRUST Bank Employees (FY2020 Results)

Average number of days of paid holiday use	15.4days
Average paid holiday usage rate	57%

Status of Overtime Hours among SuMi TRUST Bank Employees (FY2020 Results)

Average overtime hours per month (outside of mandatory work hours)	19.1hours
Ratio of career-course employees exceeding 60 hours of overtime per month (outside of mandatory work hours)	0%

Health-Related Data of SuMi TRUST Bank Employees (FY 2020 Results)

Ratio of employees that have received a detailed health examination	69.4%
Ratio of employees that smoke	11.1%
Ratio of employees that took a stress check	93.6%
Ratio of employees with high levels of stress	9.0%

Human Capital

Initiatives to Realize Work-Life Balance

The Group actively strives to create working environments that enable employees to work at ease and maintain a good balance between work and home lives. As one plank in this effort, the Group is a member of the “Iku-boss Corporate Alliance” established by specified non-profit organization Fathering Japan, which develops businesses to support fathers and promote work-life balance for men. Through the activities of the alliance, we will again spread within the Group a message that “realizing diverse work styles and work-life balance” for employees is crucial for sustainable growth of the Group, and promote the development and reform of awareness among senior executives.

As for childbirth and childcare, SuMi TRUST Bank has created an environment where employees can raise their children with peace of mind by implementing a variety of measures. For example, in addition to offering childcare leave until children reach the age of two, SuMi TRUST Bank

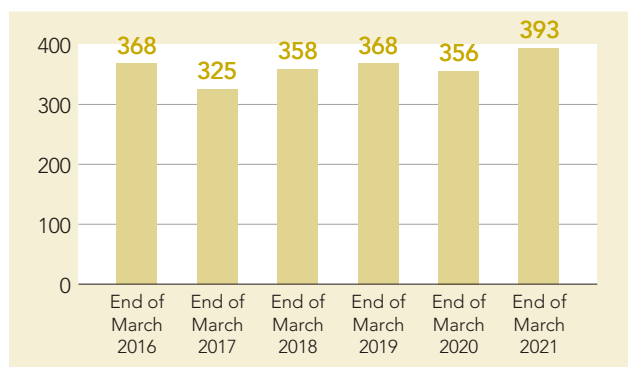
promotes childcare leave for male employees, and has established a nursing care leave system where employees with two or more children requiring care can apply for up to 10 days of leave per year. Furthermore, employees who are pregnant or who live with and raise children of or below the third grade of elementary school are eligible for a system of shorter working hours and an exemption from working overtime or at night. As of the end of March 2021, 393 employees had used this system to take childcare leave. We are also developing a childcare handbook so as to provide information to pregnant employees and their managers mainly regarding how the leave system works and key points to be mindful of. In addition, we have a website that can be accessed by employees on childcare leave and an email newsletter that provides useful information on child-rearing, as well as company information. We also run seminars led by external lecturers for employees returning to work, and in addition to creating networks between female colleagues that



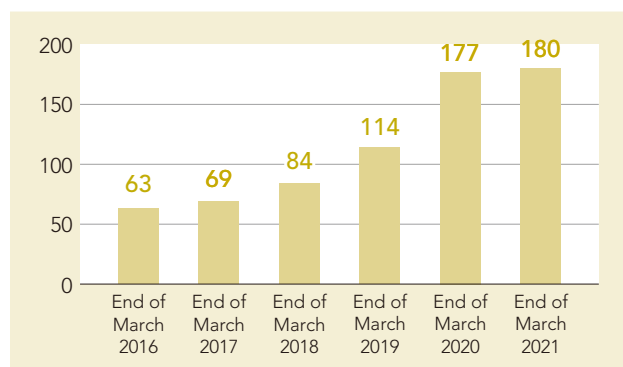
Usage Status of Flexible Employment System (FY2020 Results)

Number of employees using shorter working hours system for childcare or nursing care	522
Number of employees using staggered work starts, overtime work exemptions for childcare or nursing care	209
Number of employees telecommuting	385

Number of Employees Taking Childcare Leave



Number of Employees Taking Nursing Care Leave



SuMi TRUST Bank's System for Childbirth and Childcare (as of End of March 2020)

Item	Pregnancy	Before childbirth	After childbirth	Under 1 year of age	Until the child's second birthday	To under elementary school age	Until third grade of elementary school
Staggered working hours	○	○	○	○	○	○	○
Secure time for hospital visits, ease the burden of commuting, etc.	○	○	○	○			
Prenatal and postnatal leave (8 weeks before and after childbirth/paid)		○	○				
Maternity and childcare leave (first week is paid leave)	○	○	○	○	○		
Childcare time (1 hour a day or two 30 minute periods a day/paid)				○			
Exemption from overtime work	○	○	○	○	○	○	○
Exemption from late-night work	○	○	○	○	○	○	○
Shortened workday system (shorten working hours by no more than 2 hours a day)	○	○	○	○	○	○	○
Nursing care leave				○	○	○	

might harbor the same concerns about balancing work with child-rearing and supporting their smooth transition back to the workplace, we also hold training for section managers with subordinates that face time constraints due to childcare responsibilities by using case studies to examine organizational management methods.

We are developing a nursing care handbook containing basic information about nursing care and we regularly hold seminars on this topic. We have in place a nursing care leave system that offers employees up to 10 days off per year (if there are two or more family members requiring care), a leave-of-absence system for nursing care that can be taken for up to 12 months, and a system of shorter working hours that can be utilized over a maximum of three years (for every family member requiring care). In addition, starting in 2021, we relaxed the requirements for taking accumulated paid leave, allowing employees to use it for their own injuries and illnesses, family care and nursing, fertility treatment, etc., thereby expanding the safety net for themselves and their families. We have also set up a nursing care consultation service where employees can freely consult with external experts on everything from minor questions to concerns about nursing care and balancing work and family life.

Furthermore, with regard to fertility treatment, we have conducted awareness-raising training for all employees via e-learning in order to promote employees' knowledge and understanding of fertility treatment, and have added fertility treatment to the list of acceptable reasons for taking accumulated paid leave as mentioned above, and have also established an in-house fertility treatment consultation service.

Supporting Work-Life Balance for Employees Undergoing Cancer Treatment

In fiscal 2019 we introduced flexible working arrangements to support the balance between cancer treatment and work, including a leave program that can be taken in hourly units. SuMi TRUST Bank has also joined the "Corporate Action to Combat Cancer" initiative promoted by the Ministry of Health, Labour and Welfare.

Promotion of Flexible Working Styles

From fiscal 2018, SuMi TRUST Bank started offering its employees the option of teleworking in order to boost productivity and support a work-life balance. From fiscal 2019 it started trialing a satellite office-based working style from the viewpoint of more effectively utilizing branches and reducing the burden of commuting. Since fiscal 2020, the number of users and branches in this setup have increased. The Bank is also encouraging staggered working hours in an effort to develop an environment whereby employees can flexibly choose when and where they want to work.

These initiatives are actively being utilized as an effective means of staggering office attendance amid the COVID-19 pandemic.

Also from fiscal 2019, the SuMi TRUST Bank adopted a business casual working attire for the whole 12 months of the year. This initiative heightens the autonomy of employees who sometimes need to choose for themselves suitable clothing to wear depending on what kind of work they are doing or which clients they are meeting with. It will also

further the development of comfortable workplaces because employees can more easily adapt to colder or hotter days.

Employee Health Management

With regards to "assistance to advance health by raising health awareness in the workplace and properly managing working hours," we seek to promote both the physical and mental health of all Group employees. In addition to promoting the aforementioned optimized work styles, the Group has appointed medical and hygiene supervisors (hygiene promoters) at each of our business locations to provide detailed health management guidance, and through e-learning courses, we seek to raise employee awareness about the importance of health. We also conduct activities such as training to raise the awareness of line managers about the importance of managing their own mental and physical health and that of their subordinates. In addition, we provide all employees with opportunities to use external medical and healthcare services so that they can further improve their health outside of work. In recognition of these initiatives, the Group has been selected in METI's White 500 as an organization having outstanding health and productivity management for four years in a row since 2018.

Moreover, we are endeavoring to respond swiftly and appropriately to the spread of the COVID-19 pandemic by setting up a coronavirus hotline in order to deal with any psychological anxiety felt by employees.

Specific Initiatives

- To bolster employee health management, we thoroughly inform employees of their duty to manage their own health, and we encourage independent and voluntary health management.
- We ensure a flexible approach is in place for employees working long hours by encouraging them to take half-day paid leave or come to work later in the day.
- We have commenced a program, in coordination with branches and departments, to make sure that those employees who have not taken a necessary health checkup, re-examination, or medical treatment will take the one they have missed.
- We put into place a framework for ascertaining the health status of each employee through daily communication within branches, meetings with Human Resources Department personnel, and the filing of job condition declaration (once a year), in addition to regular health checkups.
- We offer influenza vaccinations (at the main office buildings and some branches) and issue warnings aimed at preventing the spread of the seasonal flu, the norovirus, and other contagious viruses.
- We encourage employees to participate in radio gymnastics at the start of the work day.
- We report the status of overtime work hours and the management status of health promotion systems to meetings of the Board of Directors four times per year, and utilize a broad range of opinions, including those from external directors and external corporate auditors, in drawing up and executing measures.
- Ban smoking in all buildings
- Established a COVID-19 consultation service and carried out COVID-19 vaccination for the entire Group, including all employees of Group companies and their family members who want to be vaccinated.

Human Capital

Physical Health

All employees are required to undergo an annual health examination (100% of employees underwent health examination in fiscal 2020), and the Human Resources Department encourages employees needing medical attention to undergo health examinations individually (69.4% of employees underwent detailed health examinations in fiscal 2020). We also support health examinations such as complete medical checkups for employees' family members through health insurance associations.

To help employees maintain good health in the workplace, we removed smoking areas from our offices and prohibited smoking in all buildings in 2018 as a way to prevent secondhand smoking (11.1% of employees were smokers in fiscal 2020).

In order to prevent the spread of COVID-19, we organized a workplace vaccination program for our employees, as well as employees of other Group companies and their families from July to September 2021.

Mental Health

Once a year we have all employees undergo a stress check (93.6% of employees underwent a stress check and 9.0% of employees were determined to have high stress in fiscal 2020). In addition to providing feedback individually, an occupational physician provides guidance so that line managers can provide the right care. We also have in place consultation systems that are easy for employees to use—for example, our in-house health promotion centers set up mental counselling times and the health insurance association provides free health counselling over the phone. When conducting the annual stress check, group analysis results are provided to the employees' union so that improvements in the workplace environment can be discussed.

A Motivating, Fulfilling Work Culture

To "provide all employees with motivating opportunities to succeed and grow," we endeavor to build a work culture that encourages employees to challenge themselves and learn, and stimulate mutual communication. Managers are expected to meet with their employees at least quarterly. These meetings allow the manager to get to know the employees' day-to-day concerns and challenges, help them grow and

contribute in a timely manner, and think through their career plans together.

As previously mentioned, we have recommended employees enlist their colleagues beyond each branch or department to create such learning opportunities as seminars and learning circles, and hosted lectures inviting outside lecturers on a regular basis. In addition, SuMi TRUST Bank encourages employees to independently and voluntarily form their own careers by switching the relocation type from region-specific type to nationwide type, and through internal job posting system by which employees can apply for transfers to different duties or business units as they desire.

At the same time, in order to connect the positive motivation of Group employees to new solutions in the form of new products and innovations, we are promoting employees' future-oriented activities for the creation of new businesses and operations, which will in turn boost employees' motivation even more.

Dialogue with Employees

To ensure that both the Company and employees are heading in the same direction and in an effort to encourage employee understanding of the Group's business model and value creation story, we publish an easy-to-understand Employee Integrated Report.

In addition, to make sure our desired corporate culture continues to spread, good mutual communication between officers and employees, as well as between co-workers, is essential. SuMi TRUST Bank takes advantage of events where employees congregate, such as rank-based training, and provides opportunities where the President and other officers talk about topics including management policy and their leadership with a question-and-answer session.

"The Trust Bank discussion" is also held at the workplace to foster the awareness of fiduciary spirit and improve teamwork.

Through open discussion on specific topics between fellow employees, regardless of their position or team, SuMi TRUST Bank puts into practice the concept of "shaping workplaces to be highly motivating."

In addition, as a communication tool between employees and management, we conduct an employee awareness survey for all employees.



Business briefing held prior to open recruitment



Next-generation leaders discuss the Group's mission during training

Labor/Management Relations

A sound and stable labor-management relationship is an indispensable foundation for a company to achieve sustainable growth.

SuMi TRUST Bank recognizes the freedom of association and respects the right to organize and the rights of collective bargaining. It also guarantees employees the right to openly engage in communication with management. As of end-September 2021, the employees' union has 11,692 members, which accounts for 84.08% of all employees. The new inclusion of associates to the employees' union in July 2018 greatly boosted the percentage of unionization among all employees compared to March 2017, when only 8,537 employees were members of the union. The Bank regularly holds management consultation meetings attended by the management team that reports directly to the president alongside the representative of the employees' union, as well as branch and department consultation meetings attended by labor and management representatives for each branch office. During these meetings, discussions focus on working conditions for union members and how workplace environments can be maintained. In this way, the opinions of employees are reflected into management.

At other Group companies as well, there are initiatives to ensure smooth business operation and maintain and improve the workplace environment through dialogue between the company and the union or representatives of employees.

Encouraging Senior Employees to Thrive

SuMi TRUST Bank has in place a program to continuously re-employ retirees who meet certain criteria until they reach the age of 65 (the Elder Partner Program), but from April 2021 it will extend the mandatory retirement age to 65 so that senior employees can remain at the Company for longer.

Also, employees that demonstrate a high level of expertise are certified as Fellows and a framework that reflects their skills in the employment benefits they receive has been introduced.

Promoting Well-being

In April 2021, we established officers in charge of well-being, and are strengthening internal and external promotion activities while participating in industry-government-academia collaboration sessions at the "Well-being Initiative" hosted by Nikkei Inc.

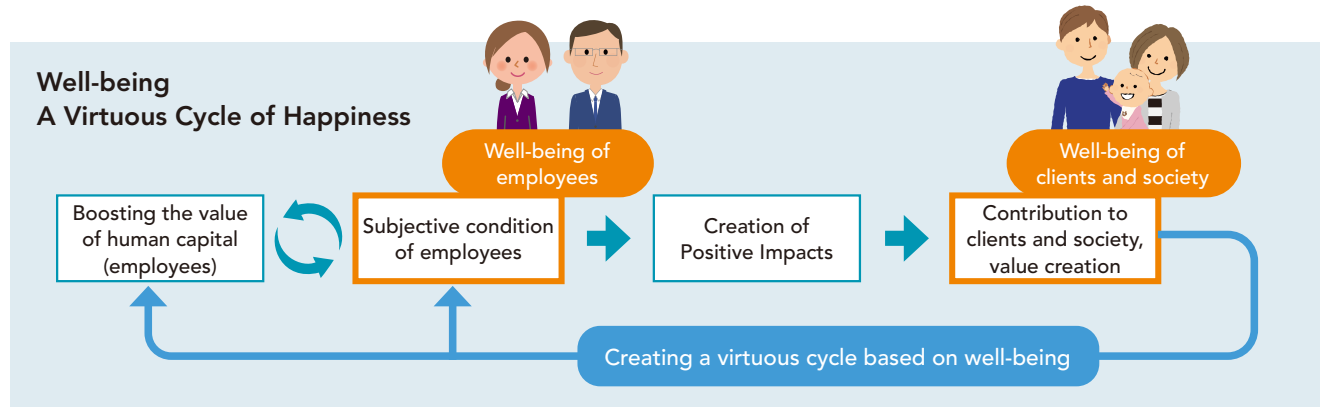
The slogan of the SuMi TRUST Group's well-being promotion activities is "creating a virtuous cycle of happiness for employees, clients and society."

By improving the well-being of our employees, we aim to boost the value of the Group's human capital and achieve our "Purpose" of "creating new value with the power of trusts and let prosperous future for our clients and society bloom" through the creation of positive impacts. Improving the well-being of our clients and society will give our employees, who are members of society, a sense of fulfillment, joy, and achievement, which in turn will improve their well-being, accelerating the virtuous cycle of happiness.

We have defined "employee well-being," which is the foundation of value creation, as a state in which employees are healthy both physically and mentally, empathize with our "Purpose," and pursue happiness in their work by utilizing their own values and strengths under good interpersonal relationships that respect diversity. In accordance to this definition, we are working to develop measures to achieve employee well-being.

For example, in an effort to promote the sharing of values between SuMi TRUST Bank and its employees, we are working to foster a corporate culture that creates happiness, starting with the "Online Information Briefing for All Employees" by the officer in charge of well-being. This is followed by the "Branch Manager's Cram School and Dojo (theme: Positive Stories for Improving Wellbeing)" at each workplace and "1-on-1 coaching training" for all senior executives.

In addition to the employee awareness survey that we have been conducting for some time, we have introduced the Pulse Survey, which enables us to check conditions and identify signs in a timely manner, and we are focusing on improvement activities at the workplace level to create a cheerful and comfortable workplace. Furthermore, we are strengthening our initiatives to have employees themselves promote well-being activities, such as recruiting well-being promoters from all branch offices for the in-house side job program that we started in October.



A Handbook for Overseas Employees, Domestic Employees Posted Overseas

SuMi TRUST Bank has prepared a guide, the “Overseas Application Handbook,” on all the social and cultural custom risks that overseas employees and domestic employees sent overseas ought to be aware of. In drafting the handbook, we referenced reports by Business for Social Responsibility(BSR), a nonprofit that originated in the United States that works with companies on sustainability issues, and research materials released by the Industrial Federation for Human Rights, Tokyo.



Understanding the customs and taboos emanating from the culture, religion, national identity, and unique attributes of each country enables our employees to obtain a deeper understanding of the behavior and sentiments of people in other countries and thus builds a foundation for smooth communication and mutual trust. The handbook covers a wide array of bases from summary data on each country such as Transparency International's* Corruption Perception Index (country rankings), manners for various scenarios such as when doing business or sharing a meal, widely shared sensibilities and basic knowledge as well as taboos, differences between Japanese culture, customs, and lifestyles and those of the relevant country to the human rights of women in each country and customs and rules arising from religion. With our Global Business Planning and Coordination Department and Human Resources Departments at the fore, we publicize the handbook to encourage employees to look through it as a reference before going overseas.

*Transparency International is an international NGO dedicated to fighting corruption, especially corruptions among public-sector authorities. The handbook's country ranking is based on Transparency International's Corruption Perception Index that covers 175 countries and territories.

Distribution of Harassment Prevention Handbook

Given the number of cases reported to the Group's consultation line and the greater focus on harassment issues in society, we have distributed a harassment prevention handbook to all Group employees in order to prevent harassment from occurring and to stop situations from worsening further, and so all Group employees can be sure to take appropriate action as members of the organization. In addition, every year SuMi TRUST Bank runs a harassment prevention training course through its e-learning platform for all employees to complete.

Through proper understanding, we aim to eliminate harassment, foster a culture of mutual respect, and create a comfortable and rewarding workplace environment.

System to Respond to Complaints Related to Labor Practices, etc.

In view of the need for appropriate workforce management, SuMi TRUST Bank has established, within the Human Resources Department, the Personnel Consultation Desk (LGBTQ Consultation Desk), at which all employees (including course employees, professional employees, associate employees, part-time workers, and temporary employees) can receive consultation without going through the regular reporting line when problems related to personnel and labor affairs management, such as unfair or unjust labor affairs management practices or workplace harassment, occur. As a safety net to guard against labor affairs problems, the Personnel Consultation Desk strives to appropriately handle consultation cases—also received anonymously—while promptly cooperating with relevant persons.

With respect to associate employees, in addition to personnel management at workplaces, SuMi TRUST Bank has started “personnel affairs support services,” including rotation interviews with employees, through an affiliated company (Sumitomo Mitsui Trust Business Service).

SuMi TRUST Bank strives to prevent labor affairs problems by trying to grasp the circumstances of individual employees and collecting opinions and views which maybe difficult to express in the workplace (see page 120).

Number of Consultations Concerning Labor Practices, etc. at SuMi TRUST Bank

FY2016	78
FY2017	65
FY2018	76
FY2019	68
FY2020	99

Results of the Employee Satisfaction Survey

SuMi TRUST Bank conducts an “attitude survey” of all employees in order to objectively identify employees' perception of the dissemination of measures taken by the company, the personnel system and its operation, and the workplace environment and engagement. The results of the survey are returned to management and frontline employees for use in improvement activities.

	FY2015	FY2016	FY2017	FY2019	FY2020
Vitality level	61.5	60.9	62.1	59.1	60.4
Satisfaction level	61.1	60.8	59.8	60.4	63.2

Vitality level: Indicator of the level of expectations for the future, forward-looking thinking, willingness to contribute to the organization, work motivation.

Satisfaction level: Indicator of how much satisfaction employees get from the contents of their job duties, the working environment and personal relationships.

Employee Breakdown (Sumitomo Mitsui Trust Bank)

	As of end of March 2020	As of end of March 2021
Number of employees	13,527 (5,950 men) (7,577 women)	13,740 (5,988 men) (7,752 women)
Hong Kong	63	68
Japan	12,737	12,936
China	131	130
Korea	4	3
Singapore	142	140
Indonesia	6	6
UK	237	241
USA	204	213
Sydney	3	3
Average age	41.4 (Male: 43.5) (Female: 39.6)	41.6 (Male: 43.6) (Female: 39.6)
Average continuous years of employment	14.1 (Male: 16.3) (Female: 11.8)	14.0 (Male: 16.2) (Female: 11.9)
Average annual salary <small>*Guaranteed minimum wage by region as prescribed by the MHLW</small>	7,349 thousand yen	7,064 thousand yen
Number of temporary staff	446	453
Number of part-timers	49	42
Number of disabled persons employed	301 (Disabled person employment ratio: 2.28%)	303 (Disabled person employment ratio: 2.32%)
Number of employees using the Elder Partner Program	455	467
Number of employee turnover (annual)	285 (128 men) (157 women)	220 (109 men) (111 women)
Number of work-related accidents (annual)	125	99

Human Capital

Diverse Human Resources with Expertise That Support the “Power of Trusts”

Qualification/role	Number of employees
Financial Consultant/Trust Consultant	271*1
1st grade Certified Skilled Professional of Financial Planning	673
Gerontology Test	960
Bank Gerontologist Certification Exam (Financial Services Level 3, Senior Correspondent Banking Practice Course)	3,502
Real Estate Appraiser (total of real estate appraisers and assistant real estate appraisers)	175*2
Real Estate Transaction Specialist Exam	6,268
ARES Certified Master	357
First-Class Architect	27
Securities Analyst	813
CFA (Chartered Financial Analyst)	18
Pension Actuary	45
In-house Lawyer	31
Certified Administrative Procedures Legal Specialist	55
Certified Public Accountant	10
Certified Public Accountant (US)	16
Licensed Tax Accountant	10
Certified Internal Auditor (CIA)	56
Labor and Social Security Attorney	41
System Auditor	12
Project Manager	10
Advanced System Administrator	12
Information Systems Security Administrator	17
IT Strategist	11
Overseas Graduate School graduates (Master's/PhD)	44

(All figures are SuMi TRUST Bank's actual results as of the end of September 2021) (Note: *1 is as of the end of March 2021; *2 is for the entire SuMi TRUST Group)

Respecting Human Rights

1. Human Rights Management

Establishment of Human Rights Policy

Under the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” the Group upholds respect for individuals’ human rights and diverse values and rejects unjustifiable acts of discrimination in all its activities. Moreover, in December 2013, to ensure the execution of the aforementioned basic policy, the Group formulated its human rights policy, which serves as a

standard for acts and judgments concerning human rights, and on November 1, 2016, we amended this policy to add text prohibiting discrimination against LGBTQ and disabled people. Based on this policy, the Group respects the human rights of all stakeholders with whom we are involved when conducting routine business activities and providing products and services.

Human Rights Policy

At the Group, based on the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” we strive to foster a corporate culture and workplace environment that respects the basic human rights of clients and all stakeholders, always act with a strong sense of ethics and social conscience in all aspects of our corporate activities, and achieve sustainable development as a corporate group that is trusted by society.

1. Respect International Standards

We respect international standards on human rights, such as The Universal Declaration of Human Rights and corporate codes of conduct based on the United Nations Global Compact.

2. Prohibit Discrimination

We reject, in all our corporate activities, discrimination and infringement of human rights based on race, nationality, gender, sexual orientation, gender identity, origin, social status, beliefs, religion, disability, physical characteristics, and the like.

3. Foster a Corporate Culture that Respects Human Rights

We regard every kind of human rights issue as one facing us and encourage our employees to think from the other person’s point of view so as to foster a corporate culture that respects human rights.

4. Establish a Pleasant Workplace Environment

We establish a pleasant workplace environment by encouraging all executives and employees to treat each other as business partners and build equal relationships that allow a free exchange of opinions.

We acknowledge that such behavior as sexual harassment and power harassment impair human dignity; therefore, we do not allow such behavior.

5. Ensure Fair Recruitment

We implement strict and fair screening in the recruitment of employees and others, solely based on individual capability and suitability.

6. Implement Human Rights Education Training

With the aim of resolving all kinds of actual or potential issues related to human rights and encouraging all executives and employees to develop a deep appreciation of human rights that appropriately reflects relevant and accurate facts and information, we work on a wide range of human rights education activities, including one addressing discrimination against the Dowa caste, a specifically Japanese social minority, through every kind of opportunity, mainly annual workplace-based human rights education training.

The above-mentioned policy also applies to our overseas network, and the Group gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies that we invest in or lend to, negatively impact human rights. In cases where relevant laws, standards, and policies are violated, necessary measures are taken as appropriate.

Basic Philosophy

The Group’s human rights management is based on the “Guiding Principles for Business and Human Rights,” which was adopted by the United Nations Human Rights Council in June 2011.

Human Rights Management System Based on the Guiding Principles for Business and Human Rights

Commitment	Establishment of the Human Rights Policy
Implementation of human rights due diligence*1	Once a year, the Human Rights Due Diligence Self-check List*2 is distributed to all branches, departments, and affiliates both at home and abroad as a tool to check the status of respect for human rights at each unit.
Access to redress	The Personnel Consultation Desk (LGBTQ consultation desk) in the Human Resources Department serves as a contact point.

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impact on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

Respecting Human Rights

Outline of the Human Rights Management System

The Human Rights Due Diligence Liaison Committee, chaired by the head of the Sustainability Management Department, was established in December 2013 as a joint organization by SuMi TRUST Holdings and SuMi TRUST Bank. The roles of each relevant department are shown below.

Human Rights Due Diligence Liaison Committee

- Chaired by the head of the Sustainability Management Department, the Liaison Committee investigates how human rights are being addressed at all Group companies, including overseas entities, identifies issues that need to be addressed, and discusses and implements measures for improvement.
- This committee conducts annual investigations into the status of addressing human rights by using the Human Rights Due Diligence Self-check List.
- In light of the current external environment surrounding human rights, we are currently considering a review of the system.

Sustainability Management Department

This department formulates objectives and plans for the development and reinforcement of the framework to address human rights issues within the Group, based on discussions at the Human Rights Due Diligence Liaison Committee.

Human Resources Department and Human Rights Education Committee

These organizations engage in the planning and implementation of measures including human rights education training, based on discussions at the Human Rights Due Diligence Liaison Committee. Specifically, the Human Rights Education Committee, chaired by the executive in charge of the Human Resources Department, plays the central role in implementing various training programs and conducting education activities concerning human rights issues.

Organizational Structure of the Human Rights Education Committee

Chairman	Executive in charge of the Human Resources Department
Vice Chairman	General Manager of the Human Resources Department
Members	General Managers and employees responsible for personnel affairs at branches and departments
Secretariat	Human Resources Department

Personnel Consultation Desk (LGBTQ Consultation Desk)

While responding to various claims and inquiries concerning human rights, the Consultation Desk works together with the relevant departments and units to swiftly take necessary steps in cases where it becomes evident human rights have been infringed. The Consultation Desk also offers anonymous consultation in cases where privacy needs to be protected.

If requested by the employee bringing the case, the Personnel Consultation Desk may approach the workplace, conduct interviews with parties involved and other relevant third parties, and recognize the fact. Furthermore, the Personnel Consultation Desk may take action to transfer

parties involved so as to improve the working environment of the consulter, or may discipline the perpetrator in accordance with company rules.

Number of Inquiries Received at the Personnel Consultation Desk in Fiscal 2020

	Number of inquiries	Number of unresolved inquiries
Total	73	13
Harassment-related	30	8
Power harassment	27	6
Sexual harassment	3	2
Human resources related (including employment related)	6	1
Organizational management	15	3
Human relations (including health-related, etc.)	7	1
General inquiries (about systems, etc.)	15	0

All Branches, Departments, and Affiliates at Home and Abroad

Each unit verifies the status of compliance with Human Rights Policy, based on the Human Rights Due Diligence Self-check List.

Main Items on the Human Rights Due Diligence Self-check List

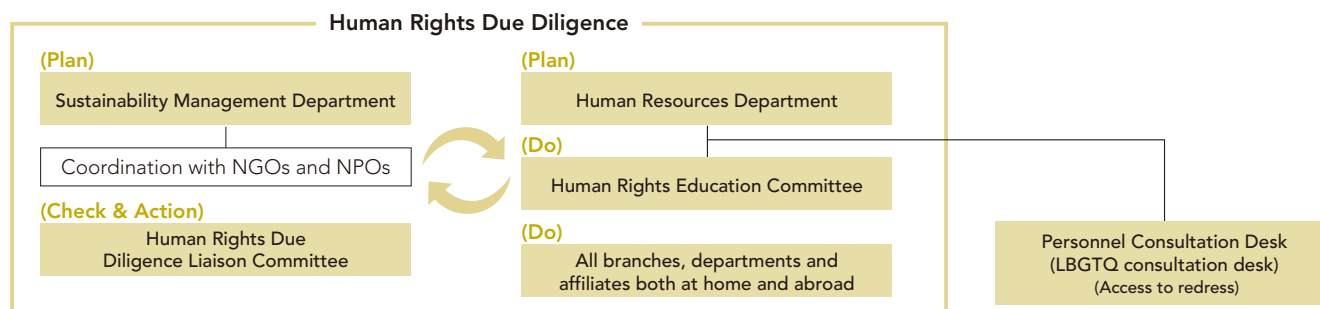
- ☒ Consideration for Human Rights Issues in Management
- ☒ System to Promote Human Rights Awareness (system administration, response when human rights issues occur, etc.)
- ☒ Human Rights Education (implementation of human rights awareness training, etc.)
- ☒ Response to Human Rights Issues by Category
 - ☒ Understanding and awareness of the Dowry Issue
 - ☒ Whether recruitment and hiring are implemented fairly
 - ☒ Companies and society (ending discriminatory expressions, understanding of universal design, etc.)
 - ☒ Human rights in the workplace (harassment prevention, consideration for the elderly, consideration for the disabled, understanding for those with contagious diseases such as HIV, etc., understanding for LGBTQ community)
 - ☒ Balancing work and family (consideration for employment diversity in personnel system, consideration for maiden name use, understanding for childbirth & childrearing support and for nursing case leave, etc.)
 - ☒ Pursuit of job satisfaction (fairness in personnel evaluation and treatment, equality of opportunity, respect for the individual, safety and crisis management that take into account disabled and pregnant workers, etc.)
 - ☒ Awareness activities about various human rights issues (discrimination on the basis of nationality, discrimination against the elderly, child labor; discrimination against lepers, those identifying as LGBTQ, and ex-convicts, etc.)
 - ☒ Consideration for human rights issues in loans & investments and supply chain (racial discrimination, child labor, human health, environmental destruction that affects people's livelihoods, weapons and armament manufacture contrary to humanitarian concerns, fairness in hiring activities, consideration for employee human rights, etc.)
 - ☒ Activities of those responsible for human rights awareness in Human Resources Department

Human Rights Management Based on PDCA Cycle

Through the PDCA cycle, the Group strives to improve the quality of its human rights management so as to cultivate a workplace environment and corporate culture where the

basic human rights of all stakeholders are respected, unjustified acts of discrimination are rejected, and individual rights and diverse values are respected.

Human Rights Management System Based on PDCA Cycle



2. Education Concerning Respect for Human Rights

The Human Rights Education Committee informs all employees via email once a month about its human rights awareness tool, which highlights positive case examples of respecting human rights. In addition, various training sessions concerning human rights issues are held at all Group companies and branches and departments. Training aimed at raising awareness about human rights in the Group was conducted through e-learning at SuMi TRUST Bank in fiscal

2020, with a total of 25,438 participants across all Group companies. Furthermore, a total of 1,492 participants attended a total of 10 hours of rank-based training at SuMi TRUST Bank.

If further education is deemed necessary for some issues as a result of human rights due diligence, these topics are brought up for discussion as themes of the annual workplace-based human rights training.

3. Protecting Various Human Rights

Initiatives for Diversity & Inclusion

The Group disseminates information to employees to share the ideals and objectives of and steadily promote "diversity and inclusion" for the entire Group.

Initiatives to Address Dowa and Foreign Residents Issues

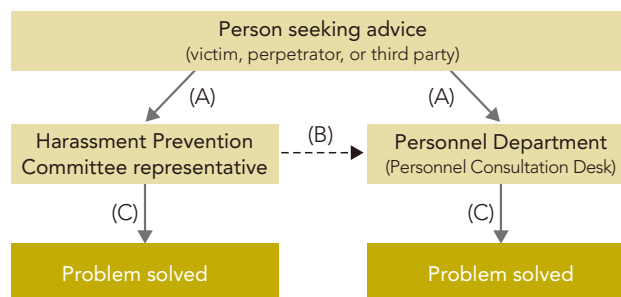
The Group regards tackling discrimination against the Dowa caste as a particularly important theme in the promotion of human rights education. The origins of our Group's efforts to be more active in human rights education goes back to the Dowa issue. The Group has continued to draw on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo, and at the same time, we have worked to completely eliminate prejudiced or discriminatory views against the Dowa caste through various training programs and education activities, including new employee training.

With regard to foreign residents issues, we discuss the residency management system, which was launched on July 9, 2012. Rank-based training was provided on giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting privacy, envisioning such situations as identifying oneself at service counters.

Prevention of Sexual Harassment and Power Harassment

Sexual harassment and power harassment are actions that infringe on the human rights and personal dignity of individuals and are prohibited. In terms of power harassment,

Structure for Advice/Complaints and Response Relating to Harassment



- (A) Advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch or department, or directly by the Personnel Consultation Desk within the Human Resources Department.
- (B) The Harassment Prevention Committee representative will, where necessary, consult the Personnel Consultation Desk within the Human Resources Department and request advice or measures to address the case.
- (C) The Harassment Prevention Committee representative or the Personnel Consultation Desk within the Human Resources Department will, once they understand the details of the complaint being registered by the complainant, interview the party accused of harassment, as well as other related parties as necessary, in order to accurately understand the situation, and attempt to solve the issue via advice or other measures.

Respecting Human Rights

we are working toward the elimination of all forms of this problem. This problem is based on advantageous positions in the workplace. It is not limited to harassment by superiors of subordinates, but also includes harassment between senior employees and junior employees, colleagues, and even harassment by subordinates of their superiors. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk within the Human Resources Department. When advice is sought by a victim, a person in charge conducts an overall investigation that includes interviews with relevant parties on the specific behavior indicated, the relationship of the people involved, the response of the victim, etc. Either stringent corrective measures or punishment—or both—are implemented against the perpetrators.

Furthermore, we discuss on the prevention of harassment in workplace-based human rights training, new employee training, and a range of rank-based training in our ongoing efforts to raise awareness.

In addition, in step with the consultation cases coming to the Consultation Desk and recent social trends, in fiscal 2018 we created the Harassment Prevention Handbook, which is distributed to all employees to further raise awareness.

The Consultation Desk also offers anonymous consultation in cases where privacy needs to be protected.

Addressing LGBTQ Issues

As already mentioned, when we amended our Human Rights Policy in November 2016, we added a clause prohibiting the discrimination against any person who identifies as LGBTQ. To establish a workplace environment in which sexual minorities can simply be themselves (including

people who consider themselves to be part of the LGBTQ community), SuMi TRUST Bank continues to work on educating its workforce through the establishment of a consultation hotline, reviewing its employee benefit schemes, and running training sessions. We have also announced, internally and externally, our stance on supporting the LGBTQ community. For example, same-sex partners can now take out a SuMi TRUST Bank mortgage loan because the Bank recognizes same-sex partners as spouses, and the SuMi TRUST Group has thrown its support behind the Tokyo Rainbow Pride festival. In recognition of these initiatives regarding sexual minorities and the LGBTQ community, wwP (work with Pride), a voluntary organization that supports the promotion and establishment of diversity management regarding LGBTQ issues, has continuously awarded its Gold rating, the highest rating in the Pride Index*¹, to SuMi TRUST Bank since fiscal 2017. In fiscal 2021, SuMi TRUST Holdings*² and Nikko Asset Management received Gold ratings. In addition, SuMi TRUST Bank was selected for the Rainbow Certification, which was newly established in fiscal 2021 to recognize collective impact initiatives.

In November 2021, we announced our support for Business for Marriage Equality and the Business Support for LGBT Equality in Japan, a campaign to enact LGBT equality laws in Japan, with the aim of developing into a sustainable and strong organization by creating a comfortable work environment where each individual can be who they are.

*1 URL: <https://workwithpride.jp/pride-i/>

*2 Awarded jointly with SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, Sumitomo Mitsui Trust Business Service, Sumitomo Mitsui Trust Card, and Sumitomo Mitsui Trust Club



4. Factoring Human Rights Issues into Lending and Investment Decisions

Engagement Activities Related to Human Rights Issues

As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management (SMTAM) actively works with investee companies on a global scale and encourages them to address issues through engagement and the exercise of voting rights.

In particular, human rights are priority issues for companies expanding their business globally, and we have positioned human rights as one of the 12 ESG themes to be addressed in our engagement activities. In addition to verifying whether or not there is child labor or forced migrant labor in the supply chain, we have been engaging in

dialogue with our investee companies to encourage them to improve the verification functions of their boards of directors and strengthen the commitment of top management. We have also been conducting engagement activities with companies that manufacture inhumane weapons (cluster bombs, anti-personnel mines, biological and chemical weapons) for many years to encourage them to withdraw from the business. The top management of Sumitomo Mitsui Trust Asset Management also got involved, and as a result, a South Korean company announced its withdrawal from the manufacture of cluster bombs.

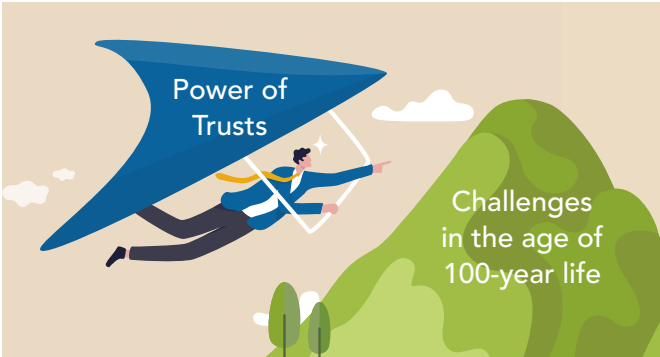
5. Human Rights in Supply Chain Management


Based on the CSR procurement policy we have formulated, we strive to conduct transactions with and procure products and services from suppliers who respect basic human rights,

give consideration to industrial safety and health, and avoid violations of human rights, such as unjust discrimination, forced labor and child labor (see page 96).

Addressing Issues of a Super-Aged Society

1. What Is the Age of 100-Year Life?






Tips for living in the age of 100-year life
Special Discussion

Ms. Wasabi Mizuta and Mr. Koichi Sato

Please refer to the SuMi TRUST Bank website for a discussion between Ms. Wasabi Mizuta and Mr. Koichi Sato.

<https://www.smtb.jp/special/specialtalk6>



The average life expectancy of Japanese people born in 2000 is estimated to be 104 years, according to a cohort study at UC Berkeley. Japan has already entered an age of 100-year life.

And trusts have the conversion functions shown on the right as a way to fulfill the aspirations entrusted to us.

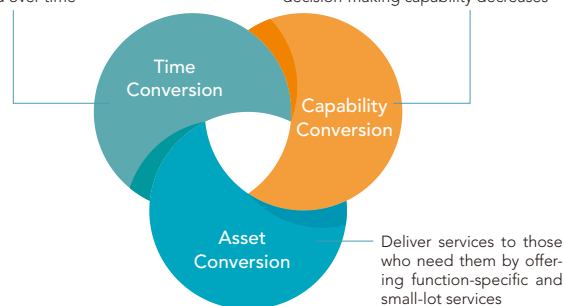
In the age of 100-year life, where the family tree extends further as a result of longer living and where loss of decision-making capabilities is highly probable at some point in one's life, the power of trusts to convert time and capabilities is a very useful function.

The challenges of a super-aged society are on a different level compared to the way our parents and other older people in our lives lived. SuMi TRUST Bank is engaged in generation-specific consulting activities to contribute to improving the well-being of our clients by proposing concrete solutions, such as trust solutions, while taking into consideration the concerns that arise at each life stage in the age of 100-year life, and learning about each client's thoughts, assets, and family structure.

The Power to Fulfill the Entrusted Wishes of the Trust

Manage and operate assets according to trust objectives across generations and over time

Manage and operate assets according to trust objectives when a person's decision-making capability decreases



According to the Chinese classic, "The Book of Filial Piety," the meaning of the word "trust" was originally defined as something that brings friends together. With the power of trusts, we will be there as our clients' Best Partner in the age of 100-year life, and by being useful, we will make the age of 100-year life blossom to create a society that celebrates longevity.

100-Year Life Solution Department

Given the advent of an age in which more and more people will likely live to be 100 years old, SuMi TRUST Bank established a 100-Year Life Solution Department with the goal of providing new value through the power of trusts to address the various challenges faced by our individual clients and society. So far, we have introduced the 100-year Life Support Trust and Anshin Support Trust, which help clients prepare for declining decision-making capabilities such as from dementia; the Trust for Single Old Age (Solitary Trust), which includes post-death arrangements for funeral services and personal belongings including digital items; the Will for Pets service, which is a will trust for people with pets; and the Housing Will, a free will custody service for mortgage loan clients. We will continue to introduce offerings that provide new value through the power of trusts.

Establishment of Anshin Support Corporation to Provide Estate Management and Inheritance-Related Services

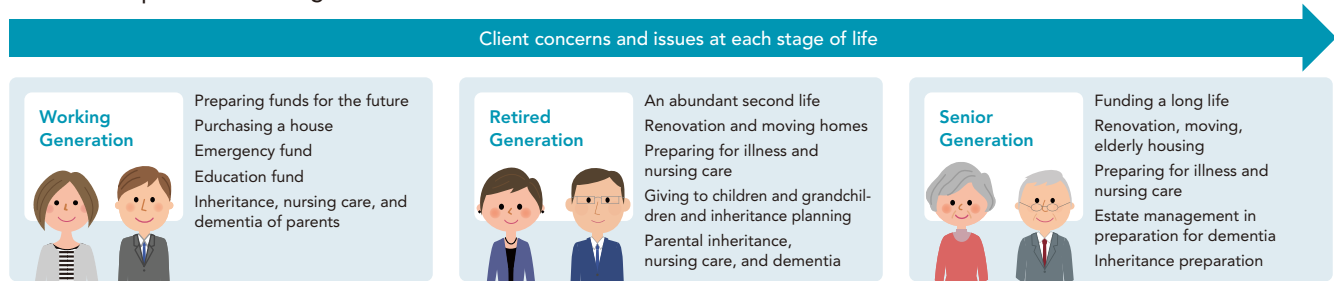
The Anshin Support Corporation was established by SuMi TRUST Bank in November 2018 and having become part of the Bank*, it now offers estate management services to elderly clients. For example, guarantor services for seniors moving in to a new facility, nursing care and other contract execution services, discretionary guardianship services, and post-mortem services.

*Providing peace-of-mind solutions for client assets, or solutions to be carried out in accordance with the wishes of the client, by combining various trusts (such as Trust for Single Old Age (Solitary Trust) and Anshin Support Trust) with segregated management and other functions, including SuMi TRUST Bank's money trusts, will execution trusts, and life insurance trusts.

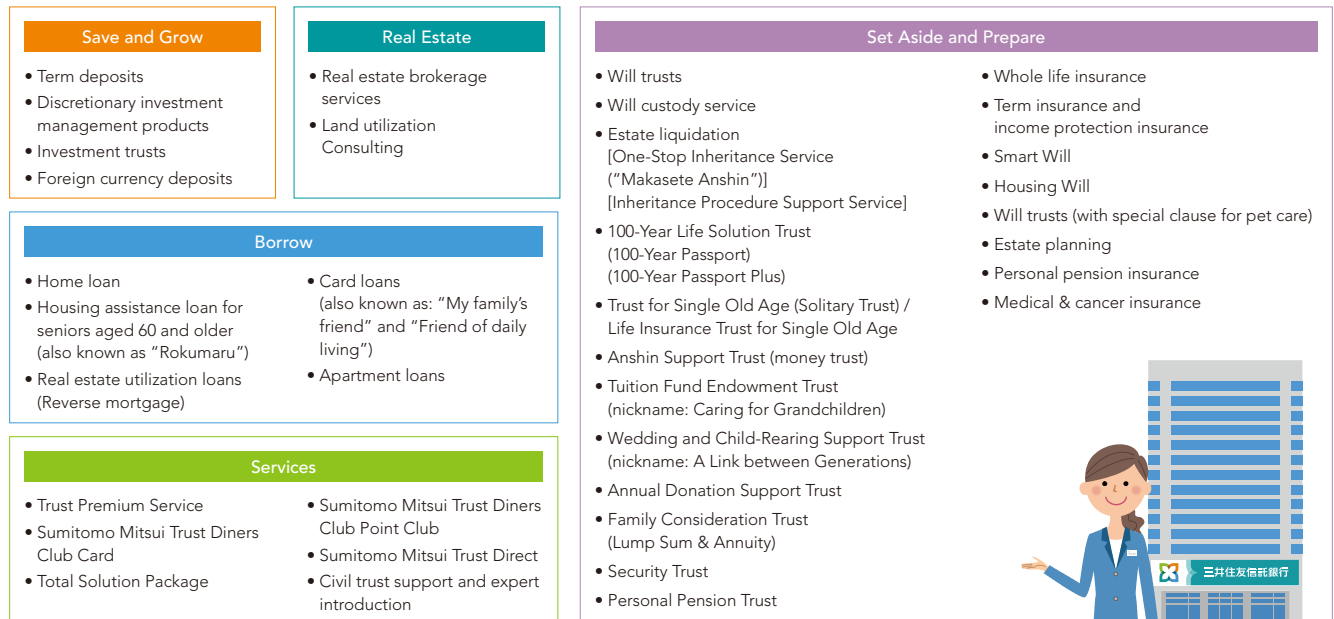


Addressing Issues of a Super-Aged Society

Generation-Specific Consulting



Products and Services

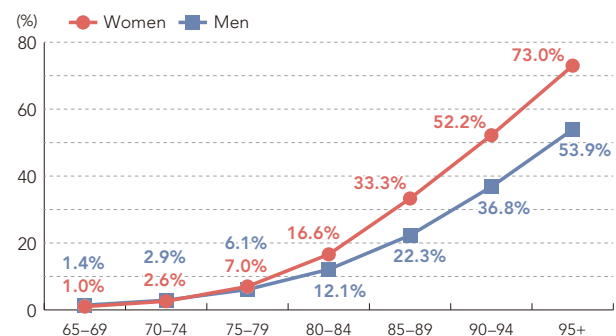


2. Addressing Decreased Decision-Making Capacity Due to Dementia or Other Illnesses

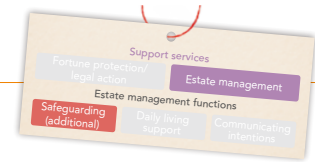
With the transition from the age of an 80-year life to the age of a 100-year life, we can now assume that there will be a period in our lives when we will have dementia or need nursing care. This means we are now living in a time when planning in advance is necessary.

SuMi TRUST Bank is working on various initiatives from the perspective of normalization, aiming to create a society where even clients with dementia can lead the same kind of life as they always have.

Dementia Incidence Rate



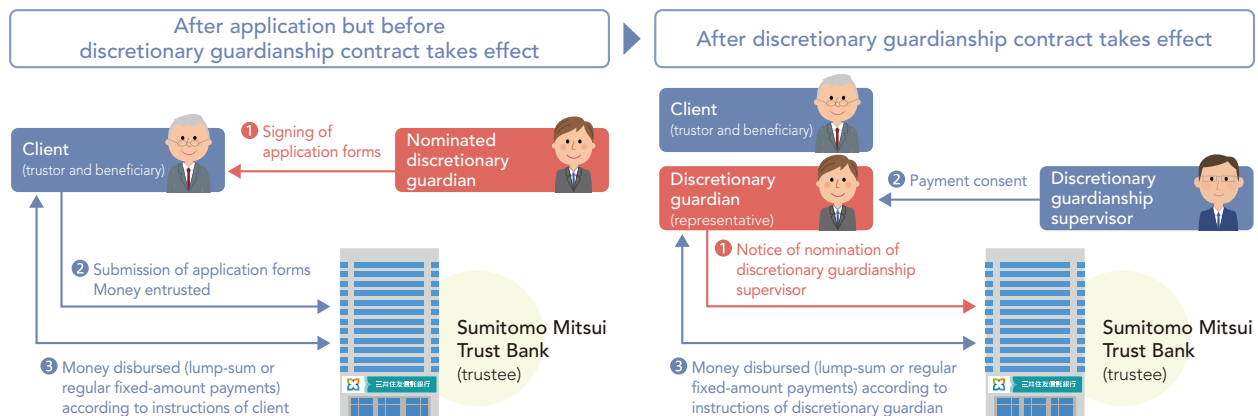
Source: Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology (2012 comprehensive assessment of dementia)



Discretionary Guardianship System Support Trust

Key Point Under the Discretionary Guardianship System, a Separate Money Trust Provides an Extra Level of Safeguarding.

This money trust supports the discretionary guardianship system by managing the assets of its users. It safely and soundly protects assets held in the money trust because after the discretionary guardianship contract takes effect, funds can only be released (lump-sum payment) with the consent of the discretionary guardianship supervisor. Funds required for day-to-day living expenses can also be released periodically (regular fixed-amount payments), which alleviates the burden of asset management on the discretionary guardian. Until the discretionary guardianship contract comes into effect, the client or their nominated representative can take charge of procedures for lump-sum or regular fixed-amount payments. An authorization form signed by the client must be submitted each time the representative wishes to take charge of procedures on behalf of the client.



100-Year Life Solution Trust (100-Year Passport)

Key Point Incorporating a Number of Useful Features in Preparation for Decreased Decision-Making Capacity among Many Clients in the Future When More People Are Likely to Reach the Age of 100, This Trust Product Has Been Designed to Help Clients Feel at Ease and Enjoy a Productive Life.

A money trust armed with a host of useful features to combat the problems elderly clients may face, such as withdrawing from their bank account, when the ability to make decisions has declined because of dementia or other similar symptoms. Along with tie-up solutions under the adult guardianship system and broad-ranging client-focused consulting, the 100-Year Life Solution Trust is the product best suited to an age when more people will likely live to be 100.



Four Features in One Package

Delegation of payments (pension deposits and other payments as needed)

In preparing for dementia or other health concerns, another person can be designated in advance to take care of payment procedures. A relative within the fourth degree of kinship, lawyer, judicial scrivener, or tax accountant can be nominated.

During dementia or ill health:

- Monthly living expenses (up to ¥300,000/month) can be paid into the trust account. One additional payment per year is also permitted.
- The trust can also be used to pay large sums that might arise from medical fees, nursing care expenses, housing costs, taxation, or social insurance premiums. A person approving withdrawals can also be set up in advance.

Security

To avoid falling victim to the many types of scams—of which there are up to 16,000* cases annually—a person approving withdrawals can be set up in advance.

Pension collection

Monthly living expenses can be deposited on a periodic basis. This money can also be used to pay for additional creature comforts or gifted to loved ones.

Considerate inheritance

Inheritance money of up to ¥5 million can be smoothly paid out to heirs designated in advance.

*According to the Metropolitan Police Department, 16,851 cases of fraud occurred in 2019 for a total loss of roughly ¥36.39 billion.

100-Year Life Solution Trust (100-Year Passport Plus)

Key Point Trust Product that Combines the Stable Medium- to Long-Term Asset Management Functions of SMTB Fund Wrap with the Asset Management Functions of 100-Year Passport. This Trust Product Helps Clients Prepare for Dementia and Other Illnesses Early on, While Providing a Worry-Free Lifetime Investment.

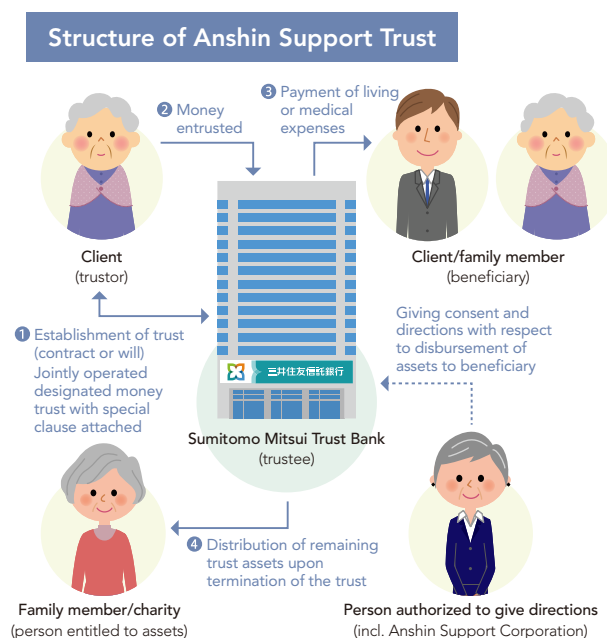
Anshin Support Trust (Money Trust-Type & Fund Wrap-Type)

Key Point It Also Facilitates Ongoing Asset Management Based on the Intentions of the Client Even After a Decline in Decision-Making Capabilities.

The Anshin Support Trust offers clients and their families medium- to long-term customized support for the preservation and management of their precious assets. Through collaboration with the Anshin Support Corporation established by SuMi TRUST Bank, this unique trust bank product eases concerns about assets and loved ones. The details of the trust agreement are designed together with the client after more information about the client's approach to asset formation and management is learned.

As for the fund wrap-type, the client continues to undertake asset management, but management with SuMi TRUST Bank's fund wrap means the assets can be drawn down whenever required and converted to cash in order to pay for living expenses, medical costs, or nursing care. The conditions for cash conversion and payments can be set up in advance under a trust agreement, whilst SuMi TRUST Bank will also make a decision on whether or not payments are to be made in times of emergency, for example.

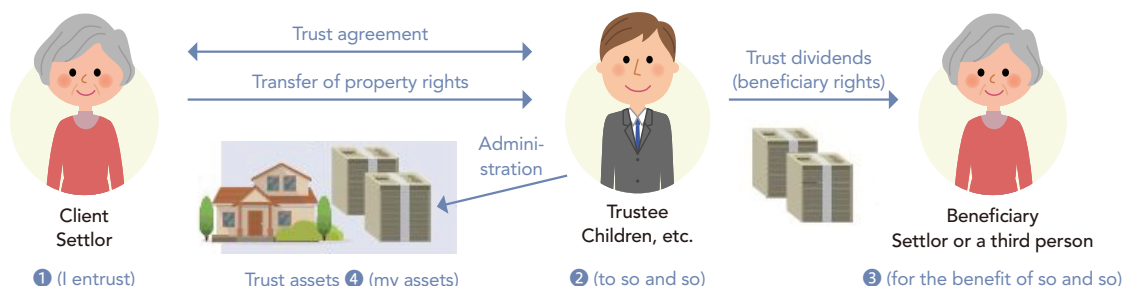
*Only some branches offer the Anshin Support Trust product.



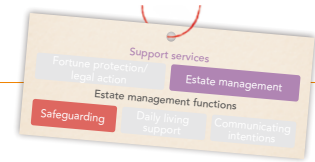
Civil Trust

Key Point An Agreement for a Civil Trust Can Be Freely Designed So That the Client's Intentions Can Be Communicated and Unlike a Normal Trust in Which the Trust Bank Acts as the Trustee, a Family Member or Somebody Else Can Perform This Role. In More and More Cases, Civil Trust Agreements Are Being Supported by Professional Associations.

Structure of Civil Trust



*Civil trusts require a deposit account (trust account) for the trustee to separately manage the trust assets (funds).



Security Trust

Key Point Safeguards Precious Assets from Malicious Scams with Two-Tier Account Security.

The concerns of our clients and their children (many of whom live apart) are growing as more crimes targeting the elderly, such as bank-transfer scams, are becoming increasingly sophisticated. Our Security Trust safeguards the assets of our clients from such financial crimes. The product is structured so that funds can only be withdrawn after approval of the previously nominated consenting party (a relative within the third degree of kinship to the client) has been obtained. The trust can also be utilized in conjunction with the regular fixed-amount payment method.

Lump-sum payment method

Under this structure, funds held in the trust cannot be withdrawn without the approval of a previously nominated family member. This prevents the client from being drawn into a scam because it provides the client with an opportunity to first discuss any planned withdrawals with family members.

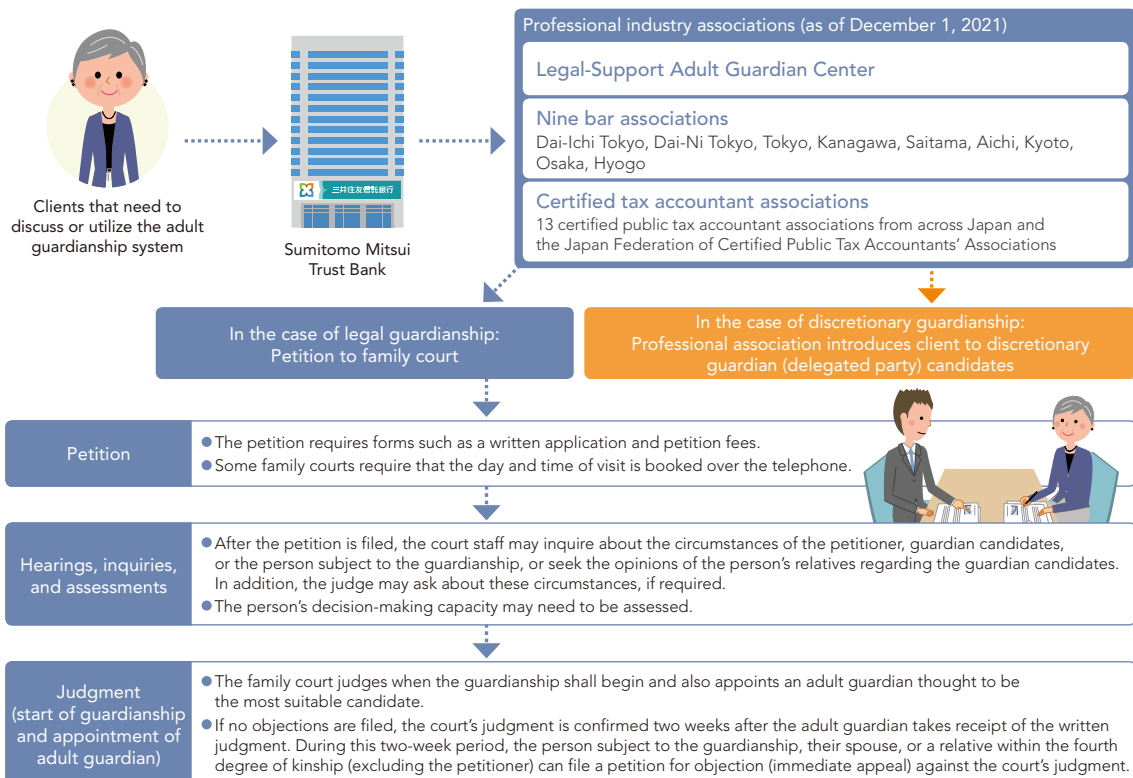
Regular fixed-amount payment method

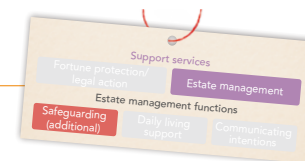
A fixed amount of the funds held in the security trust can be withdrawn periodically to pay for living expenses (up to ¥200,000/month).

*No management fees

Consultations and Inquiries Related to Adult Guardianship System

SuMi TRUST Bank has entered into agreements with various professional industry associations that are active in the area of adult guardianship and refers the consultations and inquiries from clients regarding the adult guardianship system to these professional associations.





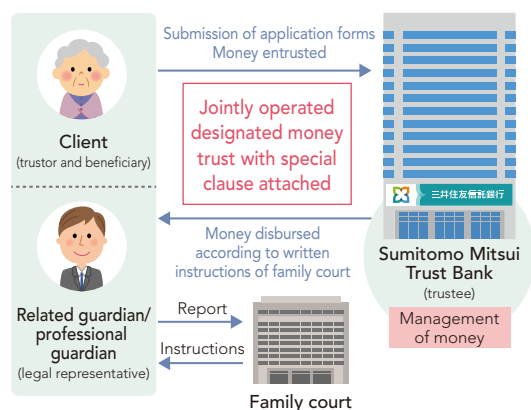
Guardianship System Support Trust

Key Point The Trust Bank Safeguards the Client's Assets Pursuant to Instructions of the Family Court to Prevent Guardian Dishonesty.

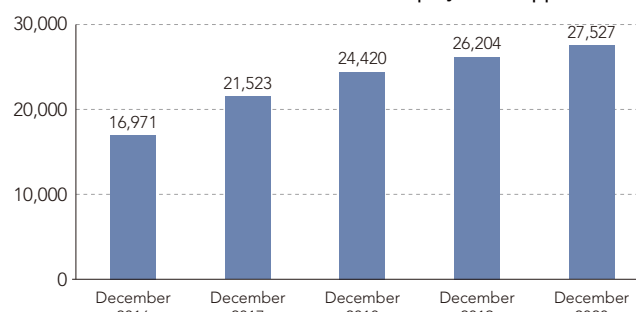
This is structured so that the savings and deposits needed for day-to-day payments for a person receiving assistance under the legal guardianship system are managed by a guardian while money not ordinarily used is entrusted to the trust bank.

When utilizing this trust, written instructions issued by the family court in advance are required in order to withdraw the trust assets or cancel the trust contract. In principle, a professional guardian such as an attorney or judicial scrivener will act on behalf of the client to make decisions regarding the entrustment of assets, including the trust bank to which the assets are entrusted and the amount of trust assets, and conclude a trust contract with the trust bank pursuant to instructions of the family court.

This trust provides appropriate protection from the misuse of the client's assets by an adult guardian.



Cumulative Number of Users of Guardianship System Support Trusts



Source: Jan-Dec 2020 data on use of guardianship system support trusts
Family Bureau of General Secretariat of Supreme Court of Japan

SuMi TRUST Bank Civil Trust Initiatives

Demand for and Features of Civil Trusts

Japan is experiencing an unprecedented aging of its population as well as an increase in the number of people suffering from dementia, and the issues of asset management and succession for the elderly are highly diverse, especially as it involves personal protection. Therefore, there has been a great deal of interest in trust systems that are highly individualized. According to one study, Japan has the highest proportion of elderly people among the world's 201 countries and regions, with a recent survey showing a rate of 28.7%. In particular, there are high expectations for asset management methods using civil trusts, which have complementary and alternative functions to the adult guardianship system,

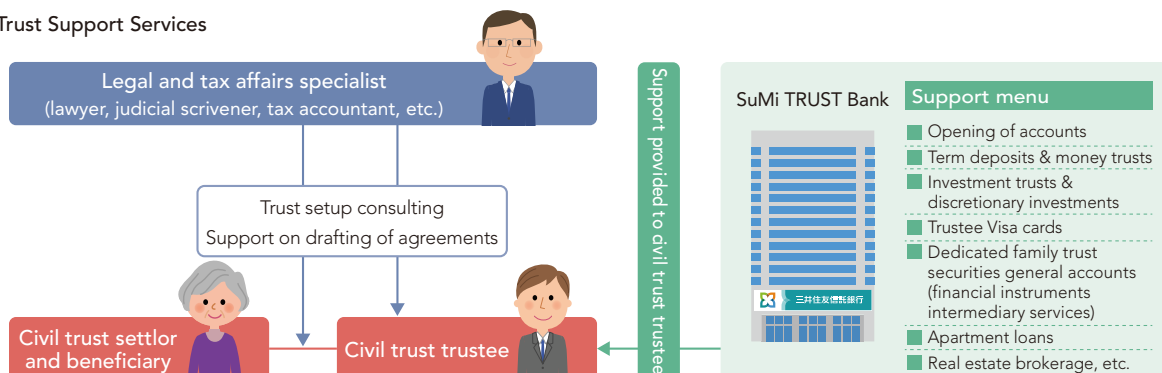
as a means of protection without limiting the capabilities of the individual.

Although civil trusts are not governed by the Trust Business Act, they are governed by the Trust Act, which is the substantive law, and in this sense, they are no different from commercial trusts in terms of how they are treated. The trustee must also fulfill the duty of care, duty of segregation, duty of loyalty, etc. in civil trusts, consistent with the Civil Code, Civil Procedure Law, Bankruptcy Law, and other general civil laws. (Excerpt from the Trust Act Study No. 45)

Civil Trust Support Services

SuMi TRUST Bank provides financial services like trust

Civil Trust Support Services



Addressing Issues of a Super-Aged Society

accounts for the trustees of civil trusts (please consult with a specialist in legal and tax affairs when setting up a civil trust).

SuMi TRUST Bank contributes to the healthy development of civil trusts by working together with legal and taxation experts to offer civil trust consulting and agreement drafting support services and by providing civil trust trustees with deposit accounts (trust accounts) and other financial and trust-related products and services that are indispensable to the proper segregation and management of assets.

Welfare Trusts

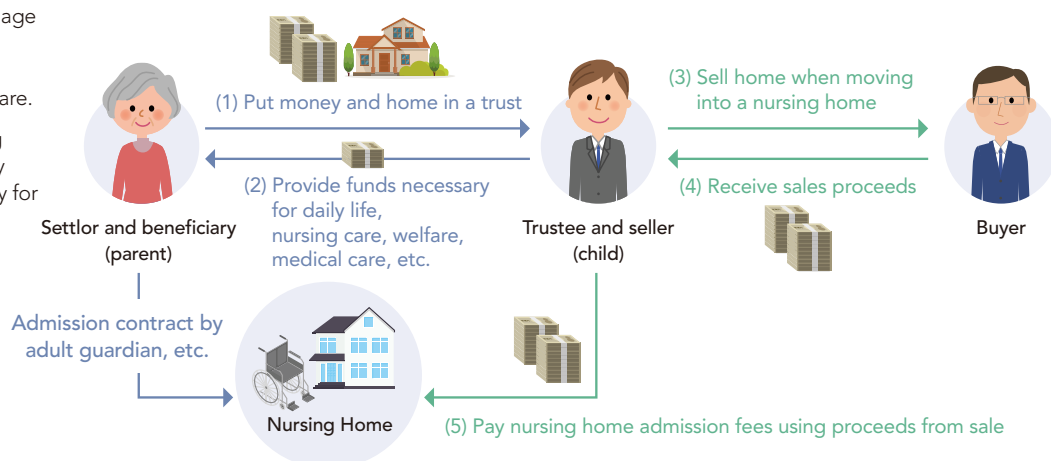
The majority of civil trusts brought to SuMi TRUST Bank are set up for the purpose of assisting the elderly in managing their assets. Among these, welfare trusts, which are self-supporting trusts designed to provide asset management

and daily living support to the elderly and others who have difficulty in properly managing their assets on their own, are the most widely used.

In practice, the purpose of trusts is often to provide for the payment of funds necessary for daily living, nursing care, welfare, medical care, etc., and there is no doubt that welfare trusts, especially civil trusts as an alternative to adult guardianship, are the main type of trusts used. According to a 2020 sample survey by SuMi TRUST Bank, 97% of trusts were adult guardianship support trusts, and 87% were broadly defined will substitution trusts with provisions for designating a person entitled to assets. This is the same trend as with civil trusts in the United States. (Excerpt from the Studies of the law of trust No. 45)

Example Trusts for money needed for daily life, nursing care, welfare, medical care, etc. and for the home — Preparing for dementia and selling or otherwise disposing of the home —

- I want my child to manage the money needed for daily life, nursing care, welfare, and medical care.
- When I enter a nursing home, I want to sell my house and use it to pay for admission fees.



Introducing Lawyers for Consultation and Use of Civil Trusts

In aiming to contribute to the sound development of civil trusts, SuMi TRUST Bank entered into an agreement with the Tokyo Bar Association to refer clients to a lawyer when setting up civil trusts.



Scope of consultation	(1) Setting up a civil trust (2) Second opinion on a civil trust (3) Other matters concerning civil trusts
Availability	Head office and branches in Tokyo
Introduction fee	No charge
Legal consultation fees	Initial consultation: One hour free of charge (special benefit when using this scheme) Subsequent consultations: ¥5,000 per 30 minutes (before tax)
Contracts with lawyers	Contracts with lawyers will attract a fee. The decision to enter into any contract with the appointed lawyer is the sole decision of the client.

3. Thinking About a Second Life Home

In this age of a 100-year life, the time we spend living our second life has become very long. In addition, we are spending more time at home as a result of the COVID-19 pandemic.

Japanese houses are said to have low thermal insulation and airtightness compared to global standards, and the large temperature differences inside the house can easily trigger a heat shock when bathing. Additionally, fractures resulting from falling in the home are also said to be a cause for needing nursing care.

To help seniors live longer and healthier lives in the age of a 100-year life and to make it easier for caregivers to care for their loved ones when they need nursing care, SuMi TRUST Bank offers consulting services on housing for seniors.

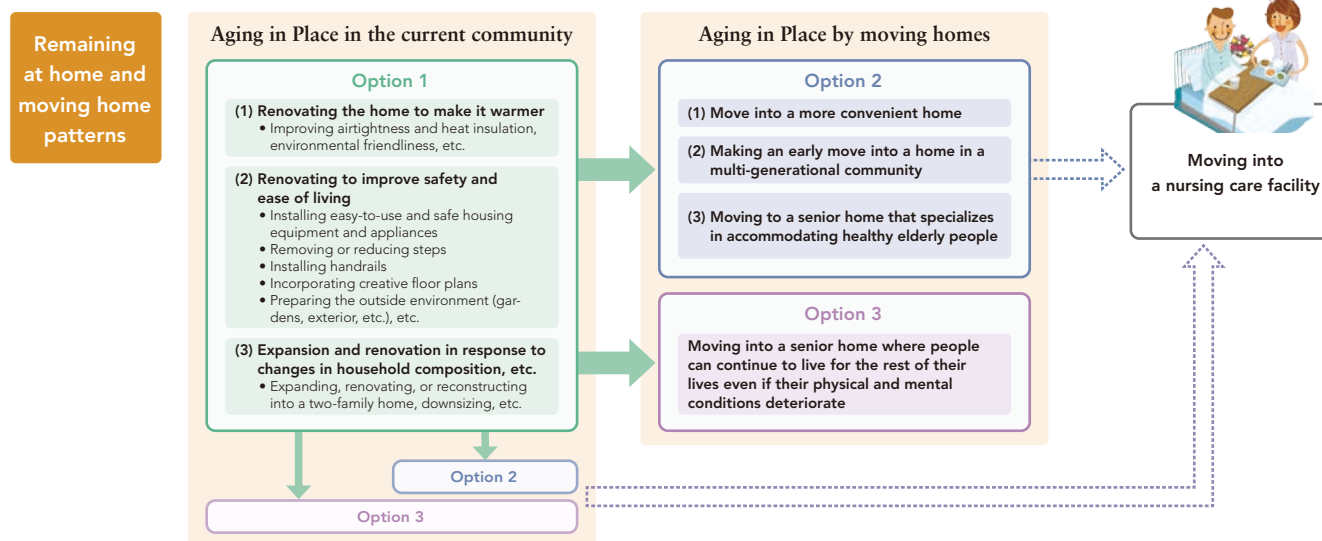
SuMi TRUST Bank aims to help elderly clients live on while maintaining and improving their QOL (quality of life) by

proposing “Aging in Place” consulting services, which consists of continuing to live as long as possible in their familiar homes and communities, regardless of problems associated with aging or physical and mental deterioration.

Digest Report for Seniors Thinking about Senior- Generation Housing



<https://www.smth.jp/-/media/th/sustainability/report/2020/all5.pdf>



Our Lineup of Products and Services That Provide Housing Assistance to Seniors

Renovation Loans

Sumitomo Mitsui Trust Panasonic Finance offers renovation loans that provide the funds necessary to make such renovations as barrier-free improvements as a way to support elderly clients to live comfortably in their old age.

Housing Assistance Loans for Seniors

SuMi TRUST Bank offers clients aged 60 years or older a housing assistance loan that can be used to purchase a home. This product helps clients reconsider their living arrangements in order to prolong their healthy life expectancy. For example, by renovating their current dwelling to make it barrier free, or moving to a more user-friendly house that is also closer to their children.

Reverse Mortgages

SuMi TRUST Bank offers reverse mortgage loans whereby the client puts up their home as collateral to borrow funds for retirement. The funds can be used for various purposes, such as home renovations or for the deposit when moving into a nursing home.

Services Relating to Real Estate

Sumitomo Mitsui Trust Realty provides brokerage services that ensure secure, reliable property purchases and sales to clients looking to relocate, leveraging the consulting capabilities and broad-based information network of our Group. We assist with sales and effective use of assets such as residential property, inherited property, idle property, and real estate owned for business or investment purposes.

- Total vacant home support
- Housing equipment repair support
- Building inspection services

Bridge Loans for Sales of Real Estate

Sumitomo Mitsui Trust Loan & Finance offers bridge loans for real estate sales to clients who are considering a move to a conveniently located condominium or a residence for seniors so they do not have to rush to sell their precious property, providing them with support as they seek a new home that suits their lifestyle in their golden years.

Consultations on Taxes and Estate Planning Relating to Housing

Each SuMi TRUST Bank branch has been assigned experienced financial consultants with expertise in real estate, taxes, and inheritance and succession that can provide consultations relating to various housing options.

Website URL:
<http://www.smtb.jp/csr/withyou/successfulaging/>

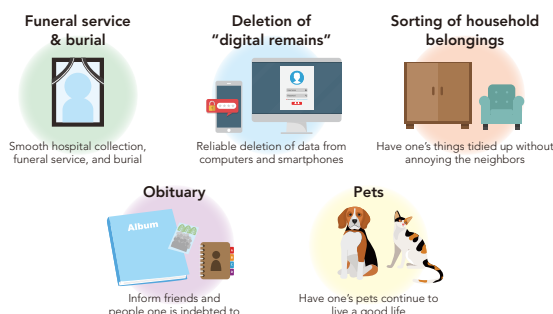
4. Assisting End-of-Life, Asset Inheritance, and Endowments

End-of-Life Assistance



Trust for Single Old Age <Solitary Trust> <Money Trust-Type & Life Insurance-Type>

Key Point Final Letter of Instruction Service to Assist End-of-Life Procedures, including Arrangements for a Funeral Service, the Interment of Ashes, the Cleanup of Belongings, and the Placement of an Obituary Notice.



This service, based on a final letter of instruction that can be updated via smartphone, takes care of certain matters after death for the client according to their wishes. Post-mortem services are provided by Anshin Support Corporation, an entity established by SuMi TRUST Bank, whilst the segregated management of assets is executed through the Anshin Support Trust.

*With the life insurance-type Funeral Trust, clients can start with less capital by using level-premium insurance to cover after-death expenses.



Four Key Points in the Trust for Single Old Age (Solitary Trust)

- (1) The final letter of instruction is stored safely on our system and can be updated at any time.
- (2) An easily managed safety confirmation SMS can be sent out once a month, once a week, or as often as the client wishes.
- (3) After-death expenses and funds for donations are safely held in a principal-guaranteed money trust.
- (4) The Anshin Support Corporation takes care of all matters after death so the client can depart this world in any way they like.

Helping with Smooth Planning for Inheritances

Estate Planning

Estate planning is a service that provides support (consulting) aimed at summing up the client's wishes regarding the succession of their assets and drawing up a specific plan for this. Using the know-how that we have built up over decades in the field of asset management, inheritance, and will-related services, SuMi TRUST Bank offers the following consultation services.

Will Trusts

This service provides will-making consultation, follow-up consulting (changes, etc.), safekeeping services, and even high-quality will execution services with SuMi TRUST Bank serving as will executor so that the assets of our clients are handed over according to their wishes. Based on our experience of many years as an executor, we provide will consulting during the will-making process to ensure a high-quality will execution process. In October 2019 we launched a free online will trust service with which clients can prepare their own draft of a will by following the on-screen instructions, and in July 2020 we started accepting applications for will trusts based on holographic wills after the Legal Affairs Bureau started accepting them for safekeeping.

Then, in June 2021, we released a will trust (with special clause for pet care) that helps pet lovers live with their pets in comfort even after retirement.



<https://www.smtb.jp/personal/entrustment/succession/webwill/>

One-Stop Inheritance Service (Estate Liquidation Services)

SuMi TRUST Bank offers a One-Stop Inheritance Service to ensure that complex inheritance procedures proceed smoothly. Based on an application by an heir, we will provide support and carry out the following procedures on their behalf, according to their request.

- Confirmation of the legal heirs
- Investigation and identification of inherited property
- Advice in discussions concerning the division of the estate
- Change of name on savings and securities and/or their conversion into cash (we will carry out the procedures prescribed by each financial institution on the heir's behalf)
- Change of name on real estate
- Advice concerning allowances to pay tax obligations, such as income tax and inheritance tax

Helping Still-Living Clients to Give to the Next Generation

Annual Donation Support Trust

Annual Donation Support Trust is a service that supports the implementation of procedures for lifetime donation to relatives, such as compilation of a donation contract. Each year, SuMi TRUST Bank provides customers with information on documents necessary for the donation, helping them to not miss the opportunity for donation. This service makes it easy to execute lifetime donations. Once each year, SuMi TRUST Bank sends a donation report to both the donor and recipient.

Tuition Fund Endowment Trust

An exemption from the gift tax has been created for lump-sum donations to cover tuition funds, allowing grandparents to make a tax-free lump-sum donation to grandchildren, etc. aged under 30, to help with tuition fees and other educational costs (up to ¥15 million per grandchild, etc.).

SuMi TRUST Bank pays for the cost of education with this product in accordance with payment requests from grandchildren, etc.

Wedding and Child-Rearing Support Trust

As a tax incentive, up to 10 million yen can be given as a tax-free lump-sum donation for wedding or child-rearing purposes to a child or grandchild who is at least age 20 up until he or she turns age 50. As disbursements are made from a “money trust” that requires receipts confirming payments for wedding or child-rearing purposes, this product can clearly be the answer for donors who want their gifts to be used for marriage or child-rearing purposes.

Social Contribution Donation Trust

SuMi TRUST Bank offers products and services meant to support building a prosperous future for the next generation by enabling donation activities that serve the public interest. One such product is the social contribution donation trust, where clients select recipients every year from a list of organizations that SuMi TRUST Bank provides, and we process the donations (see page 158).

Medical Support Donation Trust

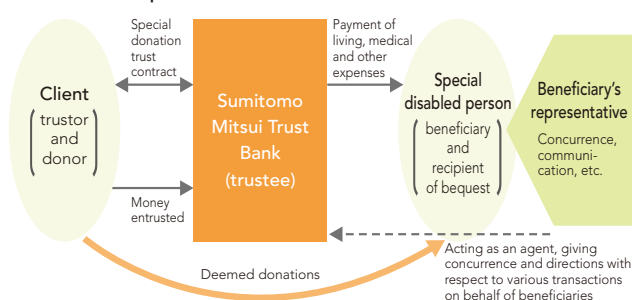
This is a trust product that enables donors to select a recipient from among the 13 participating universities under the common theme of medical support, based on a comparison of specific research and activities such as the creation of future medical care, research to overcome serious diseases, and the improvement of medical systems (see page 159).

Special Donation Trust

The special donation trust is a product for the purpose of contributing to stable living into the future for specified persons with disabilities. With this trust, funds donated are managed securely by SuMi TRUST Bank through jointly operated designated money trusts and other instruments, and disbursed to the specified person with disabilities by the bank on behalf of the client.

“Specified persons with disabilities” who become beneficiaries are divided into “special persons with disabilities” and “other specified persons with disabilities” according to the degree of disability. Special persons with disabilities may receive up to 60 million yen tax-free in periodic installments to cover living costs or medical expenses, while other specified persons with disabilities may receive up to 30 million yen without paying tax.

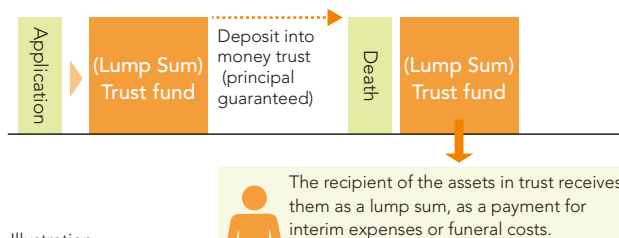
Structure of Special Donation Trusts



Family Consideration Trust (Lump Sum)

In the event of a bereavement, family members have to deal with various procedures, including arrangements for the funeral and inheritance-related procedures. The Family Consideration Trust (Lump Sum) is a product that, in the event of a client's death, pays out the deposited assets in trust to a recipient designated in advance by the client from among their legal heirs so as to cover interim expenses and funeral costs.

The recipient of the assets in trust receives them as a lump sum.



Illustration

*Along with the lump-sum Family Consideration Trust shown above, we also offer an annuity-type product from which the assets in trust are paid to a beneficiary on a regular basis.

4 Prosperity

—Economic Considerations

Companies perform better when their employees are well-trained, diverse and financially secure. The inclusion of prosperity as the fourth pillar takes this project's work beyond simply "ESG," highlighting the importance of prosperous societies and the role of businesses in fueling economic growth, innovation, and shared wealth.

From the World Economic Forum White Paper "Measuring Stakeholder Capitalism"

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(Economic Considerations)
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- 150 Helping Invigorate Communities and Society
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- 197 The Sumitomo Foundation

The Group's Approach to Prosperity (Economic Considerations)

In the World Economic Forum's white paper Measuring Stakeholder Capitalism—Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, which this report references, the following definition of "prosperity" is quoted from the UN Secretary-General's Synthesis Report.

Definition of "Prosperity"

- Economic growth, built upon decent employment, sustainable livelihoods, rising real incomes, social protection, and access to financial services for all people
- Innovation and transforming business models to create shared value, including investments in sustainable and resilient infrastructure, settlements, industrialization, SMEs, energy, and technology
- Shared prosperity and equitable growth, based on sustainable production and consumption

In other words, the idea of prosperity is not about how prosperous a company has become—it is a measure of how prosperous a company has made society. Accordingly, this would obviously include a company's business contributions to society and the economy, as well as its employment program, tax payments, community investments, participation in social activities, and initiatives such as financial inclusion. More specifically, and based on this thinking, in this section of the report we provide information about the SuMi TRUST Group's initiatives in line with the following three themes.

Creation of employment and wealth	We create significant economic value for employees, shareholders, and wider society through job creation and investing in the productive capacity of the economy.
Providing value to clients	We more broadly create economic value and social value for clients and society by providing suitable and innovative products and services to meet our clients' changing needs and desires.
Helping invigorate communities and society	We endeavor to invigorate the societies and communities in which we operate, through investment in communities, promotion of, and participation in social activities, and indirectly through taxes paid to help finance government services for those communities. Also, we contribute to the enhancement of buying power in the community through equitable and inclusive economic development.

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Pursuing sustainability-themed business opportunities	Opportunity	Clients, communities	Maximizing positive impacts through core businesses Individual clients: Asset formation for the people Corporate clients: Contributing to sustainable growth of the Japanese economy and corporations/regional revitalization Investors: Contributing to investment chains that give rise to virtuous cycles between individuals and corporate entities
Financial inclusion	Opportunity	Clients, governments, communities	Providing products and services to the financially vulnerable, guaranteeing access to finances for clients with dementia and other problems, and developing frameworks for returning assets to society and circulating money for the purpose of eliminating disparities
Technological innovation	Risk/Opportunity	Clients, employees	Improving user friendliness for clients (development of IT-driven financial services, expanding non-face-to-face channels, etc.), using IT to make operations more efficient, preventing system issues, and promoting system upgrades

Governance and Management Framework Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Policies
Client-orientated approach/fiduciary duty	Risk/Opportunity	Clients	Initiatives aimed at being our clients' "best partner" and initiatives concerning fiduciary duty
Protection of personal information and client data	Risk	Clients	Client protection management (including client information protection)
Stability of financial system	Risk	Governments, international organizations	Ensuring ample shareholders' equity, qualitatively and quantitatively, and strengthening our sound financial base

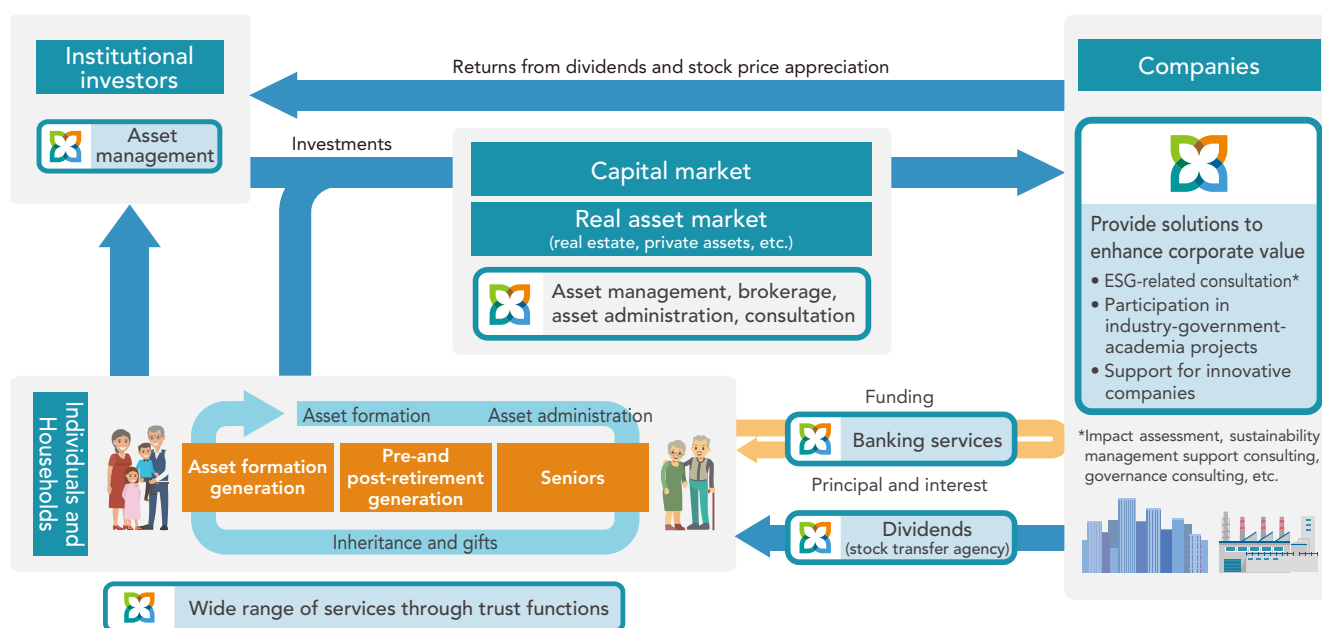
Highly Relevant SDGs



Creation of Employment and Wealth

As a trust banking group, we have many points of contact in the capital markets, real asset markets (real estate, infrastructure, etc.), and over the course of an individual's life. It has been said that one structural problem with Japan's finance sector is that approximately ¥100 trillion individual or household bank deposits and some ¥300 trillion in company funds currently lay idle without being invested in anything at all. Major opportunities for sums of capital to be utilized en masse are now in reach as part of the decarbonization movement and other initiatives that are driving social change. An enormous amount of capital is required to largely transform the structure of society and fight issues such as climate change. This in turn leads to the provision of investment opportunities to investors struggling to secure

investment returns in a low interest rate environment, and to households too with mounting asset formation needs in the leadup to retirement. It is this kind of environment that prompted the SuMi TRUST Group to set about building a virtuous cycle of funds, assets, and capital that delivers benefits to households through the enhancement of corporate value. As a bank and also as an institutional investor, the SuMi TRUST Group has a connection to every link in the investment chain. By broadly utilizing our trust functions to encourage a virtuous cycle of funds, assets, and capital, we will not only create new markets and new investment opportunities, but we also hope to tap into the focal points of numerous cycles in order to drive our own growth.



Companies create significant economic value for employees, shareholders, and society at large through job creation and investing in the productive capacity of the economy. Employment creation, employee retention, and investing in society contribute to better living standards and wealth creation over the long term. As a result, strong economic prosperity drives a more educated workforce and higher workforce productivity, as well as greater buying power for the company's customer base, which then triggers a chain reaction of economic value creation through renewed economic growth. From this point of view, the World Economic Forum has identified absolute number and rate of employment, economic contribution, and financial investment contribution as the common metrics for measuring employment and wealth generation.

Absolute Number and Rate of Employment

Employment and job creation are key drivers of economic growth, dignity, and prosperity and provide a basic indication of a company's capacity to attract diverse talent, which

is key to generating innovative new products and services. One of our top commitments is to offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can take pride in their work and be highly motivated in fulfilling their missions. Specifically, we are working to (1) achieve diverse work styles and work-life balance, (2) support health improvement through measures such as boosting health awareness and appropriately managing work hours, and (3) provide opportunities for all employees to grow while participating actively with a sense of purpose. We believe we have been able to maintain a low turnover rate as a result of these initiatives.

	Employees at FY-end	New employees	Percentage	Retired employees	Percentage
FY2020	13,740	394	2.91%	220	1.61%
FY2019	13,527	396	2.94%	285	2.11%

*Figures above are for Sumitomo Mitsui Trust Bank

Economic Contribution

Economic contribution provides a basic indication of how a company has created wealth for stakeholders. This is represented as direct economic value generated and distributed (EVG&D), which covers the basic components of the organization's global operations.

(¥100mn)

Components measured	Category	FY2019	FY2020
Revenues	Total gross business profit	6,908	6,808
Operating costs	General and administrative expenses	4,309	4,195
Employee wages and benefits	Labor costs	1,902	1,899
Payments to providers of capital	Total dividends + total amount of share repurchases	740	563
Payments to government*	Payable taxes	756	560
Community investment	Donations, project implementation costs, etc.	2	5
Financial assistance received from the government*	Tax breaks, subsidies, investment grants, etc.	0	0

*"Contribution to government" is calculated as "payments to government" less "financial assistance received from the government."

Financial Investment Contribution

Financial investment is a key driver of an economy's growth and a company's capacity to expand its operations and create additional employment.

(¥100mn)

Components measured	FY2019	FY2020
Total capital expenditures (a)	483	619
Depreciation and amortization (b)	352	346
(a) - (b)	130	273
Share buybacks (c)	175	0
Dividends (d)	565	562
Shareholder returns (c) + (d)	740	563

Infrastructure Investments and Services Supported

As a financial institution, one role of the SuMi TRUST Group is to support the building of a sustainable and prosperous society as a facilitator of investments and loans. With regard to project finance for infrastructure indispensable to people's livelihoods, such as energy, water, and transport, we have signed on to the Equator Principles and the Poseidon Principles and we take into full account the impacts infrastructure projects have on the natural environment and communities when we extend investments and loans. In addition, we are working to realize a carbon-free society together with clients by providing new products and services (see pages 48-59 for details).

Significant Indirect Economic Impacts

In terms of climate change issues, we believe we must assume even greater responsibility as a financial institution because the investments and loans we extend to clients to finance their economic activities have a direct impact on the environment, whilst indirect impacts also arise from investee companies and their projects. Also, to assist regional economies grappling with an aging society, a shift in the working population to urban centers, and the overseas relocation of production sites, we are working together with regional financial institutions to gain an understanding of regional resources and issues so that we can better promote lending and primary business support (ESG regional finance) based on a medium- to long-term view of the ESG risks and opportunities linked to these regions and the companies based there.

Creation of Social Impacts

A key topic for the business of the SuMi TRUST Group is to adapt to the changing times, create systems that are well-suited to the present day, and help solve new challenges arising in society. We therefore make sure to provide trust functions that are in step with the times and continuously sow the seeds of future growth. Furthermore, to truly solve issues in society, we must take into account not only the clients affected directly by our operations, but also the impacts that affect clients further afield and draw up a roadmap that ultimately leads to the generation of social value.

In this way, the consideration of impacts based on the thinking that impacts are indirectly linked is the underlying approach to how we embody the Group's reason for existence, or purpose, to create new value with the power of trusts and let prosperous future for our clients and society bloom. For example, the scope of impact of a corporate pension plan offered by the SuMi TRUST Group is far-reaching in the sense that it provides services to not only client companies that directly participate in the plan, but also indirectly to all employees of companies further afield.

Much like the time it takes for a tree to bear fruit after starting out as a solitary seed, the SuMi TRUST Group's business services require a long period of time to deliver results. As such, instead of pursuing near-term gains, we will continue to leverage our ingenuity to provide services truly needed by society over long time spans.

No. of companies that have introduced an installment savings scheme	467
No. of subscribers to Business Advantage	Approx. 0.28 million
No. of subscribers to asset formation and installment savings schemes	Approx. 0.41 million
No. of mortgage loan clients	Approx. 0.41 million
No. of Sumitomo Mitsui Trust Direct users	Approx. 1.58 million
No. of subscribers to defined contribution pension plans	Approx. 1.60 million
No. of real estate brokerage transactions*1	480
No. of positive impact finance transactions*2	20

*1 FY2020 data

*2 As of end-September 2021

*Other data as of end-March 2021

Providing Value to Clients

Innovative Products and Services

1. Product development capabilities supporting total solutions

The SuMi TRUST Group continues to further the development of new products and services by drawing on its expertise and comprehensive capabilities as a trust banking group. SuMi TRUST Bank possesses the ability to develop new products and services in each of its businesses and continues to engage in development by leveraging its expert knowledge and taking into account client needs and market trends, among other factors.

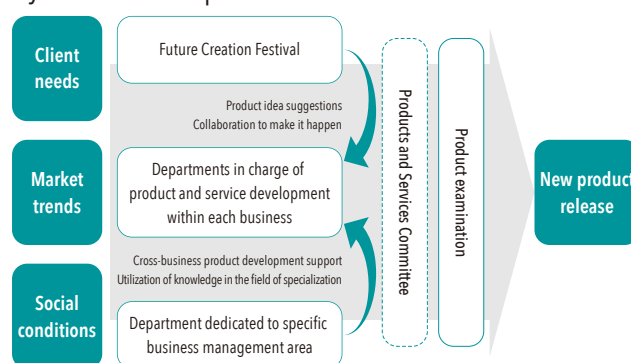
Also, for the field of business management, we have established dedicated units such as the Business Research and Development Department, Regional Revitalization Planning and Promotion Department, Digital Transformation Department, and Sustainability Management Department. These departments conduct research studies in their respective fields of trusts and related areas, regional revitalization, digital transformation, and sustainability. A system has also been built to facilitate and support the development of new products and services across business lines.

Moreover, we have set up a Product & Services Committee as a meeting body for mainly directors and executive officers to discuss the development of new products and services. The committee meets regularly to share information about issues that ought to be resolved during the development process and measures for further propelling development from a medium- to long-term management strategy perspective that extends beyond the boundaries of on-site

product development.

Also, since fiscal 2018 we have run an annual business plan contest called Future Creation Festival with the objective of fashioning the future of the SuMi TRUST Group based on ideas generated by employees. All Group employees can enter the competition with any manner of business plan, which means various ideas that are extremely novel or carry an element of surprise can also be submitted. As part of the final selection process, applicants are given the opportunity to directly present their plan to the judges (a panel of executive officers and external experts) and the winning applicant then gets the chance to turn their product or service proposal into a viable business.

System for Development of New Products and Services



2. Case example of realizing prosperity through product development: Anshin Support Trust (fund wrap-type)

The Anshin Support Trust (fund wrap-type)* is a product that offers the client ongoing asset management services even after the onset of dementia and can also appropriate funds the client needs to pay for living expenses and the like.

Investment decisions typically become more challenging when a person's decision-making capacity is impaired as a result of dementia or other illness. With more people living to the ripe old age of 100 in today's society, investment management for the purpose of extending one's wealth span to ensure a fulfilling life in one's golden years is important, but some of our elderly clients were worried about eventually having to put an end to their investment management activities in order to prepare for the decline in their own decision-making capacity.

The Anshin Support Trust product was therefore developed to solve such issues of elderly clients by combining the fund wrap investment functionality already used by many of our clients with the asset administration functions inherent in trust schemes. The key phrase associated with this product's success is "respecting the person's wishes." We made sure that the client could continue to benefit from our asset management service by having them nominate in advance

the methods with which their assets should be managed after their decision-making capacity turns to decline. And the client can also have the trustee take care of such matters as converting assets to cash and making necessary payments. This product also has an asset inheritance mechanism in place so that in the event of the client's death, the assets held in trust can be used to assist the livelihoods of remaining family members.

The Anshin Support Trust was developed by an inter-departmental project team spearheaded by the Business Research and Development Department. Discussions by executive officers and the like at product development offsite meetings (the predecessor to the Product & Services Committee) concerning the key points of the product—for instance, deciding on the scope within which a trustee can act on behalf of a client who has lost their decision-making capacity—were reflected in the product's development.

Going forward, SuMi TRUST Bank will strive to provide new value to clients by focusing its energy on developing products that harness trust functions with the goal of solving various issues in society, including those related to Japan's aging population.

*Please follow the following link for more information.
<https://www.smtb.jp/-/media/tb/about/corporate/release/pdf/201111-2.pdf>

Client-Oriented Initiatives

In recent years, financial institutions have been urged to be even more client-oriented. In the SuMi TRUST Group too, as a financial institution underpinned by our fiduciary spirit, we consider our client-oriented approach and fiduciary duties to be the most important items of materiality. Here we provide some information about the client-oriented initiatives and client protection management practices we undertake with the aim of being our clients' "Best Partner."

1. Providing Value to Clients

In these extremely turbulent times, the asset formation, management, reexamination, and succession needs of both individual and corporate clients are growing increasingly complex, while the need for trustworthy financial institutions is also growing stronger. The SuMi TRUST Group aims to be the "Best Partner" for providing maximum value to both individual and corporate clients by accurately ascertaining their needs and offering total solutions in the form of various highly specialized products and services best suited to solving client issues. To this end, we not only endeavor to be completely client-oriented, but we have also established a sophisticated conflict of interest management framework so

as to effectively utilize our comprehensive capabilities derived from the amalgamation of various trust and banking functions as Japan's only independent financial group specialized in trust banking.

We have also merged the organization tasked with client-oriented business operations (fiduciary duties) with the organization responsible for enhancing client satisfaction so as to further evolve client-oriented practices and client satisfaction as a source of differentiation. In this way, we continue to strengthen initiatives geared towards improving our ability to manage the quality of operations.

Group Initiatives in Recent Times

2016	September	Development of Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group
	October	Establishment of Fiduciary Duties Planning and Promotion Department (also established at SuMi TRUST Bank)
		Establishment of Fiduciary Duties Discussion Panel
2017	January	Development of Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations at SuMi TRUST Bank
	April	Establishment of Conflicts of Interest Management Enhancement Committee (executive side and at SuMi TRUST Bank)
	May	Amendments to Management Policy Concerning Conflicts of Interest (enhancement of conflict of interest management framework)
	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's March 2017 publication of Principles for Customer-Oriented Business Conduct
		First announcement of KPIs for initiatives aimed at becoming our clients' "Best Partner" (announced every year thereafter)
	July	Establishment of Conflicts of Interest Committee as an advisory body to the Board of Directors
2018	September	Announcement of Shared KPIs on Investment Trusts and Initiatives of Sumitomo Mitsui Trust Bank
2019	June	Announcement of Voluntary Declaration of Consumer-Oriented
2020	April	Addition of CS promotion function to Fiduciary Duties Planning and Promotion Department and establishment of Fiduciary Duties and Customer Satisfaction Planning and Promotion Department (FD & CS Planning and Promotion Department) (the FD & CS Planning and Promotion Department at SuMi TRUST Bank was established through a merger of the Fiduciary Duties Planning and Promotion Department and the Customer Satisfaction Promotion Department)
	September	First announcement of results of initiatives based on Voluntary Declaration of Consumer-Oriented (announced every year thereafter)
2021	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's January 2021 revisions to Principles for Customer-Oriented Business Conduct

2. Implementing a Client-Oriented Approach

So that we can provide our clients with the products and services best suited to meet their genuine interests as their “Best Partner” and in order to carry out and instill fiduciary duties across all our business operations, in September 2016 we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (“Policies”) and since then we have continued to further strengthen our initiatives by revising them whenever necessary. The SuMi TRUST Group has put in place an extensive organizational structure from the management level to the

working level, and strives constantly to enhance its initiatives in this area (please see page 145 for enhancement of the conflict of interest management framework).

In order to clearly communicate to our clients the results of these initiatives, we periodically publish a report entitled KPIs for Initiatives Aimed at Becoming Our Clients’ “Best Partner” (see page 142). These KPIs include those commonly used by financial institutions regarding investment trust sales.

Promoting/Supervising Structure of the Group

	Organization		Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> Manage conflicts of interest throughout the Group Monitor progress on fiduciary duties
	Executive Committee	Conflict of Interest Management Enhancement Committee	<ul style="list-style-type: none"> Discuss important cases Provide guidance on making improvements to relevant departments
	SuMi TRUST Bank Department in charge	Fiduciary Duties Planning and Promotion Dept.	<ul style="list-style-type: none"> Raise awareness about, and ensure implementation of, fiduciary duties, and drive improvements in CS
		Compliance Dept.	<ul style="list-style-type: none"> Enhance conflict of interest management
Group Companies*	Group-wide	Fiduciary Duties Discussion Panel	<ul style="list-style-type: none"> Supervise and guide fiduciary duty initiatives at each Group company and reflect in initiatives at each company

*Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Mutual Fund & Insurance Research Institute, and Sumitomo Mitsui Trust Life Partners

Establishment of Specialist Organization

In order to raise awareness about, and implement, the Group’s fiduciary duties, we established the FD & CS Planning and Promotion Department as a specialist organization. It not only provides advice, guidance, and training to Group companies, but also collects information and

engages in planning and development concerning the improvement of conflict of interest management. This department regularly compiles reports for the Board of Directors based on its monitoring of specific initiatives implemented at each Group company in line with the Policies.

Establishment of Group Company Action Plans

The Group companies subject to the application of the Policies examine and implement initiatives according to the nature of their business operations.

Of the Group companies, SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, and Sumitomo Mitsui Trust Life Partners are engaged in the asset management, product development, sales, and asset administration businesses that form the core of fiduciary duties. These Group companies have adopted the Principles

for Customer-Oriented Business Conduct and have established and made public specific initiatives relating to fiduciary duties (“action plans”). Progress updates are reported regularly to their respective Board of Directors, whilst the action plans are revised whenever necessary. Reviews of actions plans and a summary of the KPIs are also made public on a regular basis. Furthermore, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, as asset managers, regularly publish their respective KPIs.

Fiduciary Duties Discussion Panel

In order to further enhance the initiatives at Group companies engaged in the business of asset management, product development, sales, and asset administration, we have established a Fiduciary Duties Discussion Panel together with Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Sumitomo Mitsui Trust Life Partners, and the Mutual Fund & Insurance Research Institute.

The Discussion Panel comprises directors and executive officers, as well as general managers responsible for

promoting fiduciary duties at each of the aforementioned Group companies, with the FD & CS Planning and Promotion Department serving as secretariat. Each company reports on the matters listed below, shares successful case examples, and discusses how to ensure practices that reflect fiduciary duties take root at each Group company.

- Improvements in expertise
- Appropriate collaboration on product development and sales at each company
- Enhancement of risk management

Policies Regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group

Group Companies That Undertake Initiatives Based on the Policies

SuMi TRUST Bank

Sumitomo Mitsui Trust
Asset Management

Nikko Asset Management

Sumitomo Mitsui Trust
Life Partners

Adoption of Principles for Customer-Oriented Business Conduct as a business operator engaged in asset management, product development, sales, and asset administration

Observance of action principles and implementation of initiatives based on the Policies according to the nature of their business operations

Mutual Fund &
Insurance
Research Institute

Sumitomo Mitsui Trust
Wealth Partners

Sumitomo Mitsui Trust
Realty

Sumitomo Mitsui Trust
Real Estate Investment
Management

Sumitomo Mitsui Trust
Research Institute

Sumitomo Mitsui Trust
Investment

Observance of action principles and implementation of initiatives based on the Policies according to the nature of their business operations

Principles of Action Policies on Fiduciary Duties

(1) Implementation of a client-oriented approach to consulting

In order to provide products and services suited to the true benefit of our clients, we will strive, through high-quality consulting, to gain a shared understanding of the asset and liability situation of our clients, which will change with their lifecycle, and their corresponding needs.

(2) Provision of easy-to-understand information

To assist in our clients' investment decisions, we will strive to provide easy-to-understand explanations about product characteristics, risks, and fees, etc., based on the complexity of the products and services, and the importance of the information to be provided, and to take proper action that fits with our clients' understanding.

(3) Development and provision of products and services that meet the diverse needs of our clients

In order to meet the diverse needs of our clients, we will make available a broad range of high-quality products and services that accord with the needs of our clients, based on the various voices and opinions of our clients and through activities such as collaboration with a broad range of asset management companies and insurance companies, etc., and joint-development of products and services.

(4) Enhancement of our client-oriented focus and expertise

(i) Establishment of a corporate culture with the aim of becoming our clients' "Best Partner"

Through measures such as training and discussion at each Group company, we will aim for thorough penetration of judgment and practices that are based on these Policies. Further, we will give thorough effect to our fiduciary duties by building performance evaluation and target systems that value initiatives that contribute to the implementation and penetration of client-oriented actions and, in so doing, promote the establishment of a corporate culture in which every one of our executives and employees aims to be our clients' "Best Partner."

(ii) Improvements to expertise to support client-oriented consulting, etc.

Through measures such as training of executives and employees and support for the acquisition of specialist qualifications, we will increase knowledge and specialist skills regarding market conditions, products and services.

(5) Provision of financial services that leverage the diverse functions of the trust bank group

As a trust bank group, while remaining thoroughly attentive to conflict of interest management, we will fully mobilize our diverse and flexible functions, such as the banking business, asset management and administration business, real estate business, etc., and swiftly and accurately provide optimal and comprehensive solutions for our clients, whether they are individuals or corporate entities.

(6) Client peace-of-mind and satisfaction, and contribution to the economy and society

(i) Provision of new products and services that are responsive to economic and social changes

As well as providing products and services that bring peace-of-mind and satisfaction to our clients, we will contribute to the economy and society by utilizing our investment functions, etc., and through the creation of new products and services that respond to structural changes to the economy and society.

(ii) Proactive initiatives for financial education and investment education

To enable clients to proactively and rationally select financial products, and engage in sound asset building, we will pursue activities in connection with improvement of financial education and knowledge, including life planning, by utilizing our know-how regarding investment education, etc. cultivated in our defined contribution pension operations, etc., and through our regular consulting activities and seminars, etc.

3. KPIs for Initiatives Aimed at Becoming our Clients' "Best Partner"

The SuMi TRUST Group fulfils its fiduciary duties and makes every effort to contribute to society and the economy by guaranteeing peace of mind for its clients by helping them create and manage wealth. And by working to enhance our reputation in the eyes of clients and society, we aim to achieve sustained and stable growth for the Group by

becoming our clients' "Best Partner."

We regularly publish indicators regarding the initiatives we implement that we think will help us become our clients' "Best Partner," and whilst we continuously promote and expand the scope of such activities, we also periodically review them.

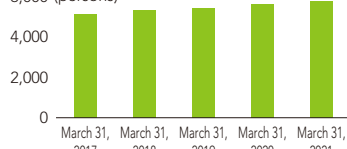
Client-oriented initiatives aimed at becoming our clients' "Best Partner" [our own actions]

We strive to develop employees with high levels of expertise so that our clients can trust and consult with us with confidence.

Asset Formation Assistance

[Number of Holders of FP-Related Certifications]

6,000 (persons)

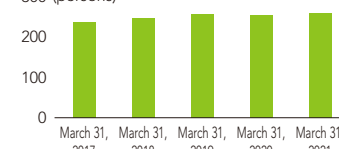


*Shows the number of course employees of SuMi TRUST Bank who hold FP Specialist (Level 1, Level 2), CFP, AFP, or Kinzai Financial Skills Examination (Level 1, Level 2) certifications.

Assistance regarding Inheritance, Wills, Estate Planning

[Number of Financial Consultants]

300 (persons)

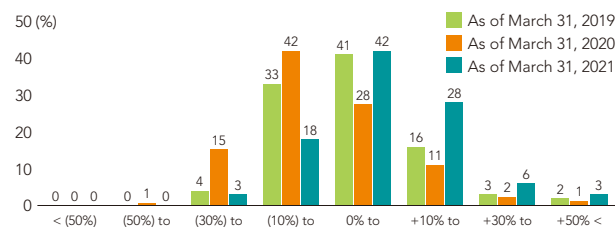


*SuMi TRUST Bank has financial consultants who are in-house experts in inheritance, wills, estate planning, etc. at all of its branches.

Client Comfort and Satisfaction, Contribution to Society and Economy [Evaluation by Clients and Society]

Improving Investment Returns for Clients

■ Distribution of clients with investment trust gains/losses, including realized profit and loss



Client satisfaction rate March 2019: 62% March 2020: 42% March 2021: 79%

When proposing investment products to our clients, SuMi TRUST Bank emphasizes the importance of carefully following up on their intentions in light of major life events and changes in the market environment. In this way, we make every effort to improve returns and realized profits/losses for our clients.



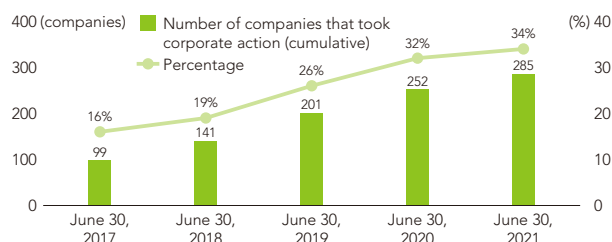
SuMi TRUST Bank has earned an R&I Customer-oriented Investment Trust Sales Company Rating of "S+"

The rating is based on R&I's neutral third-party evaluation of banks, securities companies, and other financial enterprises engaged in the sale of investment trusts. The rating assesses their "customer-oriented business operations" and their policies and initiatives in this area. The SuMi TRUST Group will continue to pursue client-oriented initiatives and promote their adherence as we strive to be a "Best Partner," whom our clients entrust with their business for many years to come.

*The "R&I Customer-oriented Investment Trust Sales Company Rating" ("the rating") is not a statement of fact. Rather, it represents R&I's opinions regarding the "customer-oriented business operation" initiatives of companies engaged in the trust investment sales business. Though R&I uses information that it deems to be reliable when carrying out the rating, it does not independently verify the accuracy of this information. Furthermore, R&I does not guarantee the accuracy or integrity of this information, nor does it endorse the purchase, sale or holding of any specific product nor guarantee the future performance of any such product. All intellectual property rights (copyrights, etc.) and any other rights pertaining to the rating belong to R&I, and any reproduction or republication without permission is prohibited.

Enhancement of asset management

■ Number of companies that took corporate action* and percentage of those companies with whom SMTAM engaged (cumulative)



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management (SMTAM) carries out engagement activities with a view to enhancing medium- to long-term corporate value and stewardship activities such as the exercise of voting rights. In this way, SMTAM seeks to maximize medium- to long-term investment returns for clients.

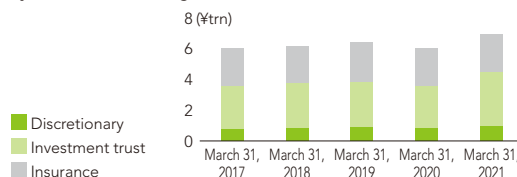
*The number of companies that have taken action consistent with the opinions they expressed during engagement activities.

Sustainable and Stable Growth of the Group [Objective Parameters]

Offering a Wide Range of Products and Services that Meet the Diverse Needs of Clients

To meet the diverse needs of our clients, SuMi TRUST Bank offers a wide range of high-quality products and services, including investment trusts, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Comprehensive Offerings Drive Growth in Balances of Investment Trusts, Discretionary Investment Management Products, and Insurance



4. Shaping Corporate Culture to Become Our Clients' "Best Partner"

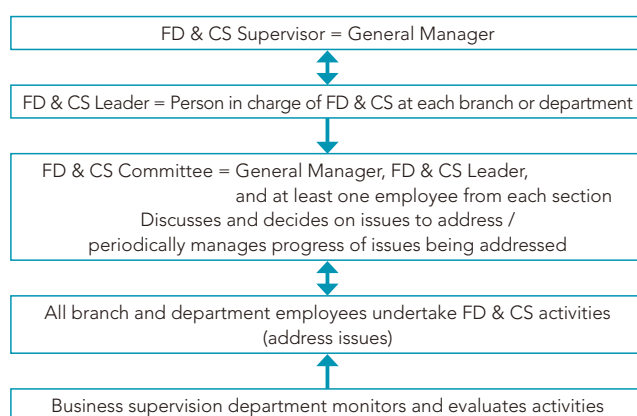
With the objective of entrenching a corporate culture geared towards becoming our clients' "Best Partner," each FD & CS Committee in each branch or department of SuMi

Establishment of FD & CS Committees

FD & CS Committees have been established for the purpose of enhancing FD and improving CS in each branch office and department. The FD & CS Committees are actively undertaking a whole host of activities according to the characteristics of each branch office or department.

Examples of FD & CS Committee Activities

- Discussions relating to client-oriented business operations and improving CS
- Improvement activities based on client opinions
- Sharing of successful examples and improvement activities based on issues identified in cases subject to review



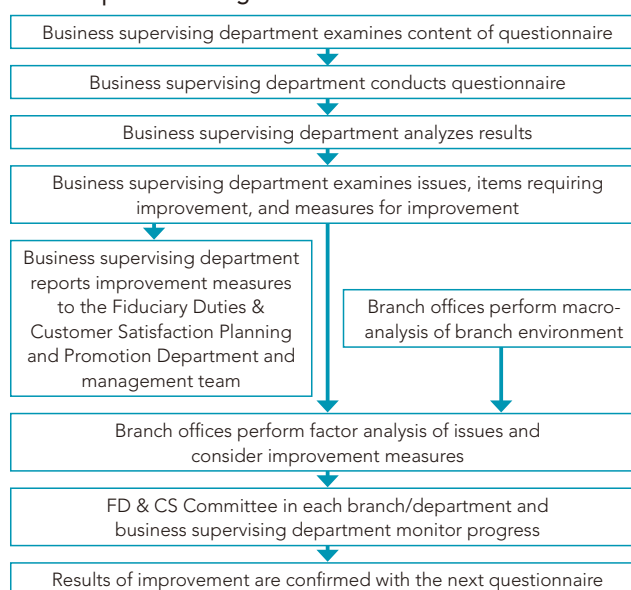
*Example of FD & CS Committee in the Retail Total Solution Services Business at SuMi TRUST Bank

TRUST Bank discusses and takes action to make improvements based on feedback from client questionnaires and organizes various training sessions.

Use of Client Questionnaires

For each of our businesses, we survey both corporate and individual clients with a questionnaire so that we can better manage and improve the quality of our services. We utilize the questionnaire results to identify issues in our business undertakings and subsequently implement initiatives that reflect measures for improving those issues.

Example of Utilizing CS Questionnaire in Each Business



Examples of Initiatives Aimed at Becoming Our Clients' "Best Partner"

No	Item	Description
1	Study sessions for improving CS awareness	Training sessions focused on upholding FD, improving CS awareness, sharing complaints and VOC items, and business manners are held for newly appointed branch managers, new recruits, and other employee ranks.
2	e-Learning	e-Learning-based FD & CS training for all employees aimed at upholding FD and improving awareness of CS and client support management training for employees to learn about the client support management system and people with disabilities/elderly citizens.
3	Improving complaint management	Analyzing causes of complaints, understanding trends, and strengthening prevention and improvement activities by being aware beforehand of the type of events that give rise to complaints.
4	Improving client questionnaires	Strengthening the improved PDCA cycle based on client evaluations by endeavoring to standardize the evaluation items in each questionnaire, enhancing our analyses, and sharing measures for improvement.
5	Collecting and making better use of daily client feedback	Promoting collection and analysis of VOC items and improvement and development of products and services.
6	CS lectures	Annual lectures for Group employees featuring a guest speaker. Topics include development of organizational and human resources, and communication.

Initiatives in Line with Our Voluntary Declaration of Consumer-Orientation

By constantly striving to improve client satisfaction, be completely client-oriented, and help solve super-aging society issues and other problems in society, we aim to gain the trust of clients and society and continue to grow alongside each other. To this end, in June 2019 we drafted and made public our Voluntary Declaration of Consumer-Orientation. In July 2021 we published the results of our initiatives undertaken in

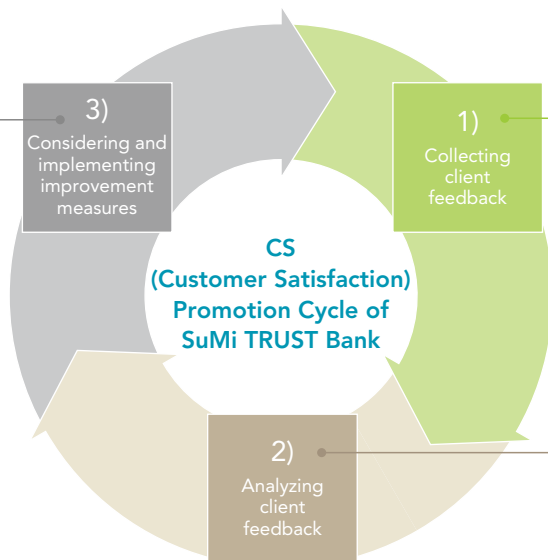
fiscal 2020 in line with the Voluntary Declaration of Consumer-Orientation.

*Voluntary Declaration of Consumer-Orientation

The Voluntary Declaration of Consumer-Orientation is the Group's declaration for the approach toward consumer-oriented management (a business activity respecting general consumers' viewpoints and gaining consumer trust as the providers of a sound market, while being aware of its social responsibilities, and working toward the creation of a sustainable and desirable society) as promoted by the Consumer Affairs Agency and others.

5. Initiatives to Link “Voice of Customers” to Enhanced Customer Satisfaction

The Retail Total Solution Services Business of SuMi TRUST Bank collects feedback from clients at its branches and departments nationwide. Opinions and requests are also received from many clients via the Customer Services Promotion Office, in Voice of Customers Questionnaires, and through Sumitomo Mitsui Trust Direct. This feedback and information is used to improve client satisfaction.



1) Collecting Client Feedback

SuMi TRUST Bank received approximately 360,000 valuable opinions and requests from clients in fiscal 2019 at its nationwide branch offices and departments, via its call center, website, or other means of communication, such as the Voice of Customers Questionnaires available at all branches.

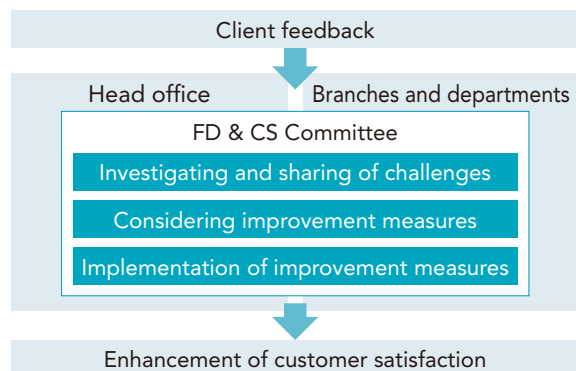
Moreover, in aiming to further advance client-oriented activities and improve client satisfaction, SuMi TRUST Bank sends a client questionnaire to clients with term deposits or investment trusts to assess their level of satisfaction with the Bank's services.

[Main Ways Hear from the Voice of Customers]

- Record comments from customers we receive in branches and over the phone in a dedicated system
- Share inquiries, requests, complaints, and opinions we receive from customers over the phone with relevant departments
- Collect information from the “Voice of the Customers Questionnaires”
- Collect information via our letter and home page
- Implement a variety of questionnaires and surveys

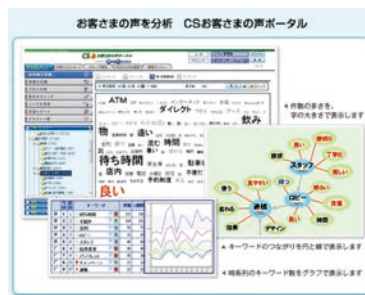
3) Considering and Implementing Improvement Measures

The branch offices and the head office work together to examine and analyze the reasons behind client opinions and requests with the aim of understanding problem areas. The results of this process are used to come up with improvement measures in an effort to provide better products and services.



2) Analyzing Client Feedback

In order to realize customer satisfaction by utilizing hundreds of thousands cases of feedback we receive each year, we use the “CS Voice of Customers Portal,” a system to analyze client feedback. We are striving to meet clients' needs by making client feedback “visible” so that we can better “recognize” client needs.



6. Enhancement of Conflict of Interest Management Framework for the Entire Group

The Group makes publicly available a summary of the Management Policy of the Sumitomo Mitsui Trust Group Concerning Conflicts of Interest^{*1} and engages in appropriate management by identifying and categorizing in advance transactions that could lead to conflicts of interest so that the interests of our clients are not harmed unfairly when our Group companies or authorized parties offer their various services.

In August 2021, UBS SuMi TRUST Wealth Management commenced operations as a SuMi TRUST Group company. To coincide with that occasion, we revised the SuMi TRUST Group's Management Policy Concerning Conflicts of Interest and posted information on our website concerning appropriate conflict of interest management in connection with our joint operations with the UBS Group in the wealth management business.

We also have in place a system to ensure that necessary improvements and guidance are implemented on an ongoing basis. Our Compliance Department—which functions as a conflict of interest management control department independent from our sales departments—periodically examines the effectiveness of the Group's overall conflict of interest management and reports the results to the Conflicts of Interest Management Enhancement Committee, Executive Committee, and the Board of Directors.

Moreover, for the purpose of improving the effectiveness of our conflict of interest management framework, its appropriateness is assessed by the Conflicts of Interest Committee, an advisory body to the Board of Directors comprised of mainly external members. The Conflicts of Interest Committee not only evaluates the Group's conflict of interest management framework as required by law, it also discusses the best practices of the framework and how fiduciary duty initiatives are being implemented for the purpose of being a “best partner” capable of earning the reassurance and trust of our clients. To this end, the Committee has convened 20 meetings thus far (in principle, four annually). The Committee also makes a summary of its meeting minutes publicly available on an ongoing basis^{*2}.

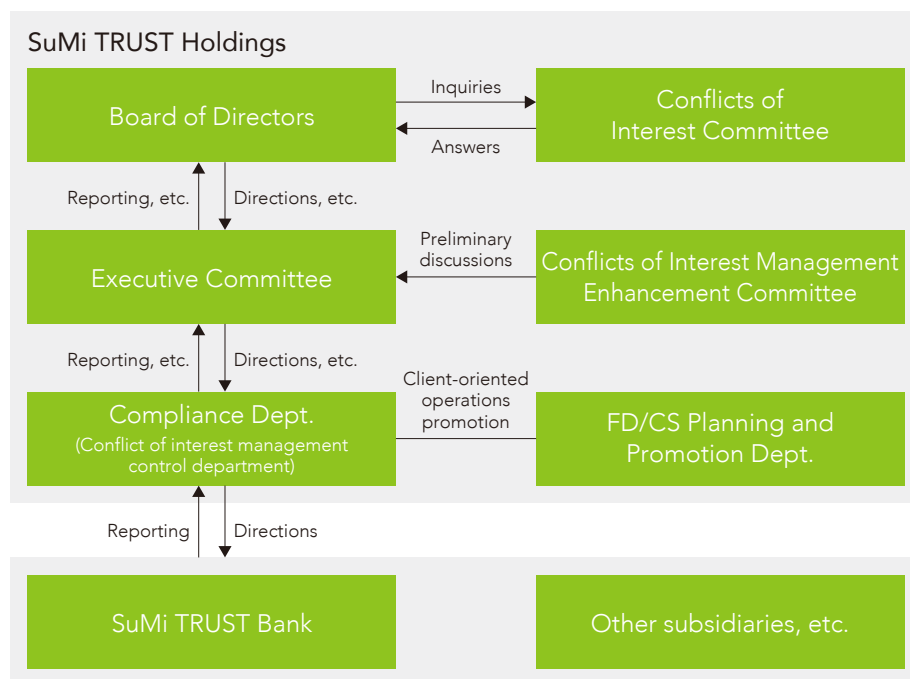
In addition to the above, in regards to the conflict of interest management system for stewardship activities, under the umbrella of the Conflicts of Interest Committee, we have established a Stewardship Subcommittee^{*3} for the purpose of sharing information about stewardship activities across the entire Group and strengthening oversight of stewardship activities at Group asset management companies.

^{*1} <https://www.smth.jp/english/coi>

^{*2} https://www.smth.jp/english/about_us/management/customer

^{*3} A subcommittee comprising all members of the Conflicts of Interest Committee and members of committees related to stewardship activities at Group asset management companies.

Conflict of Interest Management System^{*1}



^{*1} For roles and responsibilities of each management structure and main departments, please see page 140.

^{*2} External Director, SuMi TRUST Bank

Conflicts of Interest Committee Members

Chairperson: Hideki Kanda^{*2}

Professor, Law School at
Gakushuin University
Emeritus Professor,
University of Tokyo

Member: Takeshi Suzuki
Tokai National Higher Education
and Research System
Part-time Director

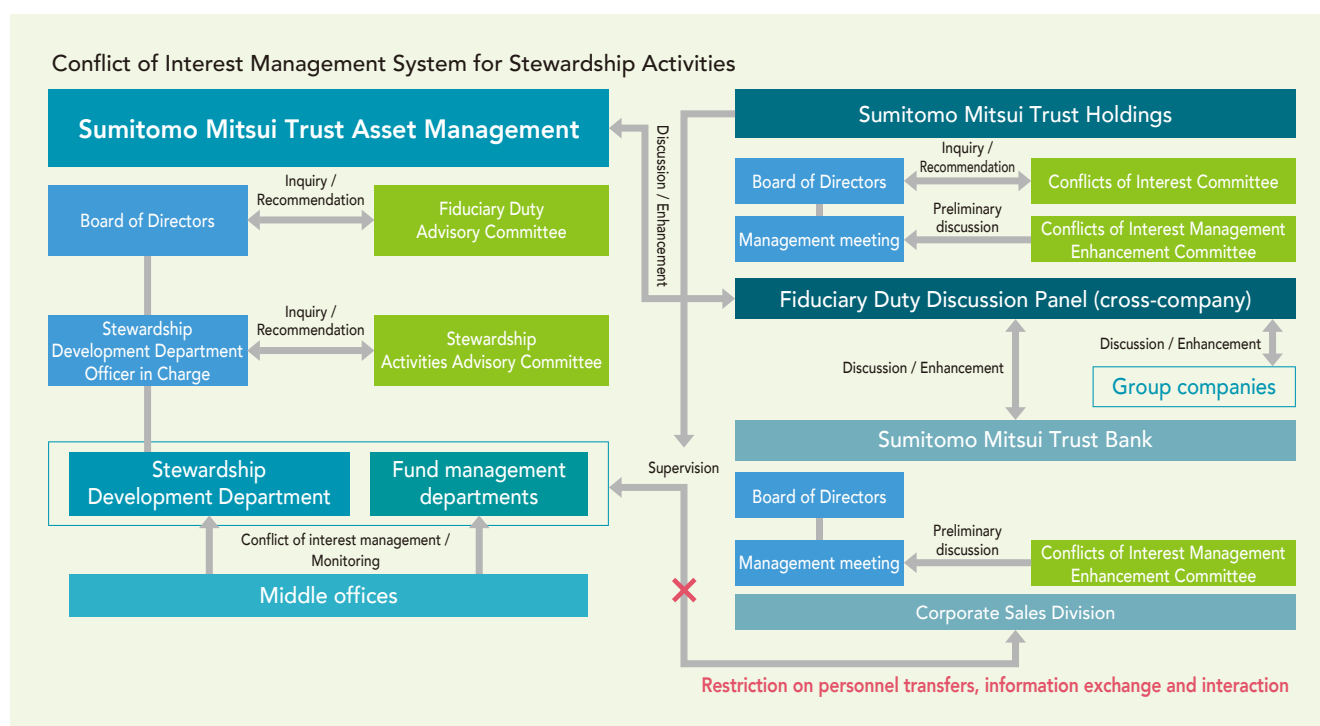
Member: Akiko Hosokawa
Partner, Baker & McKenzie

Member: Yasuyuki Suzuki
SuMi TRUST Holdings
Managing Executive Officer

7. Conflict of Interest Management Structure for Stewardship Activities

Sumitomo Mitsui Trust Asset Management (SMTAM) integrated the investment management function of SuMi TRUST Bank on October 1, 2018. It also added more independent external directors, shifted to a company with an audit and supervisory committee system, and beefed up its middle office operations. The integration means SMTAM has more independence from the Group's corporate divisions (lending, etc.), while its conflict of interest management is much more transparent. Given that the management of conflicts

of interest is particularly important to the exercise of voting rights, SMTAM has established a Stewardship Activities Advisory Committee comprised mostly of external experts. The officer in charge of the Stewardship Development Department—the person responsible for the exercise of voting rights—exercises voting rights in a highly transparent manner by giving the fullest possible consideration to the recommendations of the Advisory Committee.



Nikko AM (NAM) has established appropriate risk management and compliance frameworks to ensure that the interests of clients and beneficiaries are the top priority and that such conflicts of interest are appropriately managed if they arise. Fund managers and analysts aim to avoid the occurrence of any conflicts of interest in compliance with NAM's internal regulations. If there is a heightened risk of conflicts of interest arising, all known facts are immediately reported and steps are taken quickly to resolve any issues.

NAM also established its Stewardship and Voting Rights Policy Oversight Committee in June 2016 in order to increase transparency in its stewardship activities and strengthen its governance. From its perspective as a body composed of a majority of external members with no special interests in

NAM, the Stewardship and Voting Rights Policy Oversight Committee monitors and oversees whether NAM's exercising of voting rights and other stewardship activities are in line with its objectives and whether it is making the proper efforts to fulfill its fiduciary duties consistently. The committee also provides necessary advice from a fair and neutral standpoint.

NAM envisages that conflicts of interest may arise when it exercises voting rights in regard to its parent company, distributors, and client companies. In order to avoid conflicts of interest and enable objective decision making in its exercise of voting rights, it has established a control framework to maintain appropriate voting decisions pursuant to its Guidelines on Exercising Voting Rights.

Client Protection Management

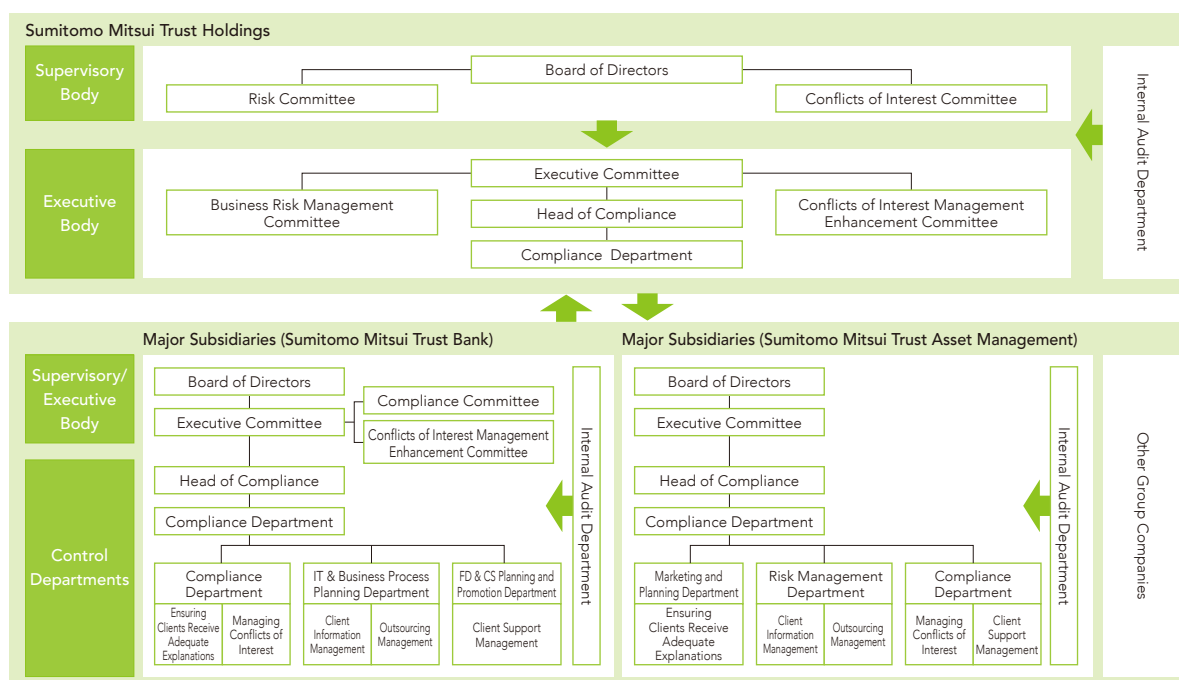
Basic Initiative Policy

The Group considers client protection to be a top management priority. We have put in place a basic policy aimed at enhancing client protection and convenience in the Group's regulations* concerning policies for acting in the best interests of clients (approved by the Board of Directors) in order to develop an appropriate client protection management framework that reflects the business attributes of each Group company.

At each Group company, a supervising department to oversee client protection management and function-specific control departments have been established in accordance with the Group's basic policy. The supervising department manages overall client protection management by primarily

drawing up annual plans concerning client protection, periodically reporting to the Board of Directors, and maintaining internal regulations. The control departments are tasked with establishing a system through the development of internal rules for their respective functions. They also endeavor to ensure appropriateness and sufficiency for each function by providing guidance to relevant departments and improving the content of employee training.

*Principle-based guidelines designed to meet the expectations and trust our clients place in each SuMi TRUST Group company. With the aim of earning the long-term trust of clients and enhancing sustained corporate value by having Group directors, officers, and employees pursue the best interests of clients, these guidelines set out a management framework for that very purpose and so client protection and convenience can be improved.



Client Explanation Management

When offering financial products and services to our clients, we make sure to provide appropriate and sufficient explanations and easy-to-understand information based on the client's knowledge, experience, assets, and purpose of transactions so that we gain their understanding and consent.

Specifically, we have made our policy on the solicitation and sale of financial products and services publicly available, we properly enforce the suitability rule*¹ and maintain a manual on providing explanations to our clients about matters such as appropriate information disclosure, and we have a system in place for improving employee training. On top of this, in an effort to ensure the fair solicitation and sales of financial products from the standpoint of our clients based on the action principles outlined in our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group*², we implement client-oriented consulting*³, provide easy-to-understand information*⁴, and take steps to expand

the content of training sessions with the aim of increasing the knowledge and expertise of officers and employees regarding financial markets, products, and services.

In particular, we monitor whether our explanations to clients about risky financial products, such as investment trusts and life insurance, are up to standard. We leverage the results of the aforementioned initiatives to maintain a system that guarantees a high standard of client consulting and explanations and so that we can revise our solicitation rules when necessary.

*1 The suitability rule prohibits financial institutions from soliciting clients in ways that are inappropriate in light of the client's knowledge, experience, assets, and transaction purpose.

*2 https://www.smth.jp/en/about_us/management/customer/fiduciaryduty/index.html

*3 This involves client proposals in line with their needs by utilizing (1) easy-to-understand materials describing case examples of life planning that reflect life events and asset management methods based on investment objectives and duration, and (2) simulation tools incorporating the client's assets, family structure, and life events.

*4 To provide easy-to-understand information, we are working to improve descriptions about risks and fees, politely following up on clients in consideration of market developments, and improving seminar content and hosting more sessions.

Providing Value to Clients

Conflict of Interest* Management

The Group makes publicly available an overview of its Management Policy Concerning Conflicts of Interest (following approval of the Board of Directors) and engages in appropriate management by identifying and categorizing in advance transactions that could lead to conflicts of interest so that the interests of our clients are not harmed unfairly when our Group companies or authorized parties offer their various services.

Notably, each Group company identifies in advance transactions that have the potential to cause conflicts of interest in their business operations and establishes management methods for such transactions. The Group attempts to prevent the harmful effects of conflicts of interest in the event those transactions are carried out by following predetermined methods for conflict of interest management or developing business execution systems. If new transactions with the potential for conflicts of interest are anticipated, they shall be identified as such and managed before they

are executed with the established conflict of interest management methods.

In order for the Group to appropriately manage conflicts of interest, the Compliance Department—which functions as a conflict of interest management control department—maintains the framework for the entire Group and periodically examines its effectiveness. It then reports the results on a regular basis to the Conflicts of Interest Management Enhancement Committee, the Executive Committee, and the Board of Directors, before adopting necessary steps for improvement.

Moreover, from the perspective of upholding our fiduciary duties, we constantly strive to enhance our conflict of interest management framework based on the idea of maintaining a “best practice” system for managing conflicts of interest as outlined in our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group. Please refer to page 145 for enhancement of our conflict of interest management framework.

*A conflict of interest refers to a situation where there are conflicting interests between the Group and its clients, or between clients of the Group.

Outsourcing Management

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently. From the viewpoint of preventing the intervention of and transactions with anti-social forces, before concluding new contracts and on an ongoing basis, we check that our contractors are not classified as anti-social forces.

At our core subsidiary SuMi TRUST Bank, the IT & Business Process Planning Department—which functions

as the outsourcing management department—screens and monitors appropriate contractors within the Group pursuant to our outsourcing management regulations and periodically reports on how outsourcing is being managed to the Board of Directors. Moreover, each business designates a department to oversee operations outsourced to contractors and evaluates whether they are performing their assignments properly in accordance with relevant rules and their consignment contracts through confirmation of the status of consigned operations both on an ongoing periodic basis and in response to emerging situations. These departments also monitor contractors when necessary.

Solicitation Policy (Sumitomo Mitsui Trust Bank)

1. Explain the basic policy

Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST Bank) practices its Codes of Conduct (“Value”) that calls for “completely client-oriented” service and “strict compliance with applicable laws and regulations,” and recommends financial products and services based on this solicitation policy so that clients can decide for themselves what is most appropriate for them.

2. Recommend financial instruments suited to clients

SuMi TRUST Bank recommends financial products and services suited to clients according to their “knowledge,” “experiences,” “asset situation” and “the purpose of their transactions.”

3. Explain the contents of financial products and services in an easy-to-understand manner

SuMi TRUST Bank explains not only the contents and merits of financial products and services we provide but also risks and fees in an appropriate, easy-to-understand manner so that they can be fully understood.

4. Offer appropriate explanations and conduct appropriate solicitations

SuMi TRUST Bank does not make explanations or conduct solicitation activity that may mislead clients, such as communicating false information or providing definitive explanations concerning uncertain matters.

5. Strive to conduct solicitation activity convenient for clients

SuMi TRUST Bank strives to conduct solicitation activity via telephone or visit at a time, place and means convenient for clients.

6. Strive to improve in-house systems

SuMi TRUST Bank strives to improve in-house systems so that we can provide financial products and services suited to clients. SuMi TRUST Bank also strives to acquire accurate knowledge and master ways of providing easy-to-understand explanations.

7. Created a consultation contact point for clients

Client Information Management

In the SuMi TRUST Group we have established a Declaration for the Protection of Personal Information to make doubly sure we protect the personal information of clients. We make sure that client information is managed appropriately, but if it is shared within the Group, we only do so in accordance with privacy laws, finance sector guidelines on personal information protection, and other related laws and regulations.

As the department tasked with information security risk management, the IT & Business Process Planning Department oversees all operations concerning client information management pursuant to our Information Security Risk Management Rules formulated for the purpose of appropriately managing the Group's information assets. The IT

& Business Process Planning Department periodically assesses the circumstances and effectiveness of information security risk management and reports its findings to the Board of Directors. Also, in addition to appointing general managers as supervisors of information management and administration at branch offices and in each head office department, all employees must submit a signed pledge concerning information management and attend two training sessions every year to ensure they have a clear understanding of matters relating to confidentiality information management, particularly with regard to sensitive information containing personal data obtained through the course of their duties.

Client Support Management

So that we can properly respond to client inquiries, requests, complaints or disputes, we have established a basic policy in the Group's client support management regulations in an effort to improve operations and provide better services.

In addition, our Compliance Department and the Fiduciary Duties & Customer Satisfaction Planning and Promotion Department work together to sincerely and quickly respond to complaints and inquiries from clients, aiming to

reach outcomes with as much understanding and satisfaction as possible. These departments also work to improve operations by collecting and managing information under a complaints reporting system, regularly reporting to management, and analyzing the root causes of complaints with the use of our CS Voice of Customers Portal (see page 144).

In fiscal year 2020, SuMi TRUST Bank received a total of 8,093 complaints and inquiries.

Sumitomo Mitsui Trust Group Privacy Policy

We at the SuMi TRUST Group, in the utmost effort to protect the personal information of our clients and shareholders, have established the following policies, and we declare to abide by this policy.

1. Compliance with all Applicable Laws and Regulations, etc.

The companies in our group shall comply with the laws pertaining to the protection of personal information, the specific personal information and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

The companies in our Group shall obtain personal information and the specific personal information from clients only to the extent necessary for our operations and only through proper and legal means.

3. Purpose of Use

The companies in our Group shall notify or announce how the personal information and the specific personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by law, and shall not use it for any other purpose. The companies in our Group shall only use the specific personal information within the confines of the purpose stipulated by law.

4. Consignment

If the companies in our Group consign the handling of the personal information and the specific personal information then the consignee (including the consignees in two or more stages) shall be properly supervised to promote the safe management of the personal information.

5. Offering to Third Parties

The companies in our Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client except in cases specified by law.

However, if the companies in our Group provide your personal information consequent to the succession of business in a merger or otherwise and it is shared with a specified party set forth separately then the personal information held for the client may be provided to the third party without obtaining the client's consent.

The companies in our Group shall not provide the specific personal information held for clients to any third party with or without obtaining consent from the client except in cases specified by law.

6. Responding to Inquiries from Clients, etc.

The companies in our Group shall establish the procedures for correcting and disclosing personal information, and any inquiries concerning questions, suggestions or inquiries and corrections of content, etc. related to personal information and the specific personal information shall be handled quickly and accurately.

7. Safety Measures

The companies in our Group take appropriate safety measures in terms of their organizational, personnel, and systems to manage personal information and the specific personal information, and we have developed the governance framework necessary to protect personal information.

8. Continuous Improvement

The companies in our Group continuously review and strive to improve the compliance program for protecting personal information. We also understand that it is important that all employees protect personal information and that they are trained in how to appropriately handle personal information and the specific personal information.

Helping Invigorate Communities and Society

Direct and Indirect Support (Cash Conversion)

Companies directly contribute to communities through investments and various services to society, but also indirectly through taxes paid to help finance government services for those communities. From this point of view, the World Economic Forum has identified total tax paid and total social investment as the common metrics for measuring community and social vitality.

(1) Indirect Support: Total Tax Paid

The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.

Taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries. They are also a key mechanism by which companies

indirectly support social infrastructure because government revenues support public infrastructure and services.

Total tax paid

	FY2019	FY2020
Corporate taxes and other taxes	¥87.3 bn	¥67.8 bn

(2) Direct Support: Total Social Investment

Total social investment is a metric summing up all resources (operational expenses, staff time, etc.) that the company uses for mainly “S” in ESG efforts. It seeks to capture the multiple ways in which companies can demonstrate their investment in social activities beyond traditional charitable giving. We categorized our activities into three groups: (1) charitable donations; (2) community investments (in a narrow sense); and (3) cost of strategic activities.

	FY2019	FY2020
(1) Charitable donations	227	489
(2) Community investments	342	294
(3) Cost of strategic activities	36	9
Total	605	792

(¥ mn)

Total social investment by the Group in fiscal 2020 came to around ¥800 million, some ¥500 million of which was associated with actual cash payments.

- (1) Charitable donations: The total amount of donations for accounting purposes (excluding those related to sustainability)
- (2) Community investments: The total amount of membership fees in various organizations like UNEP FI and the Biodiversity in Good Company initiative, running costs for the UN-driven Education for Sustainable Development (ESD) project, and personnel costs in connection with the “With You” activities (personnel costs are estimated based on a number of assumptions).
- (3) Cost of strategic activities: The total amount of sustainability-related donations, such as those to the Network for Economic Education and UWC ISAK Japan*, plus the cost of running “With You” activities and other projects.

See page 164 for more information about ESD.

*UWC ISAK: A school that unearths and nurtures “changemakers” from disadvantaged backgrounds. See page 162 for more information about their activities.

Launch of industry-academia consortium for solving issues in society

In June 2021, SuMi TRUST Bank entered into an agreement with Keio Research Institute at SFC and NES Inc. to utilize their respective networks in setting up a consortium that aims to solve social issues through collaboration between industry and academia.

As the advancement of digital technology and the development of technology for realizing decarbonization-focused energy policies hold sway over Japan’s international competitiveness, projects that seek to demonstrate how new technology can be adopted in society are crucial. Domestically too, there is a mountain of economic, social, and environmental issues that need fixing; for example, structural problems like growing population density in the greater Tokyo area and regional districts beset by

dwindling economic activity owing to population decline, as well as the building of sustainable social infrastructure that can cope with Japan’s super-aging society. And in many cases, the initiatives of public services and business operators alone are not enough to deliver solutions.

Under this agreement, the parties will aim to build a cross-industry network that brings industry and academia closer together whereby the technological knowledge of the Keio Research Institute at SFC is bound together with the finance functions of SuMi TRUST Bank with the objective of properly addressing social issues faced by each region and contributing to the creation of vibrant regions and the development of up-and-coming business entrepreneurs.

Financial Inclusion Initiatives (for a fair and inclusive economy)



According to the World Bank, financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way. Furthermore, financial inclusion has been identified as a key enabler for eight of the 17 SDGs. Also, the promotion of financial inclusion can drive more global, inclusive economic growth and support the attainment of a wider range of goals.

(1) Improving accessibility by expanding online transactions and the use of digital technology

The ongoing COVID-19 pandemic has prompted more clients to avoid face-to-face meetings and other direct contact and instead request online consultations as a way of preventing the spread of infections. The SuMi TRUST Group has long offered high value-added face-to-face consulting services as a financial group specialized in trust banking, but given the spread of COVID-19, we have deployed a system through which we can deliver trust consulting and trust services even without meeting in person by making use of online consultations. In July 2021, we started an online “consultation plaza” service at SuMi TRUST Bank. This service makes it possible for a client to join an online meeting to discuss preparatory measures in the event their decision-making capacity turns to decline as a result of dementia or other illness, and also offers far away family members the opportunity to participate in online sessions to discuss inheritance or asset administration matters.

The number of online consultations in the first half of fiscal 2021 increased by more than 200% from the second half of fiscal 2020. In particular, there was an even bigger jump in the number of online consultations for family members not living together, so much so that they made up nearly half of all online consultations in the first half of fiscal 2021. With families not being able to meet so easily during the pandemic, we are using online means to provide opportunities

Japan has one of the highest bank account ownership ratios in the world, but people living in remote areas, as well as the elderly, still require support in terms of access to their account and properly benefiting from account services.

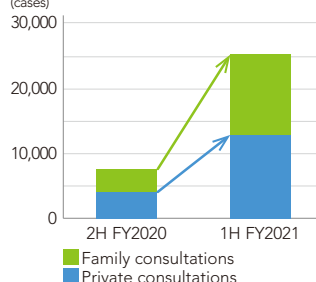
The OECD too has listed people living in outlying regions and the elderly as those impacted by the COVID-19 pandemic. With infections spreading once again, it is becoming increasingly important that digital technology is used to maintain and improve accessibility to financial services.

for all family members to benefit from our consultation services at the same time.

As the pandemic has continued unabated, more people are working from home and commuting less, which is driving demand for consultations during the daytime. We are also seeing an increase in clients wanting to consider and discuss a broad range of life planning matters concerning property, inheritance, and asset management. For workplace clients, SuMi TRUST Bank opened a virtual branch in fiscal 2020 and the number of inquiries it fielded in the first half of fiscal 2021 grew 30% year on year—a telltale sign that this service has been favorably received.

We have also developed a new asset administration app for smartphones, which we plan to release in spring 2022.

Number of online consultations (cases)



Number of virtual branch inquiries

1H FY2021

+30%
(vs. 2H FY2020)

Initiatives at SBI Sumishin Net Bank

SBI Sumishin Net Bank is an online-only bank that was launched in September 2007 as a joint venture between SuMi TRUST Bank and SBI Holdings. Since its foundation, the bank has concentrated its resources on providing 24-hour, 365-day internet banking that offers the most easy-to-use and attractive products and services. In February 2021, SBI Sumishin Net Bank's cumulative value of mortgage loans surpassed ¥6.5 trillion, and as of the end of March 2021, total deposits held across 4.51 million

accounts stood at a little over ¥6.29 trillion. In recent years, for the purpose of delivering more convenience to society by integrating banking functions stripped back to the bare essentials into various industry sectors without relying on a physical branch network, SBI Sumishin Net Bank has been promoting its NEOBANK® business and the unparalleled client experiences that accompany it through the provision of BaaS (banking as a service) financial infrastructure.

(2) Initiatives in line with the G20 Fukuoka Policy Priorities

The Global Partnership for Financial Inclusion (GPFI) and the OECD together identified global issues pertaining to aging. To provide support for addressing such challenges, in June 2019 the organizations jointly presented eight key priorities in a report entitled *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion*. The G20 Fukuoka Policy Priorities are measures that will sow the seeds of a prosperous future for both current generations of older people and future generations. Considering that the reason for existence, or purpose, of the SuMi TRUST Group is to create new value with the power of trusts and let prosperous future for our clients and society bloom, in June 2019 we threw our support behind the G20 Fukuoka Policy Priorities and have been undertaking related initiatives ever since.

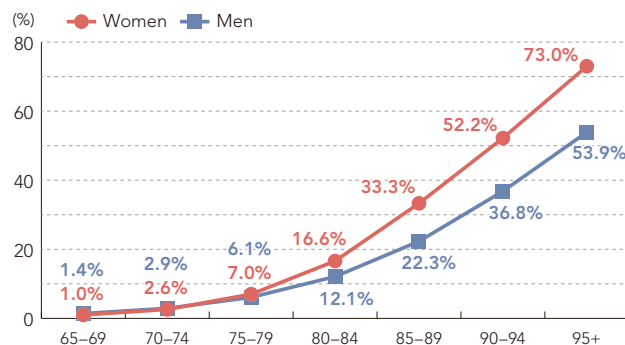


Utilizing data and evidence

In this so-called age of centenarians, longevity is a trend currently sweeping the globe and a worldwide increase in the elderly population in the future is, for the most part, a foregone conclusion. In Japan, the weighting of the elderly population is more than 7% above what is considered a super-aged society (21%) and therefore represents a society of longevity unlike any other country on the planet, or in human history for that matter. In order to foresee what kind of unprecedented challenges lie ahead, the provision of products and services based on the utilization of data and evidence will be vital going forward.

For example, it is said that dementia is a key factor in life and asset planning under the assumption of a long life expectancy. Even the data shows that the likelihood of someone suffering from dementia is far greater if they live to 100 instead of 80, which is why people must make preparations to start planning their life and management of assets beforehand on the assumption that a time will come in their life when dementia or some other illness hobbles their decision-making capacity. In doing so, they can live happily with peace of mind in their later years.

Dementia Incidence Rate



Source: Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology (2012 comprehensive assessment of dementia)

An impaired judgment brought on by dementia or the like makes decision-making for contractual matters more difficult, and in some cases, it could mean a person no longer has access to their own savings or other assets—in other words, their assets are at risk of being frozen. For this reason, it is important that advance planning preparations are undertaken beforehand, with the use of a guardianship or trust fund, for example.

In fact, SuMi TRUST Bank is actively exchanging information with the operators of housing and care facilities for seniors and acquiring regional information databases for each municipality and senior housing databases containing information about each elderly home or facility. The Bank is using these databases to build market analysis tools and programs for calculating business operation expenditures.

SuMi TRUST Bank's research, based on various data, indicates that by the year 2030 the amount of financial assets held by people with dementia will have reached ¥214 trillion, while homes and other real estate is expected to be worth ¥100 trillion.

To address these issues, SuMi TRUST Bank is implementing the following measures to sow the seeds of a prosperous aging society in Japan in an era during which many people will likely live to be 100 years old.



Strengthening digital and financial literacy

There is a need to support the digital and financial literacy skills of older people, to help them keep up with the pace of change and avoid risk factors that could influence their financial well-being. Also, older people are more likely to need tailored provision of up-to-date knowledge and information presented in an appealing, jargon-free way—taking into account their diverse preferences and needs, physical and cognitive capacities and the rapidly changing financial landscape.

SuMi TRUST Bank has produced documents that are easier on the eyes of elderly clients and it is also making use of cartoon strips and pictures so that the content of such material is more easily understandable. It also launched its own YouTube channel in September 2021.

In light of the Group's ambition to be the "Best Partner" for our clients in this age of centenarians, we put a lot of effort into making sure that employees acquire knowledge of gerontology and master the methods needed to properly explain and provide information to elderly clients based that knowledge. Since 2014, it has been mandatory for all branch managers, deputy general managers, and section managers in the Retail Total Solution Services Business of SuMi TRUST Bank to obtain "Gerontology Concierge" accreditation, and the Bank also encourages all employees in this same business to take and pass the Bank Gerontologist exam, a test of gerontology and medical topics as they relate to financial services that was jointly developed by the Decision-Making

Support Organization of Japan (DMSOJ) and the Kinzai Institute for Financial Affairs in January 2021. As of October 2021, more than 60% of employees had already passed the Bank Gerontologist exam.

In addition, since 2012 the head office and each branch office have continued to collaborate on hosting Silver College seminars in order to provide easy-to-understand information about gerontology to the senior generation and our clients that currently assist them.

Related accreditations (as of end-Dec 2021)

No. of dementia support training participants	3,773
Gerontology exam*	834
Bank Gerontologist exam	3,495

*Employees that pass the exam are awarded "Gerontology Concierge" accreditation by the Society for Applied Gerontology Japan.

These initiatives mean our employees can explain our products and services in a way that is easily understood by elderly clients, and together with online consultations and other experiences described on page 151, can contribute to the enhancement of both financial literacy and digital skills.



Supporting lifetime financial planning

The G20 Fukuoka Policy Priorities report states that lifetime financial planning support should be provided by illustrating financial needs in old age, explaining the relevance of starting young, and providing access to the tools and services that make it possible. Such measures may be particularly relevant for women and younger people from the view point of financial inclusion.

SuMi TRUST Bank provides generation plans that detail the needs and events of each generation, as well as the Lifecycle-Navi simulation tool. And every season it uses a dedicated checklist sheet to run a periodic health check of client assets to ensure they are being properly managed, much like a regular health checkup.

The Bank also offers a digital final letter of instruction as part of its Funeral Trust product, as well as housing wills (free will custody service) for mortgage loan clients. These offerings provide clients the opportunity to kick off advance planning from a relatively young age.

For loans too, SuMi TRUST Bank provides housing assistance and reverse mortgage loans for seniors to help elderly clients finance a new or refurbished home.

COLUMN

Opening of Centenarian Anshin Plaza

Sumitomo Mitsui Trust Life Partners, the insurance sales arm of SuMi TRUST Bank, opened its second Centenarian Anshin Plaza in Nagoya in June 2021 after the first one was opened in Shinjuku. The plazas serve as a new face-to-face consulting channel primarily focusing on clients that are currently part of the working generation by blending SuMi TRUST Bank's specialist products, services, and consulting capabilities with insurance consulting know-how. The Group will look to utilize this consulting channel to promote the kind of insurance business model only a trust bank can deliver—one that offers comprehensive proposals while taking into account taxation, social security, and pension systems. In this way, we aim to be the financial institution chosen by our clients as their "Best Partner" in this age of 100-year living.

Please visit our website for more information.

<https://www.smtb.jp/-/media/tb/personal/news/2021/pdf/20210603.pdf>



Customizing

While it is important that financial inclusion policies and approaches address the diverse financial needs of older consumers in a customized way, it is also important to recognize that future generations of older people may not have the same requirements as those of today. As explained in the aforementioned section about utilizing data and evidence, the incidence rate of impaired decision-making as a result of dementia or other illness is

now on a completely different dimension compared to when people were expected to live to the age of 50 or 80, for example. In 2019, SuMi TRUST Bank developed and started offering its Centenarian Support Trust (100-Year Passport) to combat dementia and then in fiscal 2021 it released the 100-Year Passport+ product for contracted fund wrap clients, which allows a representative nominated in advance to draw down managed assets when the client's cognitive capacity has deteriorated.

Cancellation options dependent on health for 100-Year Passport+

	Fund wrap only	Fund wrap & 100-Year Passport+
When healthy	○	○
With dementia	Freeze	○
Inheritance	Freeze	○

Investments need to be closed out (liquidated) at an earlier time → Long-term management is possible because assets can be liquidated

Furthermore, as a way of supporting the elderly who are worried about their beloved pet in the event that they should pass away, in June 2021 we developed a special pet clause for our trust products and will trusts so that our clients can feel comfortable about keeping a pet in old age.

Also, by making full use of our partnership with the Anshin Support Corporation, we have other trust products available to meet the wide-ranging needs of clients, such as the Anshin Support Trust (money trust-type and fund wrap-type) that can be paired with a discretionary guardianship.



Innovating

SuMi TRUST Bank has adopted the use of tablet devices for consulting, and as explained already in the section above about improving accessibility by expanding online transactions and the use of digital technology, it is pushing ahead with online client consultations and transactions. It is also furthering the exhaustive use of technology by providing an SMS-based monitoring service for the Funeral Trust—a product that takes care of after-death matters as stated in the client's final letter of instruction.

Moreover, with the aim of expanding decision-making support for the elderly, SuMi TRUST Bank is a full member of the Decision-Making Support Organization Japan and is currently helping promote innovation by undertaking R&D into innovative digital technology that uses algorithms. For more information, please refer to the supplementary materials accompanying the JFSA Strategic Priorities publication, as well as the research project of the New Energy and Industrial Technology Development Organization (NEDO) to develop digital technology to further refine regulations.

Collaborating with COLTEM on decision-making support

SuMi TRUST Bank is implementing dementia-related initiatives by collaborating with COLTEM (collaboration center of law, technology, and medicine for autonomy of older adults), which receives assistance from MEXT's Japan Science and Technology Agency, as well as the post-graduate school of Kyoto Prefectural University of Medicine, a leader in dementia research (in particular, Professor Jin Narumoto). The publication of our Guide for Dementia Friendly Financial Services in September 2017 is one accomplishment of this initiative. We have also contributed to improving the entire financial industry's response to dementia issues by taking the lead in hosting symposiums with a focus on finance and dementia. The knowledge gained from these alliances have greatly helped SuMi TRUST Bank develop its own products and services.

Also, the Bank has focused its efforts on improving the entire financial industry's response to dementia issues by hosting a working group to discuss issues on responding to elderly clients at financial institutions. SuMi TRUST Bank also helped establish the Decision-Making Support Organization Japan, the succeeding organization to COLTEM, and contributed to the creation of the Bank Gerontologist certification exam in January 2021.



Participating in the University of Tokyo's Institute of Gerontology (IOG)

SuMi TRUST Bank is participating as a main player in the establishment of a new "finance & law" field for conceptualizing new ways of monitoring and providing living assistance to the elderly mainly with the use of guardianship, trust, and reverse mortgage schemes. The Bank aims to shoulder more of a load as a fiduciary and contribute to urban development in Japan's super-aged society on the way to building a lasting and comprehensive support system offering mainly financial, real estate, healthcare, nursing care, and community services so that clients can continue to live out their twilight years in familiar surroundings in this age of centenarians.



Protecting the elderly

Addressing the problems of financial abuse and fraud of older people is definitely essential to financial inclusion. A study by the IOSCO found that there was an almost unanimous view among participating regulators that older investors are at greater risk than other investors of losing money to fraud or being taken advantage of.

To protect the elderly from scams, SuMi TRUST Bank provides money trusts and security trusts from which the withdrawal of funds requires the approval of a previously nominated consenting party. These trusts charge no management fees and their functions can also be packaged with the Centenarian Support Trust (100-Year Passport).



Encouraging stakeholder engagement

Given the multiple dimensions of the issue and the wide range of approaches and interventions that are needed, it is important that organizations from financial and non-financial sectors work together to support the financial inclusion of the elderly.

In November 2020, SuMi TRUST Bank entered into an agreement with the Tokyo Bar Association to refer clients wanting to discuss matters concerning the use of a civil trust. Also, in August 2019 the Bank was the first in the finance industry to form a partnership with the Daini Tokyo Bar Association to introduce visiting lawyers.

Further, the SuMi TRUST Group is a member of ILC-Japan, the Japanese branch of the International Longevity Center, a global alliance of organizations focused on gerontology. And since 2017 we have also chaired an industry-government-academia research group that studies societies characterized by longevity.

Not only does SuMi TRUST Bank work closely with the Anshin Support Corporation to provide its Funeral Trust product and other money trusts, but it also collaborates with companies that arrange funerals, burials, the cleanup of belongings, and other post-mortem services. The Bank also partners with veterinary hospitals and retirement homes for senior dogs in connection with will trusts that have a special pet clause attached.

In this way, the Group pursues partnerships through trusts that extend beyond the framework of financial services.



Targeting key audiences

Supporting these groups is particularly important as combinations of disadvantageous conditions are likely to increase vulnerability to financial and social exclusion and isolation.

To manage and safeguard a ward's estate under the guardianship system—for which demand is growing as a result of an increase in dementia and other conditions—SuMi TRUST Bank developed the Guardianship System Support Trust. Thanks to close collaboration with family courts and other relevant parties by each branch office and department, this trust product is by far the most widely used of its kind in the finance industry.

Also, for the trust purpose of contributing to sound living arrangements in the future for not only the elderly, but also people with disabilities, SuMi TRUST Bank offers a Special Donation Trust through which it can deliver, as the trustee, tax-free payments up to ¥60 million or ¥30 million to a disabled person even after a client's decision-making capacity has deteriorated or in the event of their death.

Given that more and more senior citizens are living alone in Japan's super-aged society, the Bank offers trust products well suited to the circumstances of clients and their households, including security trusts, the 100-Year Passport, and the Funeral Trust.

(3) Flexible approach to mainly terms of repayment on loan transactions

Responding to COVID-19

To handle inquiries about SuMi TRUST Bank loan repayment terms mainly in connection with the economic impacts wrought by the COVID-19 pandemic, the Bank has set up a dedicated hotline for individual clients wishing to discuss their loan repayment obligations. Clients can also still visit their transacting branch to discuss such matters.

In addition, in response to the spread of COVID-19 infections, in November 2020 SuMi TRUST Bank started offering additional mortgage loan repayment insurance coverage to mortgage loan clients insured for the eight major diseases in the event they become unemployed. The unemployment coverage means SuMi TRUST Bank will cover the client's monthly mortgage loan repayments for up to three months if their employer goes bankrupt or if they are laid off.

Flexible approach to mainly terms of repayment on loan transactions (initiatives for financial facilitation)

SuMi TRUST Bank believes that the smooth supply of necessary funds to clients is the most important role of a financial institution. In order to actively give full swing to this financial intermediary function, the Bank established a Basic Policy on Facilitation of Financing (excerpt shown below).

Basic Guidelines Concerning Facilitation of Financing

- When a client seeks to discuss or apply for a loan, or discuss or apply for changes to borrowing conditions, we will make every effort to address the client's request seriously and reach a solution appropriately and promptly after taking the client's circumstances into full consideration.
 - When a client, for whom borrowing conditions had been changed, seeks to discuss or apply for a loan of necessary funds, we will address the client's request seriously and not reject it solely based on the fact that the client's borrowing conditions had been changed.
 - When a client applying for changes to be made to borrowing conditions has transactions with other financial institutions, we will make every effort to protect the client's privacy and exercise due care in handling the client's personal information when collaborating closely with the financial institutions the client transacts with, provided we have been given the client's consent.
 - When, for unavoidable reasons, we must turn down a client's request to discuss or apply for changes to borrowing conditions, we will make every effort to provide sufficient explanations to the client with as much time to spare as possible by referencing the client's hitherto transactions in order to gain the client's understanding and agreement.
 - We will make every effort to appropriately and promptly respond to client inquiries, consultations, opinions, requests, or complaints about loans.
 - When we receive a confirmation from a specified certified dispute resolution business operator (pursuant to paragraph 24 of Article 2 of the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities) to whom an SME client has requested the execution of specified certified dispute resolution procedures (pursuant to paragraph 25 of Article 2 of the Act; hereafter the "Turnaround ADR Procedures") whether we will make a request for the execution of the Turnaround ADR Procedures or not, we will make every effort to make the request so that a prompt dispute resolution can be reached.
 - When we receive a debt factoring application from the Regional Economy Vitalization Corporation of Japan (REVIC) or the Great East Japan Earthquake Business Revitalization Support Agency, or when we receive a request for approval on claims management or disposal in accordance with a business revitalization plan, we will make every effort to respond appropriately.
- We will also make every effort to appropriately cooperate on changing borrowing conditions for the business revitalization plan for which our approval is sought.
- We will actively provide business consultation services to clients and support initiatives aimed at improving business management of clients.
 - We will make every effort to provide training and guidance to employees so that they may improve their capabilities for appropriately assessing the business value of clients.
 - We will respect our Guidelines for Management Guarantee and make every effort to sincerely and flexibly respond to cases where we conclude a guarantee agreement with a client.

Guided by the basic guidelines above, SuMi TRUST Bank promptly and politely responds to clients seeking to discuss changes to loan repayment terms if the loan has become difficult to repay because of financial circumstances. Individual and corporate clients can visit their transacting branch to discuss

their situation in person, while mortgage loan and business loan clients can also make use of our toll-free number.

The table below shows the number of loan claims received the requests for changes to borrowing conditions as of the end of March 2021.

Number of Loan Claims Received the Requests for Changes to Borrowing Conditions

► In the Case of SMEs

	End of March 2021
Number of loan claims for which restructuring of loan conditions, etc. was requested	4,909
Of which, number of loan claims regarding implementation	4,524
Of which, number of loan claims regarding refusal	109
Of which, number of loan claims under examination	7
Of which, number of loan claims regarding withdrawal	269

► In the Case of Housing Loan Clients

	End of March 2021
Number of loan claims for which restructuring of loan conditions, etc. was requested	7,580
Of which, number of loan claims regarding implementation	5,802
Of which, number of loan claims regarding refusal	383
Of which, number of loan claims under examination	114
Of which, number of loan claims regarding withdrawal	1,281

Using Trusts to Promote Community Investments

Charitable Trusts

A charitable trust is a system in which funds are entrusted to a trust bank that administers and manages the funds to carry out charitable activities in a pre-determined way. For example, these trusts may be used by individuals wishing to provide funds for charitable activities or by companies that wish to return a portion of their profits to society. They have been used in a wide range of fields, including the provision of academic scholarships, support of environmental protection activities, and promotion of international cooperation and international exchanges.

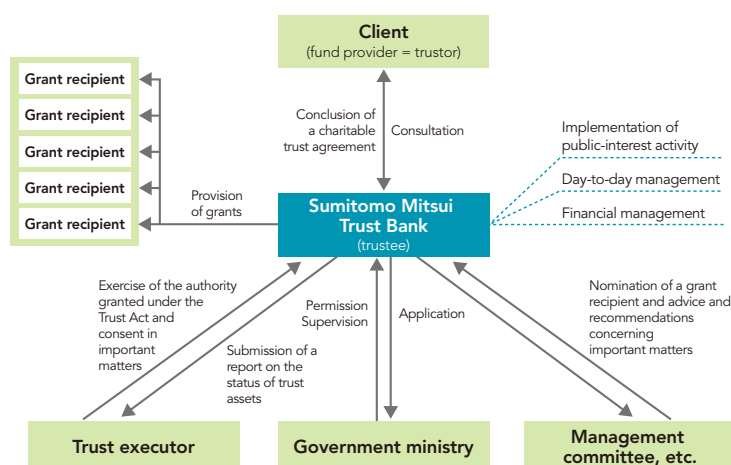
Charitable trusts are often named for the trustor, so his or her aspirations can be remembered for years to come by many people. Moreover, to ensure the public interest is served in accordance with the client's intentions, a charitable trust can

be "order made" to fit the client's instructions. What public interest is it to serve and what sort of granting process will it implement? The trust can be arranged to reflect the client's instructions on the monetary size of the grants (scholarships), the number, the regional scope, or the terms of eligibility.

Since launching its first charitable trust in 1977, SuMi TRUST Bank has served the public interest in various fields, supported by the good intentions of both individual and corporate clients.

As of March 2021, the Bank had accepted 174 charitable trust mandates worth ¥31.9 billion. In fiscal 2020, charitable trusts were used to pay a total ¥1.15 billion in grants (scholarships) to 2,507 organizations (including individuals).

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type (as of March 2021)

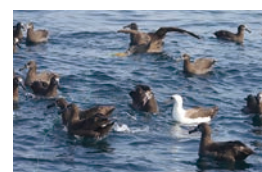
Type	Number of trusts under management
Scholarship	61
Promotion of natural science research	33
Promotion of human science research	4
Promotion of education	17
Social welfare	9
Promotion of arts and culture	9
Protection and propagation of animals and plants	1
Conservation of the natural environment	6
Development and maintenance of the urban environment	18
Promotion of international cooperation and exchanges	11
Other	5
Total	174

TOPIC

Keidanren Nature Conservation Fund

In recognition of the fact that protection of the natural environment is a serious and lasting issue on a global scale, the Keidanren Committee on Nature Conservation commissioned the establishment of the Keidanren Nature Conservation Fund in 2000 for the purpose of taking concrete action to address this issue.

The Fund accepts donations from Keidanren member corporations, private sector firms, and individuals and extends approximately ¥200 million in grants every year to nature conservation activities carried out by NPOs and NGOs in Japan and emerging regions.



Short-tailed albatrosses observed by members of the Yamashina Institute for Ornithology

TOPIC

Suntory Fund for Bird Conservation

The Suntory Fund for Bird Conservation was established by Suntory Holdings Limited in 1990; its goal is to promote bird conservation, and thereby contribute to the preservation of the global environment. The Fund supports bird conservation activities both in Japan and overseas, providing grants worth approximately ¥40 million per year. It is comprised of three categories: the Bird Conservation Groups Activities Grant category; the Regional Bird-watching Activities Grant category; and the Waterfront Large Bird Conservation category.



Grey-faced buzzard conservation education activities take place at an elementary school in a poaching settlement in the Philippines

Helping Invigorate Communities and Society

Initiatives for donations

In order to respond to the social contribution needs of its donation-minded clients, SuMi TRUST Bank has long provided testamentary trusts and money trusts.

In recent years, due to the coronavirus pandemic and to an increasing awareness of SDGs activities, the needs of both individuals who wish to give donations and organizations wishing to receive donations are expanding.

Social Contribution Donation Trusts

SuMi TRUST Bank offers social contribution donation trusts (also referred to as “Bridge to Tomorrow”) intended to make donations to charitable organizations etc. engaged in social contribution activities. Through the trust, clients can choose donation recipients from a list of organizations that SuMi TRUST Bank provides and donate one-fifth of the original trust principal once a year. (Donors can change donation

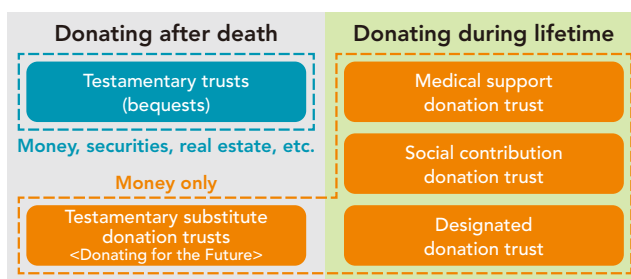
List of Donation Recipients (as of August 14, 2019)

Environment	World Wide Fund for Nature Japan (WWF Japan)
Environment	Ecosystem Conservation Society-Japan
Education	National Federation of UNESCO Associations in Japan
Medicine	Japan Cancer Society
Medicine	Center for iPS Cell Research and Application, Kyoto University
Medicine	Médecins Sans Frontières Japan
Social welfare	Japan Guide Dog Association
Academics	The Japan Prize Foundation
Culture	Japan Arts Council
Disaster reconstruction support	Central Community Chest of Japan
Support for children	The Nippon Foundation
Support for sports for people with disabilities	Special Olympics Nippon Foundation
Humanitarian support	Japan for the Office of the United Nations High Commissioner for Refugees (UNHCR)

Trusts for Managing Loaned-Out Shares

SuMi TRUST Bank offers trusts for managing loaned-out shares so shareholders can donate dividend income tax free to public interest foundations etc. Using this trust, shareholders lend shares without compensation to NPOs, etc. in a scheme that enables them to offer ongoing support to the designated stock borrower in the form of tax free dividend income from the shares.

Main donation-related solutions



recipients each year.) These clients receive reports from the recipient on how the donations were used and what activities were conducted.

SuMi TRUST Bank supports activities regarding not only the environment but also various themes including education, medical care, academia, and culture through social contribution donation trusts.

Examples of items received from donation recipients

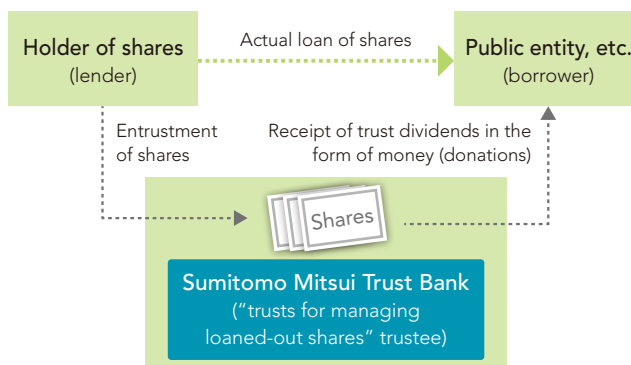
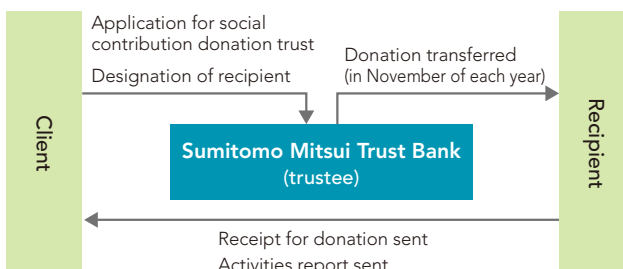


Gifts of nature
Eco-friendly towel and almanac of Japan's living things



Reports
Trust reports

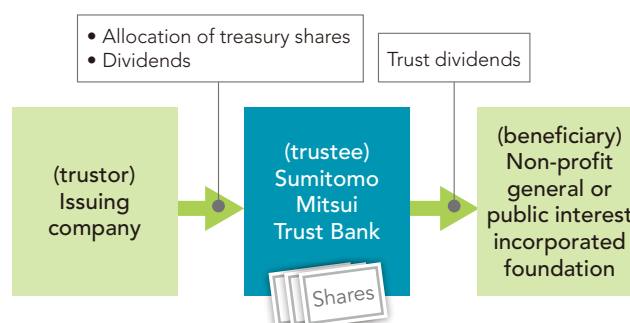
Mechanism of Social Contribution Donation Trusts



Social Contribution Scheme Using Treasury Shares

SuMi TRUST Bank offers trust schemes for companies to donate dividend income from their treasury holdings to public interest foundations etc., as a way to contribute to society.

In fiscal year 2014, SuMi TRUST Bank implemented this scheme between Toyota Motor Corporation (trustor) and the Toyota Mobility Foundation (beneficiary). In this case, the dividend income is used to tackle many issues, such as eliminating the mobility disparity in emerging and developing nations, activities that promote the healthy development of the auto industry, and the funding of research into cutting-edge technology and systems in developed markets.



Designated Donation Trusts

Based on a scheme established following amendments to Japan's taxation system in fiscal year 2011, SuMi TRUST Bank also offers a "designated donation trust." Investment gains in the trust are tax free and together with the trust principal can

be donated to a charitable organization. Donations can be made regularly over a 5-year or 10-year period to any organization, not just those listed by SuMi TRUST Bank.

Contributions to donations

In part due to the effects of the spread of COVID-19, Japanese individuals are now reported to be donating in excess of ¥1 trillion per year. SuMi TRUST Bank has offered a social contribution donation trusts entitled "Bridge to Tomorrow" since April 2011; in May 2020, it opened an account to accept donations for the development of vaccines and treatments for COVID-19, which received a total of ¥260 million in donations; in April 2021, it launched a medical support donation trust, and a testamentary substitute donation trust entitled "Donating for the Future," with the goal of providing support to universities carrying out medical research. In this way, the Bank is utilizing the power of trusts—namely to transform ability, time, and assets—to eliminate factors that prevent people from making donations, and so to support the transformation of good will and a desire to contribute to society into concrete donations. SuMi TRUST Bank manages 35,000 testamentary trusts, and helps the precious assets of its clients to be handed over according to their wishes via the provision of a will-making consultation service, and by accurately executing its role as a will executor.

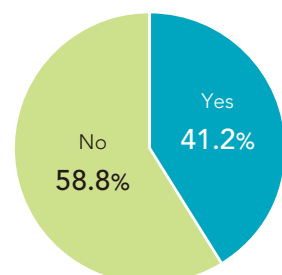
Testamentary trust partners (assisting bequeathal donations through the provision of testamentary trusts)

Partners	Number of partners
Incorporated educational institutions	116
Social welfare and medical care	47
International humanitarian aid	13
Scholarships and education	10
Promotion of art and culture	15
Other (environment, local public bodies, etc.)	11
Total	212

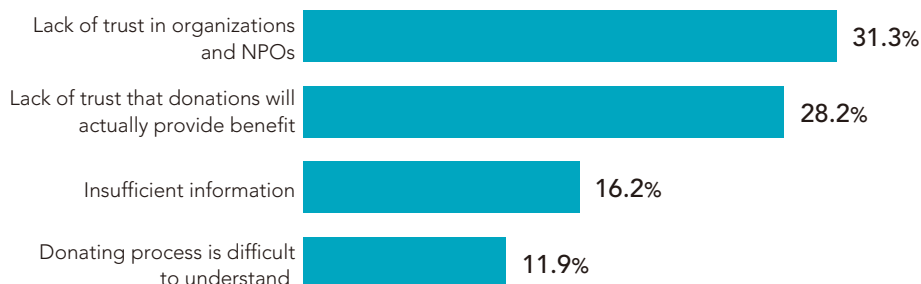
Number of partners

Fiscal year	Number of partners
FY2018	173
FY2019	183
FY2020	196
FY2021	212

Have you donated before?



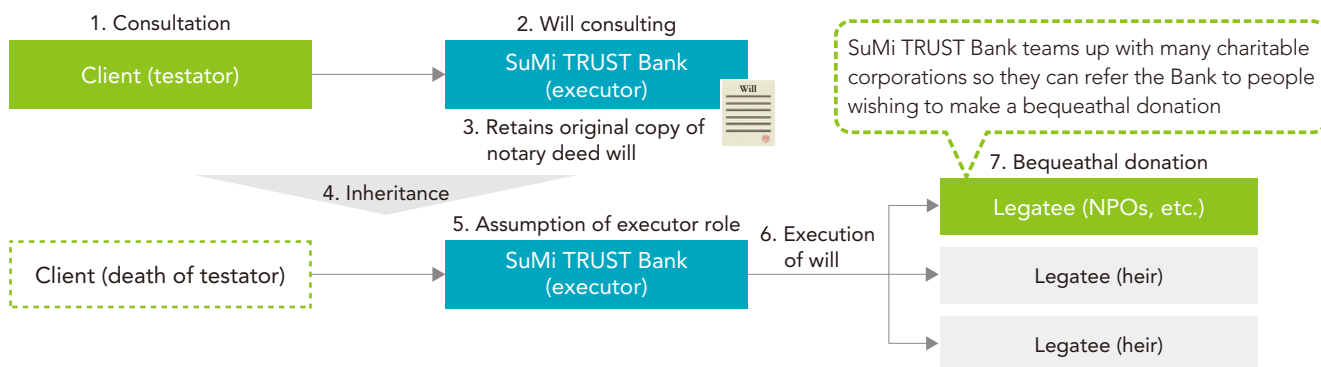
Reasons for not donating



"FY2016 Survey into social contributions by citizens," Cabinet Office

Helping Invigorate Communities and Society

Overview of Bequeathal Donations Using Will Trusts



List of organizations receiving donations from medical support donation trusts (as of November 8, 2021)

Hokkaido University	Hospital Yume (Youth and Medicine) Fund
Tohoku University	Future Medicine and Health Care Design: establishing medical examination models for Japan
The University of Tokyo	Future Medicine and Health Care Development Project
The Kitasato Institute	Standing Up to Infection: Omura Satoshi Memorial Institute Fund
Tokyo University of Science	Data Science x Medical Care
Nagoya University	University hospital support project
Kyoto University	Research into overcoming and treatment of cancer and other intractable diseases
Osaka University	COVID-19 infection countermeasures fund
Kobe University	Utilizing ICCRC in our hospital research
Okayama University	Support for operating accommodation facilities for families of pediatric patients
Hiroshima University	Project to create a strong Japan against infectious disease
Ehime University	Project to extend healthy life expectancies based on understanding and controlling aging mechanisms
Kyushu University	Developing medical care and establishing medical care systems for realizing a healthy and secure society
Tokyo Institute of Technology	Research project into overcoming COVID-19

TOPIC

In December 2021, the Hiroshima Branch of SuMi TRUST Bank held the Hiroshima University Lobby Exhibition in collaboration with Hiroshima University.

In April 2021, the SuMi TRUST Bank began offering a medical support donation trust to help connect individual clients wishing to contribute to resolving social issues presented by COVID-19 with universities wishing to resolve social issues through their research; Hiroshima University is one of the recipients of donations from these trusts. This lobby exhibition featured a poster for the medical support donation trust, which was jointly produced with Hiroshima University to support the university's Project to Create a Strong Japan against Infectious Disease, and introduced the donor trust. The exhibition also displayed historical photos of Hiroshima University, and broadcast DVDs. Visitors to the exhibition voiced their support for Hiroshima University, and viewed with nostalgia the history of the university that had evolved hand-in-hand with the city itself. Through such initiatives, SuMi TRUST Bank intends to assist university research and carry out activities aimed at increasing the number of university supporters. Going forward, the Bank will continue to contribute to society through the provision of trust-based solutions.



Participation in Social and Community Activities



Significance of Participating in Social and Community Activities

SuMi TRUST Group integrates an SDG viewpoint into the array of community and regional contribution initiatives it implements in communities where the Group and Group companies, including SuMi TRUST Bank, has office branches. Providing value helps support the soundness of our business foundation, and some also believe it is necessary as a social license to operate a business.



SUMI TRUST GROUP INITIATIVES 01

Supporting Education for Children to Grow into Next-Generation Leaders



We Support UWC ISAK's Goal of Empowering Changemakers*1

The Group is a proponent of the educational philosophy of United World College ISAK Japan (abbreviated UWC ISAK), which is to "Empower Changemakers." Since 2013, we have been supporting a two-week summer school program aimed at junior high school students on the ISAK Japan campus. Many of the students who participate in the summer school are from developing countries and impoverished socio-economic backgrounds. Each year the Group pays the tuition fees and other expenses of one scholarship student participating in the summer school from a developing country such as India.



The summer school was run from July 21 to August 2 in fiscal year 2021, with 80 junior high school students from 16 countries around the world attending.

*1 A "changemaker" is a leader who helps transform the next generation of society.

Advance to Universities in Japan or Abroad/Gap Year*2

International baccalaureate (IB) diploma
Japanese high school diploma



United World College ISAK Japan (UWC ISAK Japan)



Selection



Selection

Summer School

Main supporter

Every year SuMi TRUST Group pays the tuition fees for one scholarship student.

Selection

Accept Applications from Junior High Students from Countries Worldwide



Karuizawa

*2 Gap year: A period when high school students who have received a letter of acceptance to a university gain various life experiences without immediately proceeding to higher education. During the period, individual students pursue social experiences such as volunteer activities and internships, study abroad programs, and travel.

TOPIC 01

About UWC ISAK, the School We Support

UWC ISAK, a campus in the wilderness of Karuizawa, is a boarding-only high school that fosters changemakers who can play an active part in the international community. The school accepts students from 73 countries around the world. Of the approximately 200 students who attend the school, about 70% are overseas students. Many of the students are from economically disadvantaged backgrounds, and about 70% of the student body is on scholarships that do not require repayment. UWC ISAK's greatest attraction is living in dormitories with colleagues from all over the world. Students from a variety of social and economic backgrounds, as well as nationalities, become keenly aware of each other's viewpoints and cultures in an environment of sharing. In this environment, students grow up into adults who understand and respect different values and beliefs, rather than denying or rejecting them.



Karuizawa campus

Students SuMi TRUST Group Have Supported Since 2013


2013



 Vietnam
Hong Lien
Ngyuen

2014



 India
Thulasi Priya
Ramesh

2015



 India
Thanuja
Ramesh


2016



 Mexico
Eduardo
Bautista

2017



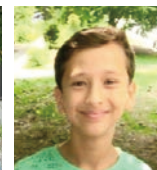
 India
Prashanth
Babu

2018



 India
Prathana
Himalachi

2019



 India
Hemant
Sharma



In fiscal year 2020, we were unable to provide the same level of support as before due to the COVID-19 pandemic, but in fiscal year 2021 we provided a full scholarship for one student and a partial scholarship for one student.

The COVID-19 pandemic meant that this year's summer school was mainly attended by students living in Japan. Multiple new programs that are not usually held were run, such as classes thinking about whether we all need to learn the same language.



 Australia
Niko Carter

Niko, who was born and raised in Sydney, Australia, came to Japan at nine years old and has since been attending a Japanese school. With schools switching to remote classes due to the pandemic, she exhibits leadership by holding English classes for children in the local community with a lot of time on their hands. As a good listener, she is also skilled at talking to those around her with compassion and building relationships of trust. After those around her asked her about her presence as someone who is half-Japanese, she began to think deeply about her identity. She became interested in global human rights problems and LGBTQ issues, developing a desire to work

to realize a society free of discrimination. Thanks to her upbringing with a diverse background, she understands what she wants to be. She took initiative leading the conversation at the summer school's "speak to someone of a different gender project." Reading the atmosphere in the classroom, where it was difficult to express what one really thought, she shared her own painful experience as someone who is half-Japanese, creating an environment where people could open up what they felt inside. School staff were surprised at how mature she acted despite being a junior high school student.



 Vietnam
Khanh Chi Luu

Chi, who was born in Ho Chi Minh City, Vietnam, also goes to school in Japan. Out of the belief that one's own personal growth is the most necessary thing in order to change society, she is multi-faceted, speaking three languages, organizing classes to teach Vietnamese and English to children living in the area, and teaching herself programming. By living in Japan as a foreign resident, she has become aware of all types of issues. In particular, she would like to work to improve the labor environment and conditions of non-Japanese laborers working in Japan. She is quick to help when she sees someone in need, is proactive in reaching out to others, and

makes friends easily with anyone. Despite this bright and intelligent personality, she said she was very nervous at the start of the summer school. She came out of her shell after singing in front of everyone on the day of the karaoke night and became able to engage with those around her while being herself. Helped by the understanding of those around her and the positive environment, she overcame her dislike of English, expressed her own opinions in her own words, and became able to confidently give presentations. She said that the summer school planted a sense of self-affirmation in her and significantly boosted her motivation to express herself in English.



We hope that the support of the Group will help the two of them to spread their wings powerfully on the global stage. We sincerely hope that Niko's and Chi's dreams come true in the near future.

TOPIC 02

Displays in Branch Lobbies Nationwide

Starting in fiscal year 2017, an ISAK lobby display toured branches across Japan. During the panel exhibition, UWC ISAK Japan founder Lin Kobayashi told us, "Three of the students you have supported to date at our high school are from India. I would like to express our appreciation for your deep involvement in helping to establish the first steps in changing the lives of these students. I sincerely hope that when they return to their home country in the near future, they will transform their society without succumbing to the disadvantages they face and will be able to make a significant contribution to society."

©Jun Toyosaki



Founder Lin Kobayashi



Based on the thinking that providing value to the community represents a social license to operate, the SuMi TRUST Group integrates SDG viewpoints into the array of social and regional contribution initiatives we undertake in the communities where we have an office presence. Our policy going forward will be to engage in the very business of addressing the SDGs and strengthen our initiatives so that we can constantly maintain a sound business foundation. In this section of the report we provide information about the ESD initiatives of SuMi TRUST Bank.

SuMi TRUST Bank's ESD* Project and the SDGs

Guided by the belief that problems concerning the environment and biodiversity are fundamental issues companies ought to address, SuMi TRUST Bank has, since 2003, continued to champion sustainability initiatives through its own business operations, financial products, and services in an effort to help solve these issues. ESD is one such initiative—a program endorsed by the United Nations that aims to educate and nurture leaders of a sustainable society.

To achieve a sustainable society, every single one of us must recognize that the environment we live in is irreplaceable and that we must change how we conduct ourselves on a daily basis. However, it must also be said that we will

struggle to achieve a truly sustainable society if all we do is just protect the land that is currently on the verge of crisis. Thus, SuMi TRUST Bank believes that this goal can be achieved by leveraging future foresight and nurturing people who understand the value of nature. Since 2012 the Bank has undertaken various ESD projects with the aim of educating the next generation of children about the environment. One requirement in selecting a hosting site for an ESD project is that it must be nearby a SuMi TRUST Bank branch office. Each branch is working to build their own local brand through PR activities together with administrative agencies.

*ESD Stands for Education for Sustainable Development

Embracing Challenges in the “New Normal”

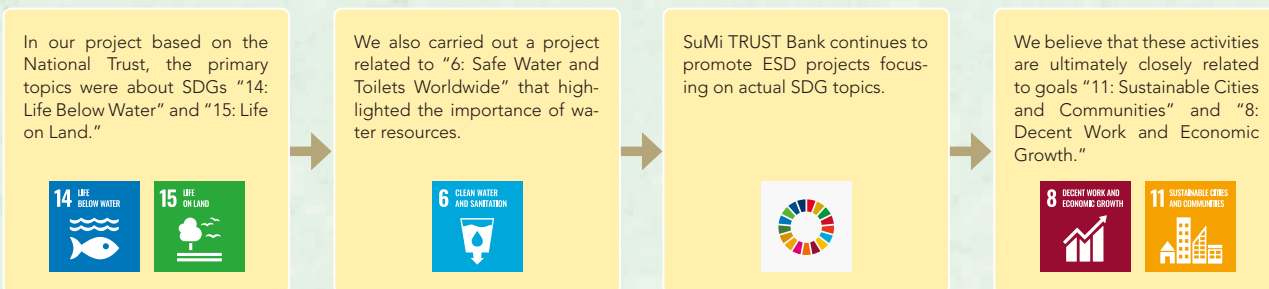
Since fiscal year 2020, we have been continuing to utilize ICT to take up new challenges in the new normal out of consideration for the COVID-19 pandemic, such as remote training sessions and class programs where participants and instructors are connected remotely.

In the first half of fiscal year 2020, an ESD leadership training session for teaching staff in Aichi Prefecture. The session was held online so that the participants from Aichi's schools could connect remotely with the Tokyo-based instructor, who delivered a lecture about incorporating ESD and the SDGs into classwork. In the second half of the same year, Online Dialogue with SDGs Specialists was held for third-year students of Saga Ryukokugakuen Ryukoku Junior High School in Saga City, Saga Prefecture. During this event, students engaged in direct online dialogue with experts active in their fields in order to enable them to explore the SDGs in more depth and detail, and

to think independently about how to solve social issues of interest to them.

In the first half of fiscal year 2021, SDGs Class: Envisioning the Earth and Us Ten Years From Now was held for fourth-year students of Chinzei Keiai Gakuen Keiai Elementary School in Kitakyushu City, Fukuoka Prefecture. During this event, students were provided with original video materials featuring small organisms, and were asked to raise issues and present solutions to familiar social issues. In the second half of the same year, for first-year students of Kanazawa Municipal Takaoka Junior High School in Kanazawa City, Ishikawa Prefecture, Kanazawa branch employees instructed a class on Work, Money, and SDGs, interview videos of two local people working on a project to preserve Kaga Yuzen silk dyeing and revitalize the local community, and support was provided for Career Education to Foster Future Leaders of Urban Development.

Changes in ESD project topics



Initiatives over the Past Years



SuMi TRUST Bank received an award from the Biodiversity Action Award 2015 (sponsored by the United Nations Decade on Biodiversity 2011-2020).



For a summary of the ESD projects implemented thus far, please scan the following QR code.



*The video of the workshop can be viewed at "ESD in Video." <https://www.smtb.jp/about/sustainability/esd>

Nov. 2012 Wakayama Prefecture Tanabe Daisan Elementary School Nature and biodiversity in Tenjinzaki	Sept. 2013 Kanagawa Prefecture Miura Municipal Koyo Elementary School Koajiro Forest where the red-clawed crab lives	Sept. 2014 Okayama Prefecture Okayama City Municipal Tsunoyama Elementary School Learning about the source of water in Okayama	Jan. 2015 Kanagawa Prefecture Kamakura City Shichirigahama Elementary School Studying Oyatsu Forest, the birthplace of the National Trust
June 2015 Osaka Prefecture Yao Municipal Nakatakayasu Elementary School Nature of Yao City, where the Japanese rosy bitterling fish lives	Jan. 2016 Fukui Prefecture Fukui Municipal Yashironishi Elementary School Studying the Nakaikemi Wetlands	July 2016 Aichi Prefecture Aichi Prefectural Kisogawa High School Lessons about local life and the future from the deepbody bitterling, an endangered fish	Feb. 2017 Chiba Prefecture Chiba Prefectural Funabashi Shibayama High School Lessons about the "web of life" from the Shibayama Wetlands
July 2017 Niigata Prefecture Niigata Municipal Akatsuka Junior High School Lessons about building communities that coexist with nature from Sakata Lagoon, a wetlands registered under the Ramsar Convention	Feb. 2018 Shiga Prefecture Shiga Prefectural Moriyama Junior & Senior High School Water source forest: Lessons for community and living from Lake Biwa and the SDGs	Aug. 2018 Ibaraki Prefecture Edogawa Gakuen Toride Junior & Senior High School Lessons for sustainable societies/SDGs from Japan's forests	Mar. 2019 Hokkaido Prefecture Sustainable Local High School event in Sapporo How SDGs and tourism make Sapporo a sustainable city
Aug. 2019 Kanagawa Prefecture Teaching staff of Kanagawa Prefectural junior/high schools SDGs seminar for teachers	Nov. 2019 Toyama Prefecture Toyama Prefectural Tonami High School Life planning and the SDGs	Aug. 2020 Aichi Prefecture Teaching staff of elementary, junior, and high schools in Aichi Prefecture ESD leadership training session	Mar. 2021 Saga Prefecture Saga Ryukokugakuen Ryukoku Junior High School Online dialogue with SDGs specialists
Sept./Oct. 2021 Fukuoka Prefecture Chinzei Keiai Gakuen Keiai Elementary School SDGs class: Envisioning the earth and us ten years from now	Oct./Nov. 2021 Ishikawa Prefecture Kanazawa Municipal Takaoka Junior High School Career education to foster future leaders of urban development		

SUMI TRUST GROUP INITIATIVES 03

Our Activities Supporting National Trusts



A movement that traces its origins to nineteenth-century England, the National Trusts acquires sites with natural value and historical buildings via donations from citizens. Its conservation activities protect private-sector sanctuaries as "trust land," highlighting this approach as an effective way to steadfastly protect natural capital. The National Trusts as a movement in Japan goes back to 1960, and the scope of its activities has broadened to now include over

50 regions across Japan.

SuMi TRUST Bank recognizes that increasing National Trusts landholdings is an investment in the foundation supporting our livelihoods, and through land acquisitions, environmental education, and our products using the trust system, we support its activities, which are rooted in the characteristics of each site.

Forest where Tsushima leopard cats live

The Tsushima leopard cat is an endangered wildcat living exclusively on Tsushima Island, Nagasaki Prefecture, with its population now down to just around 100. In addition to programs for Kuromatsunai town and Amami Oshima, SuMi TRUST Bank administers a donation program for funding purchases of National Trusts landholdings through social contribution donation trusts.

Nakaikemi Wetlands

The roughly 25-hectare Nakaikemi wetlands, surrounded by mountains on three sides, are rich with nature and designated under the Ramsar Convention. SuMi TRUST Bank has produced a video on the wetlands highlighting the 3,000 species of flora and fauna that call it home despite its proximity to a city center. The video is to be used for environmental education in Fukui Prefecture.

Northernmost Beech Forest

The Beech Forest in Kuromatsunai town is the most northern habitat of native beech. Moreover, the forest is valuable for awakening us to the environmental changes caused by global warming. Employees of the Sapporo Branch and Sapporo-Chuo Branch planted beech saplings on the National Trusts site and are active in regular activities to conserve the beech trees.

Oyatsu Forest

Oyatsu Forest spreads out behind the Tsurugaoka Hachimangu shrine. To protect this forest, the Kamakura Environment Conservation Society was established in 1964 as the first National Trusts chapter in Japan. SuMi TRUST Bank sponsored an environmental education class in Kamakura City to mark the 50th anniversary of the Society's founding.

Forest where Amami-no-kurousagi (Amami Rabbit) lives

SuMi TRUST Bank has joined the Trust Campaign run by the Association of National Trusts in Japan to protect the rare Amami Rabbit, whose sole habitats are the islands of Amami Oshima and Toku-no-shima. The Kagoshima Branch donated a sum commensurate to that needed to purchase 8,066 m² of forest lands for the rabbit.

Tenjinzaki

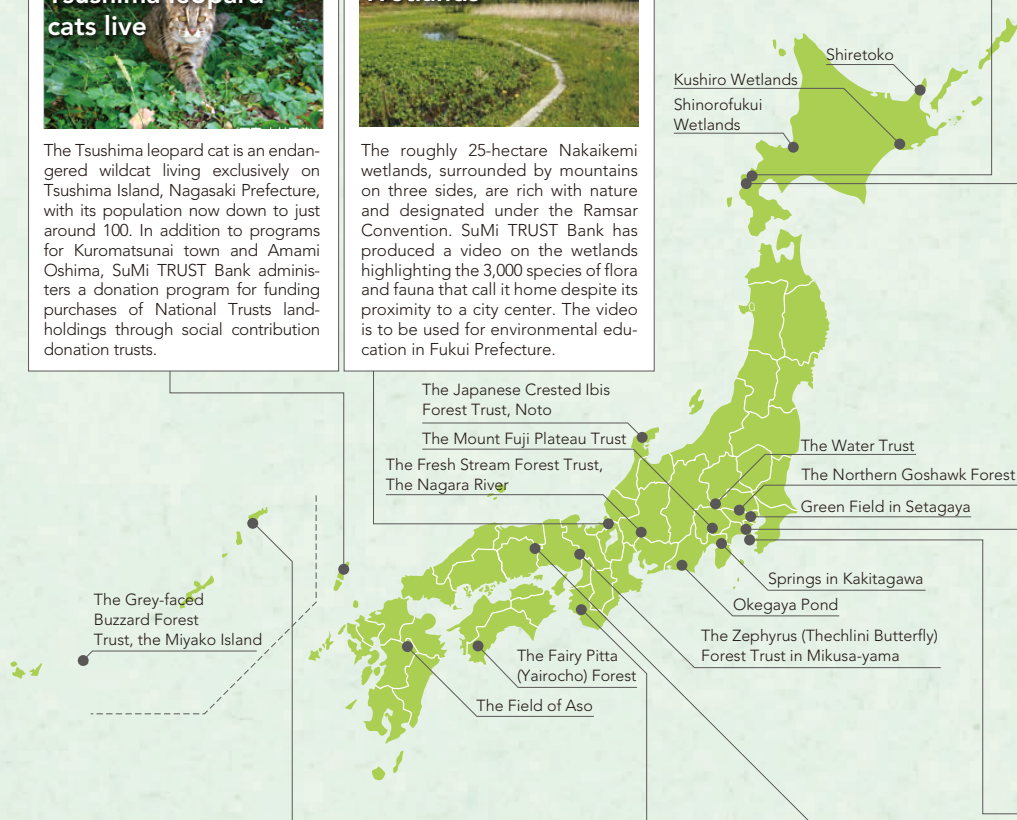
Tenjinzaki is a promontory in Tanabe City, Wakayama Prefecture. Despite its location near a city center, the site is home to a rich natural environment. SuMi TRUST Bank produced education videos from interviews conducted by students of a nearby elementary school, and used these for environmental education classes.

Water Head in Mimasaka Forest Trust

The water head for the Yoshii River watershed is in a 62 hectare forest where nature has been preserved in a pristine state. SuMi TRUST Bank created educational materials on the water head forest and used them to teach environmental education classes to elementary school students, prompting the students to think about the importance of water.

Koajiro Forest

Koajiro Forest, located near the tip of the Miura Peninsula, has been preserved by the activities of the National Trust chapter in Kanagawa Prefecture. SuMi TRUST Bank, in collaboration with Green TV Japan, interviewed experts for an education video it produced for use in environmental education classes at elementary schools.





**Utsai Bog,
Hokkaido's Oldest**

SuMi TRUST Bank joined a campaign led by the Association of National Trusts in Japan to protect the Utsai Bog, the oldest high-elevation marshland in Hokkaido with a history that goes back 24,000 years. The donation of the Sapporo Branch and Sapporo-Chuo Branch for the Utsai Bog is commensurate to the sum needed to purchase 1,500 m² of the site.

Employees in Branches Nationwide Are Learning About the National Trust and Mori-No-Boen To Promote Awareness Among Stakeholders

Since the start of the COVID-19 pandemic, SuMi TRUST Bank branches have been relearning about themes that they have been working on for many years through online in-house study sessions and proactively expanding activities to raise awareness among clients of the Retail Total Solutions Services Business and other members of the local community.

In fiscal 2020, we ran online study sessions themed around the National Trust, a nature conservation movement that traces its origins to the United Kingdom, and Mori-no-boen*, a cemetery made using its methods. Participants learned about summaries of the National Trust and Mori-no-boen as well as information that would be useful when clients ask for advice on real estate, end-of-life procedures, and inheritance.

*Mori-no-boen (forest cemetery): Opened by the Ecosystem Conservation Society-Japan in February 2016 in the town of Chonan in Chiba Prefecture. In order to naturally regenerate the land on which the forest was destroyed by sand excavation, the National Trust method is being used to turn the land into a cemetery by planting native tree saplings as grave markers. No man-made items such as gravestones are used in the cemetery, so for this reason it is attracting attention as a new type of cemetery business where a natural forest is expected to cover the entirety of the burial grounds in the future.



Branches nationwide are running lobby exhibitions exhibiting panels about various themes.

Fiscal year 2020 lobby exhibition results

Mori-no-boen: 53 branches

National Trust: 56 branches

Overview of Fiscal Year 2020 Online in-house Study Sessions

Month	September 2020	December 2020
Theme	Mori-no-boen	National Trust
Instructor	Ecosystem Conservation Society-Japan	The Association of National Trusts in Japan
Participation	261 participants from 51 branches and departments	328 participants from 76 branches and departments
Content	<p>Recent situation and problems surrounding end-of-life procedures, overview of Mori-no-boen, and sharing needs for end-of-life procedures and inheritance</p>  <p>Online in-house study session on Mori-no-boen</p>	<p>The history of the National Trust, the company's leading initiatives, and sharing needs related to real estate and inheritance</p>  <p>Online in-house study session on the National Trust</p>

Supporting National Trusts' Activities through Donations for Acquiring Land

Land is the foundation of natural capital in terrestrial ecosystems. While development has destroyed nature, another problem in recent years is that those lands whose succession rights have been relinquished or unregistered have grown sharply due to Japan's shrinking population. We believe that preventing the spread of mountain forests and farmland whose owner is unknown, while putting more land under management to sustain its nature, is an effective approach to arrest the degradation of Japan's natural capital.

SuMi TRUST Bank supports those groups, including the Association of National Trusts in Japan, which promote the activities to acquire high-value sites and land with bountiful nature through contributions from citizens and corporations. The Bank has donated funds to purchase those lands where endangered species live and of academically important. In 2014, the Bank donated funds toward the acquisition of forest land (equivalent to about 8,000 m²) in Amami Oshima, Kagoshima Prefecture, to conserve habitat for the endangered Amami

rabbit. In 2015, the Bank donated funds toward the acquisition of the Utsai bog (equivalent to about 1,500 m² of the site), located within Kuromatsunai town, Hokkaido, to conserve the high-elevation wetland, one of the oldest in Hokkaido.

In addition, "social contribution vending machines" that donate a percentage of their sales to the Association of National Trusts in Japan have been installed in the Nakano Branch, the Tokorozawa Branch, the Tokorozawa-Ekimae Branch, and the Omori Branch. By October 2021, they had donated funds equating to the acquisition cost of 3,530 m² of forest land in Chichibu, a source region for water supply to the greater Tokyo metropolitan area.



A "social contribution vending machine" at the Nakano Branch

Challenge for SDGs!

Every company and individual person can contribute to achieving the SDGs. The Group seeks to achieve the 17 SDGs with our businesses and the "With You" activities!

As a financial institution, we have a major role to play in promoting concrete initiatives to achieve the SDGs (Sustainable Development Goals) advocated by the United Nations, as well as in spreading awareness of the SDGs to local communities.

In the SuMi TRUST Group, each and every employee comes up with plans to assume responsibility for raising awareness about the SDGs. In this way, all employees take action to facilitate greater understanding of, and implement initiatives towards achieving, the SDGs.

2018
October

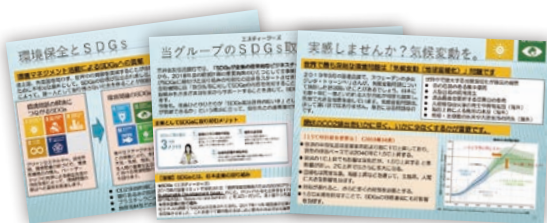
The Group's newsletter featured a special article about the SDGs, explaining the significance of addressing them and how each of the Group's businesses are connected.



Group newsletter Future Bloom
(October 2018 issue)

2018
December
onwards

An e-Learning course for all directors, officers, and employees has been run every year in an effort to further promote understanding of the SDGs and call for specific initiatives to be implemented.



e-Learning (from left: December 2018 training, December 2019 training, December 2020 training)

2018
Second
half

Internal SDGs study session held at all 134 branches and departments across Japan

Internal SDGs study session

3,112 participants
(November 2018-March 2019)

2019
March
onwards

All employees of the SuMi TRUST Group started wearing an SDGs badge

Number of SDGs badges distributed
Approximately 22,000
(March 2019-December 2021)

2019
March

Started to display posters raising awareness of SDGs



2019
August

All 134 branch offices in Japan formulated their own SDGs Declarations (see page 171), which were published on branch blogs and websites

2020
March

All 134 branch offices in Japan display their own SDGs Declarations posters



See here for branch blogs.
<https://branchblog.smtb.jp>

At new employee training, which is held every April, Sustainability Management Department employees served as instructors and explained in detail the Group's initiatives related to sustainability and SDGs.

In addition, since the start of the COVID-19 pandemic, SuMi TRUST Bank branches have been relearning about themes that they have been working on for many years through online in-house study sessions and proactively expanding activities to raise awareness among clients of the Retail Total Solutions Services Business and other members of the local community.



With You Eco Festival

The Group is focusing on initiatives related to the environment and biodiversity, with efforts including disclosure of information related to natural capital initiatives and formulating the SuMi TRUST Group Zero Plastic Waste Declaration that aims to realize zero plastic waste—that is, plastic discarded without being recycled—by 2030.

Under the slogan Think Globally, Act Locally, in fiscal year 2021, employees of SuMi TRUST Bank branch offices learned about natural capital and marine plastic garbage, and lobby exhibits and online study sessions were held to proactively raise awareness among Retail Total Solution Services

Branches nationwide are running lobby exhibitions exhibiting panels about various themes.

Aiming to raise the overall level of the Group's activities, the internal intranet offers an environment where users can freely view archived content such as documents and videos from various internal study sessions, posters from lobby exhibits, exemplary store initiatives, and e-mail newsletters distributed by other Group companies. The SDG activities of branches and departments across Japan are occasionally posted on the "With You" branch blog website.

Business clients and other members of the local community.

From October, in tandem with the announcement of the carbon neutral declaration, we have been running the With You Eco Festival that develops new activities around the theme of eco (the environment). This is a plan to boost the interest of each and every employee in eco (environment) related social issues and visualize the results of activities. Concrete results of activities related to decarbonization, ecological networks, the issues of food loss and plastic waste, energy saving, and various recycling activities are posted on the "With You" branch blog with the heading "Eco Festival."

Overview of Fiscal Year 2021 Online in-house Study Sessions

Month	June 2021	September 2021
Theme	Natural capital	How to deal with plastic
Instructor	The Association of National Trusts in Japan Sustainability Management Department employees	Sustainability Management Department employees
Participation	439 participants from 81 branches and departments	492 participants from 81 branches and departments
Content	<p>The concept of natural capital, the Group's policy for initiatives and specific cases, and what we can do as a trust bank</p>  <p>Natural capital online study session</p>  <p>Lobby exhibit</p>	<p>Problems with plastic, how to deal with plastic moving forward, and the initiatives of the Group</p>  <p>How to deal with plastic online study session materials</p>  <p>Lobby exhibit</p>



SuMi TRUST Bank

"With You" Activities Carried Out across Japan

The SDGs have also attracted attention in the business world. A variety of industries and companies across the globe are practicing business with the SDGs in mind. The new demand for funding thus creates an opportunity for the finance business.

SuMi TRUST Bank Seeks to Achieve the 17 SDGs with the "With You" Activities!



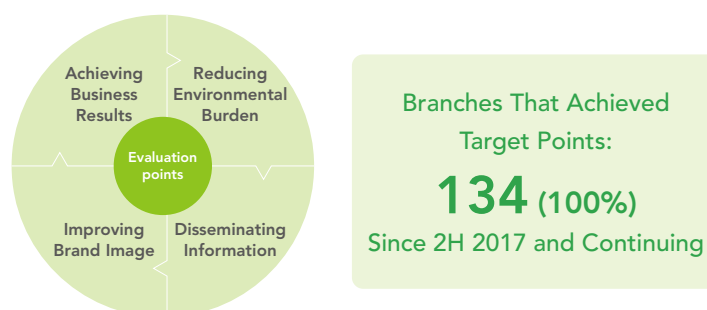
Initiatives Common to All Branches across Japan

To build strong relationships of trust with community members, SuMi TRUST Bank engages in social contribution activities rooted in local communities, which are known as “With You” activities.

With a view to promoting these activities systematically, SuMi TRUST Bank introduced a point system in FY2012 as a guideline that establishes standards for these activities, dividing activities into categories and measuring their degree of difficulty and effectiveness. The point system sets a baseline point target for each year and assesses each branch from the standpoint of “achieving business results,” “reducing environmental burden,” “improving brand image,” and “disseminating information” as well as on the basis of its ingenuity in achieving sales results and disseminating relevant information, and posts on its “With You” branch blog. The branches have been steadily achieving their targets since the system began, and use of “With You” activities as an effective marketing approach has taken hold.

Furthermore, the “With You Excellence Award,” “With You Special Award,” “With You ‘Shine Activities’ Award,” or “SDGs Declaration Award” are awarded to branches and departments that have achieved outstanding results from “With You” activities. We are actively developing “With You” activities by sharing these award-winning initiatives at branches and departments nationwide.

Goals of “With You” Activities



SDGs Declarations

The Declarations are a strategy to raise the visibility of the specific “With You” sustainability activities focused on by the local branch offices, while using the SDGs as a common language. Each branch office decides on its own course of action and develops concrete activities to achieve two SDGs: SDG 17 plus one extra SDG of the branch’s choosing.

<https://www.smtb.jp/about/sustainability/sdgs/declaration>



One of the Goals 1-16



Decided by all
134 branches

Specific
Actions

Communication

SuMi TRUST Bank engages in social contribution activities rooted in the community centered on branch offices in regions nationwide to build strong trust-based relationships with local communities.

To communicate our branch office activities widely with everyone nationwide, we focus on sending out information using various forms of media.

“With You” Branch Blogs

SuMi TRUST Bank launched the “With You” branch blog site in 2012, and branches nationwide introduce their CSR activities (With You activities) on their blogs and update them as needed. Moreover, we use them as a tool to communicate with local clients such as by offering a timely guide to CSR seminars and panel exhibits. With the number of blog posts by each branch increasing every year, the branch blog has emerged as an important tool for disseminating information to local communities.

Since November 2018, SuMi TRUST Bank has been working to publicize branches’ “With You” activities in connection with the 17 SDGs. In August 2019, all our 134 branch offices

nationwide formulated “SDGs Declarations,” with the aim of instilling the SDGs in local communities and linking them to community revitalization. In October 2021, we established our overseas bases blog, and have also been focusing on disseminating information about overseas initiatives.

Website URL: <https://branchblog.smtb.jp>

Total Number of Blog Posts

14,283

(As of January 12, 2022)

Helping Invigorate Communities and Society

Quarterly Report SuMi TRUST With You (Fiscal Year 2021 With You Report)

We publish our quarterly report SuMi TRUST With You (Fiscal Year 2021 With You Report) four times per year to our clients nationwide. This report plays the role of an information dissemination tool offering coverage on topics of interest to seniors as well as seasonal topics. In fiscal year 2020, we posted a series of special articles on the theme of “living in an age of 100-year life.” In fiscal year 2020, “Life Design in the Age of 100-Year Life in Numbers,” a special article written by the Sumitomo Mitsui Trust Future Assets Institute was published, offering useful information and hints to leading a more abundant life based on the results of an original survey of 10,000 people up to age 64.



Branch-Produced “With You” Booklets

In addition to disseminating information via posts on their “With You” branch blogs and each branch publishes an original branch booklet called “With You.” It is planned and produced so local communities and the branches where they are located can get to know each other in greater depth. The booklet features employee self-introductions, introduces branch features, includes special feature columns on “With You” activities and CSR plans, and the distinctive traits of each branch such as collaboration with prefectural government offices and municipal halls and preparations of public relations columns on distinctive regional features and attractions.



A Digest Report for Seniors

The topic of “an age of 100-year-life” has been the subject of increasing interest, boosted by the media. Mitsui Sumitomo Trust Group, acting as “Your Last Bank” has been focusing on providing seniors with information about ways to lead an affluent senior life.

Considering Senior-Generation Housing

The Sumitomo Mitsui Trust Group wants to be the bank that people can entrust their housing matters to with peace of mind in the last phases of their lives, in addition to managing their precious assets and their inheritance. “A Digest Report for Seniors - Considering Senior-Generation Housing 3.0,” which we published in April 2021, is a booklet that presents three important options to consider concerning housing for seniors: (1) Keep living in your current home, (2) Move to somewhere that is easier to live in, and (3) Move to a home for the elderly. Branches offices nationwide display posters introducing this report to encourage people to take time to think about the best housing for senior generations, and offer assistance and consultation to help all people live a better life in their senior years (see page 131).



Lobby exhibit poster

<https://www.smth.jp/-/media/th/sustainability/report/2020/all5.pdf>

Considering the Problems of Dementia

In Japan, which is a super-aging society, one in four people aged 65 or above is said to have dementia or its early signs. “A Digest Report for Seniors - Considering the Problems of Dementia 2.0,” which we published in August 2019, is a booklet that provides concrete information on what the disease of dementia actually is, the kinds of support its sufferers require, and what we can do to help. Sumitomo Mitsui Trust Bank has developed a lineup of asset management products adapted to dementia, and provides consulting that stands in our clients’ shoes (see page 125). Our branches nationwide introduce this booklet in lobby displays, to allow people to take their time considering their health and futures.



Lobby exhibit

<https://www.smth.jp/-/media/th/sustainability/report/2019/all5.pdf>

Introduction of Branch Initiatives

Silver College Seminars

Silver College seminars are a place of learning for seniors among our clients to lead their second life with reassurance and contentment. Leading authorities from different business sectors talk about the thorough preparations needed to carry on a second life that is safe and enriching. There are many issues facing us as human life spans often exceed the century mark. In addition to seminars with fixed participants covering four basic topics (health, safety and security; late-life housing; the issue of dementia; how to lead an enriched life in old age), each branch plans and hosts its own distinctive Silver College seminars.



Face-to-face seminars have been suspended since February 2020 as a result of the COVID-19 pandemic, and a limited-time video edition has been produced.



Activities to Support the Environment and Living Things

Sumitomo Mitsui Trust Bank works on sustainability activities (we call them "With You activities") at our branches nationwide. Based on the idea that "our lives are affluent because we are blessed with natural capital," we have set "Activities to Support the Environment and Living Things" as one of the themes of our diverse With You activities, which we do with the participation of our employees. As part of that effort, some branches are working on activities to conserve Japan's unique organisms. In August 2016, our Ichinomiya branch received approval from the Ministry of the Environment, and started the first private-sector exhibition of the Itasenpara

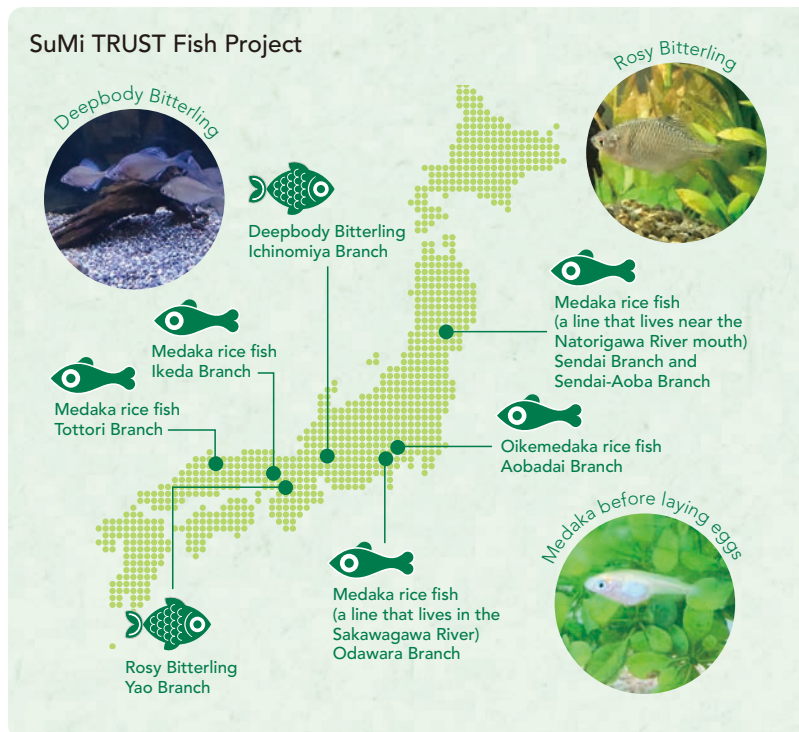
bitterling (*Acheilognathus longipinnis*), an endangered species. From September 2021, we have taken on the challenge of breeding the Itasenpara bitterling for the sixth time. The conservation activities are spreading in the region, with our collaborator Ichinomiya Shogyo High School being added to the "Kiso San River Basin Eco-Net Support Group," a group to which the Ichinomiya branch belongs.

Since August 2005, the Yao branch has been continuously involved in the breeding of the endangered Rosy Bitterling. In August 2020, we installed a new information panel in the show window to raise awareness of this initiative.



Raising Itasenpara in our Ichinomiya branch

SuMi TRUST Fish Project



*Gene differentiation has been confirmed for medaka rice fishes depending on the water area of their habitats, and preservation activities of indigenous medaka rice fishes have been promoted in each respective region using systems such as foster care.

SuMi TRUST Bank “Inheritance from Me” Series

The SuMi TRUST Bank “Inheritance from Me” Series are 400-character stories and reasons related to “people, things, and matters” that are uniquely important in a person’s heart. It was started in 2013 as part of CSR activities.

Precisely in this age of information overload and rapid change, we need to reevaluate what is important to us, and continue our activities as a way to preserve the connections with people and the things and matters that are being lost as shared assets for the future and the next generation. In our eighth content, we received over 8,200 entries.

The winning and runner-up pieces are put together in a pamphlet and handed out at branch lobbies nationwide and featured on the SuMi TRUST Bank website, newspapers, and other media.

“Inheritance from Me” is also a project that contributes to school education and local communities. We received many applications for the first contest from young children, students, and whole schools, so from the second contest, we established the “School Award” and started taking group applications from schools. In our eighth content, we received over 3,396 entries from 84 schools. From the sixth contest, we established the “Heart’s Hometown Award” and have been asking for entries on one’s town, village, and “Heart’s Hometown” they want to convey. Ako City in Hyogo Prefecture was the stage for the 6th content, Oita City in Oita Prefecture for the 7th, and Goto City in Nagasaki Prefecture for the 8th, which were all covered by the local media and received positive feedback. We plan to announce winners of the ninth contest in March 2022.



Good Examples of Community Cooperation

As a financial institution, we are taking concrete action towards the attainment of the SDGs (Sustainable Development Goals) announced by the UN, but we also take on the important role of educating and informing local communities about the SDGs, and promoting the initiatives together with them. Based on the “SDGs Declaration” (see page 171) formulated by branches and departments and the needs of respective regions, branch offices nationwide are working on activities and events in co-operation with local communities.

Obtaining Recognition under Regional Revitalization SDGs Statement, Registration, and Certification Systems



Local governments have established Regional Revitalization SDGs Statement, Registration, and Certification Systems with the goals of: 1) visualization of companies contributing to the SDGs for local development, 2) promote support by local stakeholders and lay the foundation for the formation of an autonomous virtuous circle. SuMi TRUST Bank is proactively working to obtain recognition under the SDGs Statement, Registration, and Certification Systems of various regions, with the Yokohamaeki-Nishiguchi Branch and the Yokohama Branch obtaining the highest Y-SDGs certification of Supreme. In collaboration with various stakeholders, we are contributing to the expansion of efforts for local development driven by the SDGs. Key examples of branches and departments that have obtained recognition under the Statement,

Registration, and Certification Systems are the Kawasaki Branch obtaining certification and the Kumamoto Branch, Kumamoto-Chuo Branch, and Kita-Kyushu Branch registering. As of September 14, 2021, there are a total of 34 municipalities that have established systems for registration and certification, with 7 statement systems, 25 registration systems, and 2 certification systems.



Obtaining the highest rank (Supreme) in Y-SDGs, Yokohama City’s SDGs certification system



Food Loss Initiatives, Children's Cafeteria Support Activities

Japan generated a total of 25.31 million tons of food waste, etc., a year, of which 6 million tons a year is thrown away despite still being edible (according to fiscal year 2018 estimates). Food loss has become a major social issue in Japan, with the total food loss per person per year approximately 47 kilograms. However, with the COVID-19 pandemic causing the suspension of school meals due to the closure of elementary and junior high schools and temporary closures of children's cafeterias, people who need food support are facing difficult circumstances.

A food drive is an activity in which people bring surplus food from their homes and workplaces and distribute it to local welfare organizations, facilities, and children's cafeterias that need food support. Taking the lead in starting these food drive initiatives in 2019, our Namba and Namba-Chuo Branches donated food collected every month to Osaka Palcoop in cooperation with clients. This initiative has spread to branches and departments throughout the company, with branches participating in the Yokohama Food Drive Campaign (Konandai Branch) and the Shiga Prefectural Office Food Drive (Kyoto Branch, Kyoto-Shijo Branch, Otsu Branch).

In October 2021, the Saga branch planned and organized a lobby exhibit about food loss and food drives, calling for

people to bring instant food, canned goods, and seasonings in addition to daily-use items that they no longer needed. Local media covered employees donating the collected items to Food Drive Saga. In September 2021, the Yokohamaeki-Nishiguchi Branch and Yokohama Branch donated unused fans to local children's cafeterias. This project was launched after a volunteer at the cafeteria mentioned at an online conference organized by the prefecture that they were having trouble due to a broken fan. Users of the fan sent us a thank you note with a photograph.



Donation to Food Drive Saga



Items donated to children's food cafeteria

Fujisawa Branch, Fujisawa-Chuo Branch, Osaka Business Department II

Fujisawa Sustainable Smart Town Cultural Festival 2021



As the only financial institution as part of a joint project with leading Japanese companies (Panasonic, Mitsui & Co., Mitsui Fudosan Residential, Tokyo Gas, Dentsu, etc.), SuMi TRUST Bank is participating in a town building project on the site of a former Panasonic Group factory (Fujisawa City). The Fujisawa SST Cultural Festival, a local community event held every year, always attracts a large number of participants. In fiscal year 2020, it was held online in order to prevent the spread of COVID-19.

The theme of the cultural festival held in November 2021 was "energize people, energize the town," and SuMi TRUST Bank participated in the program themed "saving the world by breaking away from plastic waste?!" The program was moderated by two new employees from the Fujisawa Branch and Fujisawa-Chuo Branch, who gave quizzes and explanations to the audience about how it is up to humans whether the beautiful seas of the Fujisawa area can be preserved for the future, working to reduce plastic waste as a matter of personal relevance by proactively using eco-bags and personal bottles, and the importance of 3R+Renewable. In addition, Tumbler in the Forest Fujisawa SST Models, made using high density cellulose fiber developed by Panasonic, were given out as presents to the audience, which were very well received.



New employees participating in Fujisawa SST Cultural Festival



Tumbler in the Forest

**Yokohama Branch,
Yokohamaeki-Nishiguchi Branch**

Period Poverty Initiatives



SuMi TRUST Bank has partnered with Kanagawa Prefecture, which established a headquarters to promote support for those struggling due to COVID-19, to launch initiatives aimed at tackling period poverty. The Kanagawa Prefectural Government's Policy Bureau's Life and Future Strategy Headquarters Office has started distributing free sanitary towels at three universities in the prefecture, using advertising revenue from supporting companies. SuMi TRUST Bank was one of the first to endorse this initiative, supporting the production of the first batch to be distributed in December 2021 (approximately 5,000 bags). The Yokohama Branch and the Yokohamaeki-Nishiguchi Branch are working to raise awareness of period poverty issues by representing branches and departments in the prefecture to hold lobby exhibits and other activities.



Distributing with SuMi TRUST Bank advertisements

Kita-Kyushu Branch

Producing Eco-friendly Goods in Partnership with Local NPO



The Kita-Kyushu Branch is focusing on promoting sustainability activities through producing eco-friendly goods in partnership with a local NPO.

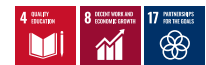
NPO Wakuwa-ku, which supports people with handicaps in finding jobs, runs events with the concept of creating places where local people can visit freely and the recycled paper initiative KAMIKURU Project. The KAMIKURU Project collects used paper from local schools, companies, and city halls, and sorts and processes it into "upcycled" products. One of the main features of this project is that it creates a circulatory society and employment for people with disabilities by using the paper generated in the community to create new products. The Kita-Kyushu Branch utilizes original message cards, notebooks, and paper files made in cooperation with the NPO to deepen collaboration with the local community.



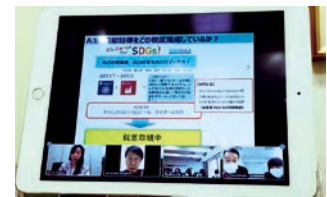
Products made in cooperation with NPO Wakuwa-ku (Files, notebooks, and message cards)

**Nagoya Business Department,
Nagoya Sakae Branch**

Holding SDGs Interview Sessions in Cooperation with High Schools in the Prefecture



The Nagoya Business Department and Nagoya Sakae Branch are enthusiastically working to spread awareness of the SDGs through education, with activities including running a remote ESD project for Aichi prefectural teaching staff in collaboration with the Nagoya LA Department and SDGs interview sessions with high schools in the prefecture. An interview session was held in February 2021 upon the request of Nanzan Girls' Senior High School. In response to a request for an interview about SuMi TRUST Bank's SDGs initiatives as part of extracurricular classes, the school was connected online with the Tokyo Sustainability Management Department and the Nagoya Business Department, where original materials were used to explain the work of SuMi TRUST Bank and the initiatives of departments and branches. We also answered questions from the students.



SDGs interview sessions

Himeji Branch

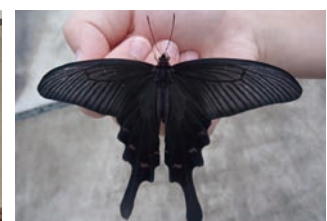
Participating in a City-run Biodiversity Project



The Himeji Branch participates in "Biodiversity Project: Learning from Living Things—Raising Chinese Windmill Butterflies" run by Himeji City Environmental Bureau Environment Policy Office. Based on the Himeji Biodiversity Strategy, this project is a hands-on initiative for third-year elementary school students in the city to learn about the Chinese windmill butterfly, which is designated as the city butterfly of Himeji City, as part of their "raising butterflies" science curriculum. In September 2021, the branch ran a panel exhibition of Chinese windmill butterfly observation diaries kept by third-year elementary school students in cooperation with students from elementary schools in Himeji City. In addition, in order to make Himeji a city where Chinese windmill butterflies thrive like around 400 years ago, we are also participating in an activity to grow a plant called "Aristolochia debilis" which is eaten by the larvae of the Chinese windmill butterfly.



Panel exhibition of Chinese windmill butterfly observation diaries



Chinese windmill butterfly

Abenobashi Branch, Abeno Branch

Partnering with Public Interest Association to Communicate Information on Health



In June 2020, the Abenobashi Branch and the Abeno Branch entered into a business alliance with the Japan Stroke Association to serve as the reception desk for the "donation by bequest system." Cerebrovascular disease, most notably stroke, is one of the three biggest diseases. Based on the belief that it is socially significant to make employees and clients more aware of stroke and to take appropriate preventive measures to prepare for the onset of stroke, the branch planned and ran a lobby exhibit and an internal study session for employees. The lobby exhibit was designed to allow visiting clients to freely browse a pamphlet on the 10 Principles for Stroke Prevention, which was met with great acclaim.



"Stroke prevention tips to use from today" lobby exhibit

Shizuoka Branch, Shizuoka-Chuo Branch

Organizing a Lobby Exhibit to Promote the Appeal of the Area



With fewer people heading outside due to the COVID-19 pandemic, the Shizuoka Branch and the Shizuoka-Chuo Branch planned and ran "Cheering on the Local Area!! Do Your Best, Shizuoka!! Kouyamachi Shopping Street Then and Now Photo Exhibition" with the aim of rediscovering the appeal of traditional local Shizuoka towns and communicate it to the local people. Held in cooperation with the Kouyamachi Shopping Street Office, the photo exhibition ingeniously displayed 11 valuable photo panels from the 1950s, and was very well received by clients who know the history of the region and was covered by the local media several times.



Cheering on the Local Area!! Do Your Best, Shizuoka!! Kouyamachi Shopping Street Then and Now Photo Exhibition

Nakano Branch

Partnering with a Local NPO to Hold Lobby Exhibit Showcasing the Work of People with Disabilities



The Nakano Branch, together with members of local companies, has been participating in the Nakano Mirai Project organized by the Nakano City Office. By participating in this project, the branch is running several activities to promote local relations, such as creating an activity plan to dynamize Nakano. As one of these activities, we have been running the Art Brut Exhibition in partnership with Social Welfare Organization Aiseikai since 2013. Art Brut, sometimes described as "living art," refers to works created without formal art education, using original ideas and methods without being influenced by established artistic schools or trends. Since 2011, Aiseikai has been focusing on activities to promote Japanese Art Brut works both in Japan and abroad with the aim of raising awareness and understanding of people with disabilities and the participation of diverse people in society. Two or three times every six months, artwork of different styles are lent out to us.



Art Brut artwork exhibition



Initiatives at Overseas Offices

New York Branch

From the 17 SDGs, the New York branch has selected “climate action,” “quality education,” and “gender equality” as priority areas. In addition to action taken in the course of its business, the branch has conducted the following initiatives so far in fiscal year 2021 in order to encourage action among each and every individual employee.

Initiative 01 Green Loans



A Green Loan (financing with use limited to businesses that contribute to improving the environment, such as renewable energy and environmentally friendly property) was concluded on August 12, with Invenergy Renewables Group and three onshore wind power generation projects in Japan (Ibaraki, Inaniwa, and Rusutsu) as the initial recipients. Invenergy is a U.S.-based global developer and operator of renewable energy projects. This loan complies with the Green Loan Principles, and has received the highest possible “Green 1” rating in the Japan Credit Rating Agency (JCR) Green Loan Evaluation.

Initiative 02 Tree Program



Trees curb CO₂ emissions, improve air quality, prevent stormwater runoff, and contribute to creating a local community that is good for the environment and our health. More than 50 employees engaged in activities such as obtaining trees suitable for their respective housing environments for their homes, colleagues and friends, and donating more than 100 trees to forests. These activities are expected to reduce CO₂ emissions by an estimated 1.9 tons and prevent 100m³ of stormwater runoff. Another expected result is a modest energy saving of \$350 per year (reduced air-conditioning costs through planting trees).



Initiative 03 Virtual Honey Harvesting Event



Bees are crucial to healthy crops, and their rapid decline is a threat to global food security. Twenty-four employees participated in an experiential event using VR headsets, where they learned about bees and the importance of regenerative agriculture. It was possible to donate upward of 3,000 bees per capita to farms in developing countries.



Initiative 04 Back to School Project



Economically deprived families are on the rise in New York, particularly during the COVID-19 pandemic. It is not easy for homeless children to get the required academic supplies for their school lives, such as stationery, scissors, glue, rulers, and calculators. To this end, the New York branch elicited donations by employees, and along with a donation by the company (double the amount of employee donations), it delivered rucksacks filled with the necessary supplies to a total of 315 children.



Initiative 05 Distributing SDGs Boxes to Foster Awareness Among Employees



Employees themselves filled boxes with products that help lead sustainable lifestyles (reusable food storage bags, shopping bags, wool dryer balls that can be placed in the washing machine to save electricity and time, etc.), and sent them to all employees. Small mindset changes among each employee are expected to become a driving force for breaking free from disposable culture and realizing a sustainable society.



SDGs box

Initiative 06 Encouraging Employee ESG Investments Through 401k Pension Plans



The sustainable investment fund Fidelity U.S. Sustainability Index Fund (an investment trust benchmarked against an ESG score called the MSCI USA ESG Index), was added to the lineup of 401k defined contribution corporate pension plans for locally hired employees. This enables employees to use their existing pension plans to support U.S. companies that are more advanced in ESG initiatives than other companies in their industry through investments at no additional cost.

London Branch

Initiative 01 Charity Run Participation

The Standard Chartered Great City Race was held on July 20, 2021 in London.

This event is run by Standard Chartered every year, and donations from participants, sponsor companies, and others along with part of the entry fees are utilized for an education and entrepreneurship support program aimed at reducing economic disparity and promoting the financial inclusion of youth.

While the event was held just after a COVID-19 lockdown was lifted, approximately 30 employees of the London branch participated, both at the venue and virtually. Due to the COVID-19 pandemic, it was not possible for everyone to gather and run together as they do every year, but participants all ran wearing the same t-shirts, which helped deepen unity among employees.



Commemorative photo of the members who participated in the charity run

Initiative 02 Donations to Great Ormond Street Hospital

Since 2011 the London branch has made yearly donations to the Great Ormond Street Hospital instead of sending out Christmas cards. Founded in 1852, the Great Ormond Street Hospital is London's most famous hospital for children. It is also a charity organization. The hospital was a pioneer in the field of pediatrics by achieving numerous world firsts, including the first-ever successful bone marrow transplant in a patient with severe combined immunodeficiency. British author J.M.

Barrie famously donated the copyrights to *Peter Pan* to the hospital, and the hospital is also well-known for being the place where *Charlie and the Chocolate Factory* author Roald Dahl worked on a collaborative effort to develop a medical shunt valve.

Donations received from the London branch and other donors are used for research on a number of life-saving treatments and for the operation of the hospital itself.



Initiative 03 Establishment of a Climate Change WG

The Europe, Middle East and Africa Division established a climate change WG as an official branch committee in July 2021. The local financial authority (PRA) has long been encouraging financial institutions to introduce climate change risk management frameworks, which has also been designated as one of PRA's Priorities every year.

Given these circumstances, approving the activities that have been carried out in the branch as a formal committee is intended to further invigorate activities.

Chaired by the Europe, Middle East and Africa Division general manager, the climate change WG has two sub WGs: risk management and business strategy formulation and promotion. It is composed of members contributing from all areas of the branch.

This activity is also coordinated with the Climate Change Response Promotion PT at Head Office, and is expected to provide information mainly on the latest trends in response to climate change-related regulations by European financial institutions.



Hong Kong Branch

At the Hong Kong branch, a Social Value Committee (SVC) primarily comprising local employees was formed in the previous fiscal year. During this fiscal year, its second year, the committee is focusing more on initiatives that involve the participation of all employees, and has been working proactively as follows. These initiatives are introduced in the With You branch blog by local employees in their own voices.

Initiative 01 Collaborating with Domestic Branches to Hold Online Exchange Between Local Staff and Japanese Junior High and High School Students



In March 2021, an online exchange with Saga Ryukokugakuen was held in collaboration with the Saga branch of SuMi TRUST Bank.

This event saw students interact with Hong Kong branch employees through opinion exchange about graphic postcards the school made in collaboration with the Saga branch under the theme of SDGs. In the first half of the session, locally hired employees mainly answered questions about SDGs initiatives, while in the second half, employees posted to Hong Kong from Japan answered questions about working and living overseas. In response to a question about what people should work on when they are a student, branch employees gave the advice that people who immersed themselves in something will thrive as working adults and to search for something that you can become absorbed in. It was heard that one student was

inspired by the event, and took up a new challenge.

A branch employee said, "I will be happy if I have been able to contribute to the globalization of Japan by conveying local information in an easy-to-understand manner about working overseas, which has been difficult in recent years due to the COVID-19 pandemic." It is hoped that this exchange event will be of some reference to school students about understanding cultural differences with other countries and the satisfaction of working in global society and become a first step to getting closer to future dreams.



Hong Kong branch employees explaining as best they can despite nerves



Students enthusiastically presenting

Initiative 02 LGBTQ Seminar by Local NPO



In August 2021, the branch invited an instructor from the NPO "Rainbow of Hong Kong," which has been running LGBTQ awareness raising and support activities for over 20 years in the area, to hold an LGBTQ seminar as part of SDGs activities and D&I promotion.

On the day of the seminar, 44 branch employees, five Head Office employees, and eight employees of other overseas offices (total 57) participated. The seminar covered topics such as understanding of LGBTQ concepts, things to be aware of, and challenges in the local area. While the content was basic, the instructor (who has come out as a member of the LGBTQ community) had a sincere and open personality, and the session was lively with many questions from participants.

Local employees of SVC took the lead in the entire process of

planning and announcing the event, as well as running it on the day. Prior to the event, the management staff felt uneasy about using LGBTQ, which is not usually explored, as a theme. However, branch employees were highly interested, and this first step ended in success.

The recent Olympic and Paralympic Games Tokyo 2020 were reported to have more out LGBTQ athletes than ever before. With global interest high, the branch would like to continue engaging with LGBTQ issues in some way.



Many employees participated in the online hybrid event



High interest was evident, with many participants asking questions to the instructor

Initiative 03 Participating in Food Donation Program FOOD-CO



In September 2021, SVC decided to participate in the food donation program FOOD-CO promoted by the local NPO St. James' Settlement in response to the growing momentum to reduce food loss in the region, establishing a food donation week in the branch and placing collection boxes for food donations in three locations throughout the branch.

During donation week, many branch employees donated 110 products (approximately 25 kg) including rice, snacks, moon cakes, and instant foods.

SVC members directly delivered the large amount of donated food to the NPO, keenly aware of how heavy it was and the thought that went into it. A letter of thanks arrived from the NPO at a later date.

It is said that there are 3,600 tons of food waste in the area every day. That is equivalent to one 500 ml plastic bottle per capita per day. At the same time, over one million people in the area have inadequate access to food. The Hong Kong

government recently announced that the poverty level in 2020, assuming no support from the government, was approximately one-quarter of the total population, marking the worst level in years.

In response to these problems, the branch hopes to continue to regularly run this kind of activity to contribute insofar as is possible, while understanding that it is difficult for the branch alone to significantly improve the situation.



Various donations from many employees

Directly delivering the food donated by branch employees to the NPO

Initiative 04 Participating in a Workshop to Support Mental Healthcare



In November 2021, a total of 16 branch employees attended a workshop run by local mental health NPO The Mental Health Association of Hong Kong (MHAHK), as part of SDGs activities and well-being promotion.

The workshop was held at a facility where people with mental illness and physical disabilities (trainees) are actually trained to participate in and return to society. In this workshop, we directly participated in the final stage of the manufacture of leather products (this time, electronic money card folder with initials) that the trainees usually make for commercial sale. It took numerous participants around two hours to complete just one product.

Trainees provided careful support during the workshop. While those with mental illnesses find it difficult to communicate smoothly and to have good conversations, their enthusiasm for communicating was palpable, and combined with their high level of technical skills, all the participants worked earnestly and with great enjoyment.

The company bought all the completed products and gave them to those that made them. Many of the participants commented that they were happy to see their societal contribution taking shape. SVC is planning activities to contribute to employee wellbeing early next year.



Participants earnestly working on the workshop



The actual finished product from this workshop



Commemorative photo with the card folders made by each participant. Good memories

Singapore Branch

Initiative 01 Participating in POSB PAssion Run for Kids



The POSB PAssion Run for Kids was held in Singapore in November 2021. This is an annual event co-hosted by POSB*¹ (Post Office Savings Bank) and PAssion*² (People's Association). A portion of donations and participation fees from participants and sponsors are used to support the POSB PAssion Kids Fund, which organizes events and programs that contribute to the education and development of the youth.

Since 2012, many of the Singapore branch employees and their families have participated in the event, and the branch continues to donate through the running event. Due to the COVID-19 pandemic, the event has been held since last year in a virtual participation format whereby participants download a smartphone app and register

the distance they ran. With this year seeing a high level of health-consciousness due to work from home and other factors, many branch employees ran in support of the charity. They registered the distance they ran at their own pace in the app, and it was a valuable opportunity for them to support the activities of POSB PAssion Kids Fund, and use the app to encourage each other and interact with people in the community.

*1 POSB (Post Office Savings Bank) is the oldest bank in Singapore, and is currently under DBS Bank, a comprehensive business partner of SuMi TRUST Bank.

*2 PAssion is the common name of The People's Association, a government organization.



Plaque for past participation

Initiative 02 Holding Online Seminar on ESG/SDGs



Given the United Nations climate change countermeasures conference the 26th UN Climate Change Conference of the Parties (COP26) held in Scotland in the UK in November 2021, the Singapore branch invited instructors from the NPO Singapore Environment Council*¹ on November 12 to hold an online*² seminar on the theme of Environmental, Social and Governance (ESG)/Sustainable Development Goals (SDGs) in order to deepen the understanding of branch employees on environmental issues and other matters.

The instructors introduced the impact of climate change on Singapore, the urban heat island phenomenon, the history of greening in the area and future plans, and the contribution of plants to improved indoor air

quality in workplaces and homes. Participants said that they became more interested after learning of greening initiatives in familiar places and that they were able to gain a concrete understanding of the impact of climate change on Singapore and the current state of response.

The seminar was a meaningful experience, deepening participants' understanding of the impact of climate change in Singapore and government-led measures to address global warming, and providing an opportunity for them to learn what they can and should do on a personal level.

*1 An NPO/NGO leading initiatives to address local environmental problems in Singapore.

*2 The event was run in an online format based on government regulation banning gatherings in offices due to the COVID-19 pandemic.

SuMi TRUST Consulting (Beijing)

Initiative 01 Sponsoring Event Run by the Green Development League of NETDZs



SuMi TRUST Consulting (Beijing) Co., Ltd. registered as a sponsor company for the Green Innovation Cup Green Technology Competition held with the Green Development League of National Economic & Technological Development Zones (NETDZs), which was jointly established by 36 of China's approximately 230 NETDZs that are advanced in green development and international cooperation.

In addition to the SuMi TRUST Group, which is focusing on ESG, the green technology field in China is also an area of focus for Japanese companies entering the Chinese market. Through this sponsorship, the company aims to contribute to the business development of Japanese companies in the green field.



General Manager Kishigami participating in a Green League conference

Sumitomo Mitsui Trust (Ireland) Limited

Initiative 01 Electronic Signature System (DocuSign)



Our Irish subsidiary has introduced eSignature, an electronic signature system provided by DocuSign.

Using eSignature has made it possible to centrally manage tasks in the electronic signature process for documents such as reports, contracts, and approval requests via the system from any location using PC or smartphone. These tasks include requesting signatures from signers, electronic signatures, and management of approved documents. This has removed the need to print paper, fax or scan signed documents, mail them, or store them.

Furthermore, concerning the environment, DocuSign

has announced that digitization of signature tasks by users of the eSignature system it provides has reduced the use of paper by approximately 837 tons (equivalent to approximately 14,230 trees). By using this system, our Irish subsidiary is contributing to environmental protection.

In this way, DocuSign eSignature is an electronic document management and signature system that can promote operational efficiency improvements and consideration for the environment. This is a major component of promoting green initiatives recommended in Ireland, and an important step under the "Green Boardroom" initiative proposed last year.

Initiative 02 Culture Working Group



A culture working group has been formed at our Irish subsidiary. This working group includes members from the Risk Management Department, the Compliance Department, the Human Resources Department, the Corporate Governance Department, the Operations Division, and employees dispatched from SuMi TRUST Bank. It regularly discusses and reviews culture and sustainability activities.

Four subgroups have been created to focus on "diversity and inclusion," "employee surveys," "mission, vision, value," and the "SMT brand." A survey was

conducted anonymously among all employees on October 22, 2021, with each subgroup proposing the content of the survey from its own perspective. Based on the results of the survey, the culture working group will consider its next action.

The field of culture and conduct will continue to be a priority field for the Central Bank of Ireland, and the culture working group will continue to conduct activities toward promoting the dissemination of corporate culture and sustainability activities.

Initiative 03 Step Challenge



Our Irish subsidiary introduced the step challenge program in 2021 as part of employee engagement initiatives. This Step Challenge aims not only to promote health but also to encourage exchange between colleagues who might not usually communicate during their daily duties by having challenge participants post photos and trip records in the internal newsletter. By

doing so, the challenge also aims to improve employee happiness and camaraderie. To date, we have held three Step Challenges, with a total of 16,400 km walked by participants. During the Step Challenge, participants submitted beautiful scenery from different parts of Ireland.



Beautiful scenery from different parts of Ireland submitted by participants

Sumitomo Mitsui Trust Bank (Thai)

Initiative 01 Contributing to the Realization of a Sustainable Society Through Mangrove Planting and Conservation Activities



Sumitomo Mitsui Trust Bank (Thai) Public Company Limited is planning to go to a mangrove forest to plant trees, release fish, and pick up trash in January next year as an ESG activity that involves the participation of all employees for this fiscal year. Although the activity has been delayed due to the COVID-19 pandemic, the recent decrease in the number of cases in the area has finally provided an environment to conduct the activity.

In addition to absorbing more CO₂ than tropical rainforests, mangroves are essential for forming a cyclical natural environment that sustains fish and other ecosystems. Ahead of the actual ESG activities in mangrove forests, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited has launched an ESG project team and run a study session. The study session helped foster an ESG mindset in employees and boost motivation. Rather than being a one-off event, this activity will be

run on an ongoing basis. Through its future ESG activities, Sumitomo Mitsui Trust Bank (Thai) aims to contribute to the local community and be a presence loved and recognized by the local people.



Study session by ESG project members

Zijin Trust

Initiative 01 Ongoing Charitable Trust Initiatives



Ever since its founding, Zijin Trust Co., Ltd. ("Zijin Trust") establishes a charitable trust every year. The charitable trusts established to date total 9.7 million yuan (approximately ¥1.72 million), providing support to upward of a total of 600 children from impoverished families with serious illness. In 2021, a hybrid online establishment ceremony was held on November 28 in tandem with the establishment of the 11th charitable trust.

To make trust-based social contribution take root in China, Zijin Trust will continue to promote charitable trusts.



Scenes of the 11th charitable trust establishment ceremony



Children supported by charitable trusts

Initiatives at Group Companies

Nikko Asset Management

Initiative 01 Initiatives as a Carbon Neutral Company



Since 2018, Nikko Asset Management has evaluated (calculated and analyzed) the amount of greenhouse gas emissions of Group companies, and obtained carbon credits to offset these emissions. Thanks to these efforts, it has been designated a carbon neutral company for three consecutive years. In 2021, the Environmental Policy, which sets forth initiatives that take into consideration the environmental impact of the Group's overall business activities, was updated. It set a target*

reducing its own greenhouse gas emissions for the entire Group by 40% per employee by 2030, compared to 2019. Moving forward, Nikko Asset Management will commit to monitoring progress and disclosing it regularly in reports such as their annual TCFD and Sustainability Reports.

*Covers direct and indirect emissions by the company under Scope 1 and 2 (emissions from fuel combustion, electricity supply, and other uses) as defined in the Greenhouse Gas Protocol, as well as some indirect emissions under Scope 3 (emissions from fuel and energy activities and business trips not included in Scope 1 and 2). The Greenhouse Gas Protocol is an international initiative established to develop and promote globally recognized standards for calculating and reporting greenhouse gas emissions.

Initiative 02 Promoting the Advancement of Women



In pursuit of diversity & inclusion, Nikko Asset Management has continually worked to create inclusive workplaces. In February 2021, it further accelerated its initiatives to promote the advancement of women, setting a new target of raising the ratio of female employees in management positions across the entire Nikko Asset Group, including overseas offices, to 30% by 2030. By setting a clear target for the ratio of female employees in management positions, it aims to secure transparency in progress toward achievement, further enhance initiatives to promote the advancement of women, and boost employee awareness about diversity. Moving forward, Nikko Asset Management will report the progress of this initiative in its yearly Sustainability Report and other materials.



To commemorate the establishment of the target, selfies of employees with hashtags were collected.

Please click here to view the 2022 Sustainability Report.

<https://en.nikkoam.com/files/pdf/esg/sustainability-report-2022-en.pdf>

Please click here to view the 2020 TCFD Report.

https://en.nikkoam.com/files/pdf/esg/tcfid_eng.pdf



Sumitomo Mitsui Trust Asset Management

Initiative 01 Participation in the Net-Zero Asset Managers initiative

In July 2021, Sumitomo Mitsui Trust Asset Management participated in Net-Zero Asset Managers initiative, a global by asset managers aiming for net zero greenhouse gas emissions in their investee companies by 2050. Through collaboration with international ESG promotion organizations across a variety of fields, we will contribute to a smooth transition to a low-carbon and carbon-free society through engagement, exercise of voting rights, appropriate product structuring, and other efforts by appropriately

identifying risks and opportunities related to climate change issues. In addition, as part of these initiatives, Sumitomo Mitsui Trust Asset Management (hereinafter SMTAM) listed its first exchange traded fund (ETF), the SMT ETF Carbon Efficient Index Japan Equity, on the Tokyo Stock Exchange in June 2021.



David Semaya, Executive Chairman and Representative Director

Initiative 02 Signing the Financial Sector Commitment Letter on Eliminating Commodity Driven Deforestation Released at COP26*

On November 2, 2021, SMTAM signed the Financial Sector Commitment Letter on Eliminating Commodity Driven Deforestation released at COP26*.

Over 30 global financial institutions (with total assets of \$8.7 trillion) have signed this commitment letter, and SMTAM was the only Japanese asset management firm to sign. SMTAM has been engaging with a variety of stakeholders, including not only companies it deals with, but also local authorities and NGOs, as well as related companies, for the conservation of tropical rainforests in the Amazon and Southeast Asia. Leveraging the opportunity of participating in this initiative, SMTAM will further strengthen engagement with target companies, countries, and related institutions and work to prevent deforestation. In addition, on the evening of November 2, SMTAM

Chairman Semaya, gave a speech on behalf of the signatory management companies at a reception co-hosted by Charles, Prince of Wales in Glasgow.

* 26th UN Climate Change Conference of the Parties



Executive Chairman and Representative Director David Semaya gives speech on behalf of signatory management companies at a reception for signing the COP26 forest preservation declaration.



Charles, Prince of Wales at the reception



Speaking on a panel at the World Climate Summit on November 8 (Mr. Semaya is second from right)

Initiative 03 Third Year of Participation in Company Forest

Since July 2019, SMTAM has supported the Tokyo Metropolitan Government's Bureau of Waterworks' "Action Plan for Community-based Cultivation of Water Resource Forest" and entered into an agreement for the "Tokyo Waterworks Company Forest (naming rights)" project, which is now in its third year. Participating again this fiscal year on October 29, 11 employees entered the

SMTAM Forest in Koshu City, Yamanashi Prefecture, under clear autumn skies to plant broadleaf tree seedlings, as part of activities to preserve and nurture the water supply source forest.



In front of the SMTAM Forest sign

Initiative 04 Discussing Sustainable Investment at an International Finance Conference

In January 2021, SMTAM participated in the 14th Asian Financial Forum. In light of the significantly changing environment due to the COVID-19 pandemic, the forum was held with the theme "Reshaping the World Economic Landscape." Held in an online format, the conference was a great success, attracting approximately 63,000 viewers from upward of 70 countries. SMTAM President Hishida appeared as the only speaker from the Japanese financial industry. At a panel discussion themed around sustainable investments,

he exchanged opinions with top management from financial institutions from the United States, the United Kingdom, France, Switzerland, and Asia. SMTAM will continue to bolster its international presence and strive to improve the sophistication of its asset management related to sustainable investment.



The panel discussion

Please click here to view the 2021/2022 Stewardship Report. <https://www.sumitrust-am.com/responsible-investment>

Sumitomo Mitsui Trust Club

Initiative 01 Efforts to Provide High Quality Customer Experiences Recognized by Third-Party Organization

Call Center Awarded Three Stars in Monitoring Category of HDI Benchmarking Assessment for Two Consecutive Years

Under HDI Benchmarking, judges assess companies from customer perspectives in accordance with assessment standards established based on international standards by HDI, one of the world's largest membership associations for the support services industry. Assessments have four levels, ranging from zero stars to three stars.



Sumitomo Mitsui Trust Club has consecutively obtained three-star ratings in the monitoring category. In this category, judges listen to actual recordings of customer support, and assess companies under five items including service structure and communication. How the customer feels is an important perspective in the assessment.

Sumitomo Mitsui Trust Club received the following assessment from HDI-Japan (excerpt).

- Sincerely respectful, courteous, and flexible, providing speedy support as the situation demands.
- Provides a sense of security through response that works to resolve needs by focusing on the content of customer inquiries and the background to their questions.
- Aware of using language and expressions that are easy for customers to understand, and concise explanations. Calm and dependable response.
- Not only contributes to prompt resolution, but also provides adequate emotional care for customers with a sense of empathy and closeness.

Received the Fiscal Year 2021 CRM Best Practice Award for Establishing and Operating Customer Management System CREST

CREST, which went into operation in 2019, is a system that centrally manages customer information collected at multiple customer touch points and returns it to customer service.

Run by the CRM Association Japan, the CRM Best Practice Award aims to realize customer-centric relationship management by awarding companies, government bodies, and organizations for building relationships with customers from the perspectives of strategy, operations, and organization. The purpose of the award is to create model cases for CRM promotion and to provide an opportunity for human resource development. Below are selected comments.



<Special Service Model for Individual Customers>

Sumitomo Mitsui Trust Club is the only company in Japan to issue and operate Diners Club Cards, which is an international credit card brand. Given the characteristics of the business, the company has a variety of information on cardholder tastes, but it was unable to effectively utilize all of its information in cardholder touchpoints. By building an integrated CRM platform to resolve this issue and transform it into a strength, the company was able to promote the provision of high added value services from a customer perspective, realizing improved customer satisfaction and engagement. The company has also succeeded in providing more personalized "special service" by instilling a customer-centric relationship approach throughout the company. Moving forward, expectations are high for the development of new, more evolved services from the perspective of the individual customer using AI.

The new normal is seeing interactions between people and between people and companies continue to change drastically. Against this backdrop, Sumitomo Mitsui Trust Club will provide unique services, continually striving to serve our clients in a meticulous manner with our reliable discernment and support skills honed by history and experience for the benefit of its clients.

Initiative 02 Ongoing Initiatives

Diners Club provides clients with opportunities to contribute to society through activities to protect valuable cultural assets that must be passed on to future generations. Additionally, under the slogan "There are things that can only be found here," the brand provides clients with opportunities to leverage their experienced eye to spot young talent and provide support.

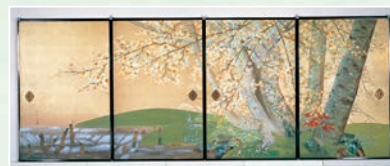
Daigoji Cultural Assets Restoration Project

In February 2021, as part of the restoration of the statue of Kongoyasha Myoo, the restoration of Godai Myoo was completed. The restoration of a painting on a 44-panel sliding paper door by Insho Domoto, a master of Japanese painting, is newly beginning. The long-term restoration project of the ancient documents and holy scriptures of Daigoji Temple

(National Treasure) is also underway in parallel.

Artist Support Program

After more than a year of not being able to perform to clients due to the COVID-19 pandemic, it was possible to hold the long-awaited grand concert at Suntory Hall on October 22, 2021. Young artists and Diners Club members came together to create a vibrant and inspiring excitement.



Part of the Insho Domoto sliding door painting, for which restoration work is beginning

Sumitomo Mitsui Trust Panasonic Finance

Initiative 01 Green Bond Issuance

Based on the Green Finance Framework* that was formulated in September 2021, Sumitomo Mitsui Trust Panasonic Finance issued its first green bonds in October. Funds raised through green bonds will be used to finance or refinance the installation, etc., of facilities and equipment that contribute to higher energy efficiency and renewable energy equipment.

Moving forward, we will proactively utilize green finance, including this green bond issuance, for the necessary funding to promote support for measures to

address climate change, and further contribute to the realization of a sustainable society.



*See here for more details on the Green Finance Framework.

Initiative 02 New Establishment of ESG Promotion Section

In April 2021, Sumitomo Mitsui Trust Panasonic Finance established a new ESG Promotion Section in its Planning Department.

As part of internal training, the section regularly issues an ESG Newsletter, which is an information magazine on the theme of ESG, with the aim of boosting employee ESG mindsets.

For example, by deepening employee understanding from basic content such as what ESG means to international frameworks such as the Paris Agreement, the section is cultivating a macro perspective on ESG throughout the entire company. It will continue to contribute to the realization of a sustainable society through a variety of initiatives.



Initiative 03 One-Stop Services for Demolition and Disposal of Plant Equipment for Asset Valuation

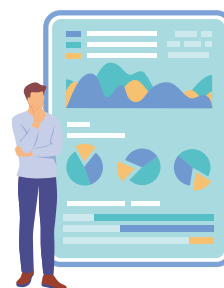
Japan Machinery Leasing and Sales, which is a subsidiary of Sumitomo Mitsui Trust Panasonic Finance, concluded a business alliance agreement with ENVIPRO HOLDINGS and ECONECOL to provide one-stop services for demolition and equipment disposal for asset valuation.

Recent initiatives have utilized the ECONECOL's many years of know-how in scrap processing and demolition and Japan Machinery Leasing and Sales' expertise in objects, including the assessment and trading functions of machinery and equipment, to provide integrated services from valuation of fixed assets to resale and

recycling of unneeded machinery and other assets.

Sumitomo Mitsui Trust Panasonic Finance and Japan Machinery Leasing and Sales have stated in their sustainability policy that they aim to contribute to solving social and environmental problems through their business and to build a circulatory society.

By providing this service, we will promote recycling of machinery and equipment, reduce waste generation, and work to realize a sustainable society together with clients.



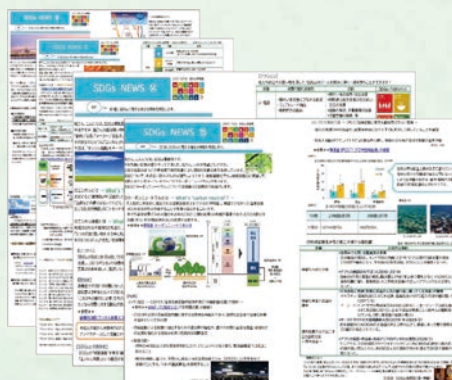
Sumitomo Mitsui Trust General Service

Sumitomo Mitsui Trust General Service engages in management and property administration of buildings in which SuMi TRUST Bank and affiliated companies are tenants. In each of its operations, the company engages in SDG-conscious initiatives that include energy consumption reduction, disaster prevention, and health-related initiatives.

Initiative 01 Regular Publication of SDGsNEWS



In order to promote awareness of the SDGs, we have been distributing a monthly newsletter to all employees, based on the concept of providing familiar information on the SDGs as part of our efforts to deepen employees' understanding of the SDGs, and will continue to do so this fiscal year. Since September 2021, this news has been archived on the intranet of SuMi TRUST Bank, recently covering themes such as ethical consumption, carbon neutrality, food loss, and Nobel Prizes and SDGs. Moving forward, we will continue to run awareness raising activities that help promote even more specific initiatives.



Initiative 02 Switching to Renewable Energy for Owned Buildings Electricity Procurement (Leasing Business Department)



As part of carbon neutrality initiatives of SuMi TRUST Bank Group, Sumitomo Mitsui Trust General Service plans to contribute to the resolution of global-scale challenges by switching from fossil fuels to renewable energy sources for owned building electricity procurement.

- Kanto region: Shinbashi Sansen Building,
Ikebukuro Higashiguchi Building
October 2021 Switchover completed
- Kansai region: Shijo Karasuma Building,
Himeji Kitaguchi Building
February 2022- Switchover start scheduled
(agreed in October 2021)



Shijo Karasuma Building



Shinbashi Sansen Building

Initiative 03 Promote Food Drive for Emergency Supplies (Senri)



Emergency food nearing its best-before date, at SuMi TRUST Bank Senri Building, was donated to the Toyonaka City Council of Social Welfare in October 2021. The donated food will be used by the council of social welfare to help food supply to people in need and children's cafeterias. Moving forward, we

will continue to work to reduce food loss.



Donated emergency foods



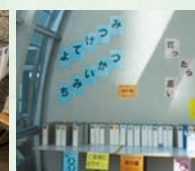
Initiative 04 Reusing Stationery Goods (Shiba, Fuchu, Kiba)



A reuse corner was set up in a location after a tenant raised the issue of disposing of a large amount of stationery. This initiative started from the Shiba location, and has spread to the Fuchu location and the Kiba location to great acclaim. We will continue to work on reducing waste through reuse and operate locations in an environmentally-conscious manner.



Shiba location



Fuchu location



Kiba location

Sumitomo Mitsui Trust Business Service

Initiative 01 ▶ Becoming the Tenth Company in Japan to Receive Platinum Eruboshi Certification

In February 2021, Sumitomo Mitsui Trust Business Service became the tenth company in Japan to receive Platinum Eruboshi certification established by the Ministry of Health, Labour and Welfare.

"Eruboshi (level 3)" and "Platinum Eruboshi" certification*1 are the highest level*2.

Sumitomo Mitsui Trust Business Service has been working on a daily basis to provide mutual support so that people can continue to play an active role even after major life events. As a result, as one example, 25% of regular female employees use maternity leave, childcare leave, and shorter working hours systems, and some employees are active as team managers and leaders while making use of shorter working hours, and the proportion of female team managers is approximately 80%. At training for employees scheduled to return to the workplace, employees who have finished maternity or childcare leave are provided opportunities to hear about the company's expectations as well as the efforts of senior employees at work and at home to ensure prompt catch-up. This is a company where young employees find it easy to imagine how they can balance work and home life.

As a system to broaden the work scope of various employees in different generations, the company enriches a system to provide a gateway for staff-level employees (mainly on fixed-term contracts) to become regular employees. To meet the needs of intending to be engaged

in management duties, the company initiated this system to regular employees in fiscal year 2018. In fiscal year 2021, 45 employees became regular employees as of October 1.

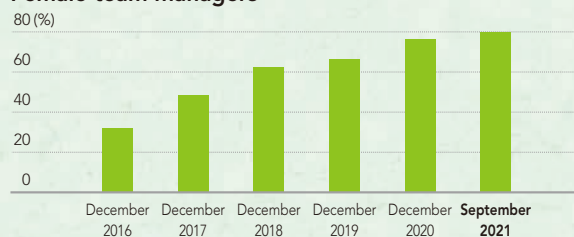
The company will keep striving to create a workplace in which each employee accepts each other while being conscious of diversity.

*1 Platinum Eruboshi certification is given to companies that meet the higher level requirements of the Eruboshi (level 1 to 3) certification, based on their efforts to promote the advancement of women.

*2 The Ministry of Health, Labour and Welfare's "General Site for Supporting Women's Activities and Work-Life Balance" will soon feature an interview article on Sumitomo Mitsui Trust Business Service.



Female team managers



Sumitomo Mitsui Real Estate Investment Management

Initiative 01 ▶ Obtained GRESB Real Estate Assessment

In October 2021, Shiba Wind Avenue GK (investment property: NEC Head Office Building), for which Sumitomo Mitsui Real Estate Investment Management is entrusted with asset management services, participated in the GRESB Real Estate Assessment for the first time. The company received a three star GRESB rating, which is a five-level rating based on the global ranking of the overall score.

GRESB is an annual benchmarking assessment, which measures the environmental, social and governance (ESG) considerations of real estate companies and funds, and the name of organization that manages it. GRESB data is widely used in the selection of potential investments and in dialogue with them. In Japan, many institutions use the results of GRESB assessments, including the Government Pension Investment Fund (GPIF). A total of 1,520 listed

and private real estate companies and funds across the world participated in the 2021 GRESB Real Estate Assessment.

Sumitomo Mitsui Real Estate Investment Management believes that formulating and encouraging of responsible investment management strategy that considers ESG and endeavors to achieve continuous reduction in environmental degradation from our investment property eventually maintains and increases asset value, and maximizes shareholder value. Therefore, we have established our ESG Property Investment Management Policy and put this policy into our daily practice.



See here for the ESG Property Investment Management Policy of Sumitomo Mitsui Real Estate Investment Management.
<https://www.smtreim.jp/policy/ESG.pdf>

Sumitomo Mitsui Trust Realty

Initiative 01 Support for the Protection of Endangered Species



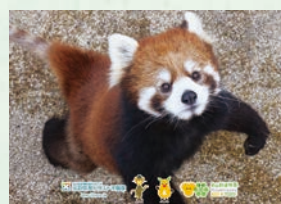
Chubu Head Office - Support for Higashiyama Zoo and Botanical Gardens

Sumitomo Mitsui Trust Realty's Chubu Head Office sponsors the spring and fall festivals of Higashiyama Zoo and Botanical Gardens every year. This fiscal year, we ran original animal underlay sheet making. On the surface of the sheets were photographs of endangered animals in the Higashiyama Zoo and Botanical Gardens, while the back featured pictures for coloring in and explanations of the animal. A hard laminate was then applied to create underlay sheets. Both spring and fall events were met with great acclaim, attracting the participation of a large number of visitors. We believed that making underlay sheets would help boost interest in the animals over a long period of time.

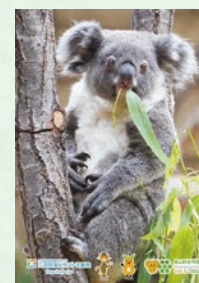
In tandem with the underlay sheet making, we also distributed 2,000 copies each of animal-themed clear files in the spring and the annual animal calendar in the fall. This was also well received, with many visitors saying that they look forward to it every year. We will continue our activities to support Higashiyama Zoo and Botanical Gardens.



2022 animal calendar



Red panda underlay sheet



Koala underlay sheet

Contributing to the preservation of endangered species by supporting Higashiyama Zoo and Botanical Gardens.

Kyushu Head Office - Support for Fukuoka City Zoo

Sumitomo Mitsui Trust Realty's Kyushu Head Office is a sponsor of the Fukuoka City Zoo.

Inspired by Trust-san, the mascot of Sumitomo Mitsui Trust Realty and a supporter of Fukuoka City Zoo, there is a large information panel (2.4 m x 1.2 m) explaining the distribution of tigers in the world in front of the tiger house where Kai, an Amur tiger, is kept. Amur tigers are one of the largest types of tiger, with each tiger requiring a large expanse of forest. However, they are in danger of extinction due to factors such as destruction of nature.

Zoos are facilities where you can feel the movement and smell of animals up close, and be impressed by both their power and cuteness. Learning about how animals live and their current situation encourages us to think about the environment and ecosystems in which animals live. Zoos

also play an important role in the preservation of species and other activities, but their operation is becoming more and more difficult due to the decline in wild animals and rising prices.

We support the cost of feed for animals in the zoo as an animal supporter. We hope that this activity contributes, even if just a little, to the preservation and survival of species and the education of children.



Kai, a male Amur tiger at the Fukuoka City Zoo



A large-scale panel donated to Fukuoka City Zoo giving details about the tigers of the world



Sumitomo Mitsui Trust Systems & Services

Initiative 01 ▶ Running Online Programming Classes for Elementary School Students



As an IT company based in Fuchu City, Tokyo, Sumitomo Mitsui Trust Systems & Services runs initiatives to help develop children's programming thinking skills through hands-on activities to create the IT talent of the future at the Fuchu Citizens Festival every November.

Due to the COVID-19 pandemic, the festival was once again held online, following on from 2020. We hosted an online programming class for elementary school students using the videoconference tool Zoom and the programming language Scratch.

On the day, 29 parent-child groups participated from their homes using the videoconference tool. Employees of Sumitomo Mitsui Trust Systems & Services (a total of 20) served as instructors for the class, giving individual lessons based on the level and pace of the participants, from low to high grades of elementary school.

The children were absorbed in creating their own programs using the methods they were taught, and had a great time. The guardians who participated gave numerous comments, with some saying that their

children have stayed interested even after the classroom and are having fun interacting with code, while others said that their children said that they will continue the rest themselves and seem to be interested. We felt that this class was a great opportunity for the children to gain an interest in programming, and we also gained a great sense of fulfillment.

Going forward, we will continue to monitor the needs of the times and the local community, and continue our activities as a good corporate citizen to stay close to the local community.



Online programming class



Initiative 02 ▶ "Platinum Kurumin" and "Eruboshi (Level 2)" Certification



In November 2020, Sumitomo Mitsui Trust Systems & Services received Platinum Kurumin certification for being an outstanding company conducting childcare support initiatives to a high standard.

Sumitomo Mitsui Trust Systems & Services is working to create an employment environment in which anyone, regardless of gender or age, can play an active role in their own way, and in which it is easy to create a work-life balance. In June 2021, the company was certified as an outstanding company in terms of promoting the advancement of women, meeting four of the five criteria for recruitment, continuous employment, working hours and other work styles, and the ratio of women in management positions, receiving "Eruboshi (level 2)" certification.

Moving forward, we will continue to study and promote these initiatives so that they are not only focused on women, but are also measures that enable both women and men to play active roles.



People in charge of promoting the advancement of women and supporting the development of the next generation



Sumitomo Mitsui Trust Life Partners

Initiative 01 Donations and Contributions to Parents House by Organizing a Bazaar



Participating in the social contribution activities of the Associates Association, which consists of Aflac agents, Sumitomo Mitsui Trust Life Partners ran a bazaar by all employees.

Proceeds from the bazaar were donated to the Children's Cancer Association of Japan and items on the wish list from Aflac Parents House* were also donated to the Parents House with the cooperation of employees.

For the donations, a wish list from Parents House was made available to the employees, which included items that were individually requested, calling for donations of food items such as retort foods and canned foods, daily necessities such as detergents and paper towels, as well as futon dryers, dolls, and other items that are used daily at Parents House.

Thanks to the cooperation of many employees, a variety of items were brought to the bazaar, including stuffed animals, paperback books, CDs, bags, and clothing, and there was a sense of how each and every employee wanted to get close to Parents House.

In addition, the bazaar was also an activity that contributes to SDGs activity "12. Responsible Consumption

and Production," facilitating the effective use of resources such as goods that are not currently being used in each employee's home.

By continually working on this sort of activity, we would like to make social contribution activities a natural activity (for Sumitomo Mitsui Trust Life Partners).

*An accommodation facility for children with intractable diseases and their families operated by Children's Cancer Association of Japan and supported by Aflac. It is mainly used by children and their families who have to go to hospitals far from their homes for treatment of pediatric cancer and other diseases.



The bazaar venue which was visited by many employees and good donated to Parents House

Tokyo Securities Transfer Agent

Initiative 01 Hosted a TCFD-Themed Seminar for Entrustees



Japan's Corporate Governance Code was revised in June 2021, and from April 2022, companies listed on the prime market of the Tokyo Stock Exchange will be newly required to collect and analyze necessary data on the impact of climate change-related risks and earnings opportunities on their business activities, earnings, etc., and to disclose such data within the framework of TCFD, etc. TCFD refers to recommendations published in June 2017 by the Task Force on Climate-Related Financial Disclosures, which was organized in 2015. It is not something that corporate stock practitioners are very familiar with, and we imagined that many practitioners would not know what to disclose and how to disclose it.

To that end, Tokyo Securities Transfer Agent held an online seminar themed around an overview of TCFD about TCFD-based disclosure to entrustees of stock transfer agency services, inviting MS&AD InterRisk Research & Consulting Senior Researcher Kosuke Terasaki to be instructor. Following on from 2019 and

2020, this marks the third seminar for entrustees themed around sustainability. The seminar started with TCFD background and recommendations, followed by an easy-to-understand explanation of actual disclosure examples and scenario analysis. Similarly to the previous two seminars, it was met with great acclaim.

Climate change is currently a huge global issue. In order to realize a sustainable society, response is required not only from the government, but also on a company and group level. For this reason, Tokyo Securities Transfer Agent will continue to provide information on sustainability.



Cover and table of contents of the Tokyo Securities Transfer Agent online seminar materials

SBI Sumishin Net Bank

Initiative 01 Hosted the Online Economics Koshien Tournament

This quiz event is billed as the “Economics Koshien” and aims to make learning about finance and economics enjoyable for high school students across Japan.

Following on from last year, SBI Sumishin Net Bank hosted the Online Economics Competition, a preliminary for the all-Japan contest, for students to compete in the quiz via the Internet. Teams compete based on their knowledge about a wide range of finance and economics-related topics such as current events and money-related trivia, with the winning team able to proceed to the all-Japan contest. In the ninth Online Economics Competition, 113 teams participated, with the winning team from Kaisei Senior High School appearing in the all-Japan contest. We

will continue to sponsor this event as a way to encourage more high school students to participate and learn more about finance and economics.



The National Economics Koshien Tournament

Winning team
Kaisei Senior High School (Tokyo)

Runner-up
Rakuhoku Senior High School (Kyoto)

Third place team
Takanawa Senior High School (Tokyo)

Initiative 02 Implementing SENSEI Yononaka Gaku

SBI Sumishin Net Bank has developed educational materials for financial and economic education for high school students in collaboration with ARROWS Corporation. The materials are packaged with a script and manual for teachers, making it easier for teachers themselves to provide financial and economic education that expands on the content of the textbook and is useful in real life. All materials are provided free of charge to schools and teachers who wish to use them, and we were able to offer classes to approximately 2,000 students in fiscal year 2019, the first

year, and approximately 5,000 students in fiscal year 2020. Many schools have applied for the materials in fiscal year 2021, and we plan to offer classes to approximately 10,000 students, which is double the amount of last fiscal year.



Classes in fiscal year 2020

Initiative 03 Launch of Smartphone App T NEOBANK

SBI Sumishin Net Bank partnered with T-money Co., Ltd. to launch the new financial service T NEOBANK in March 2021.

T NEOBANK is an online bank account specifically designed for use in a smartphone app. Basic bank services such as bank deposits, borrowing, and transfers are provided in the app, where users can also enjoy government-controlled gambling sports and sports lotteries. Users are also given T-points in accordance with their transactions, which can be used to repay credit card loans and purchase

sports lottery tickets.

SBI Sumishin Net Bank will continue to strive to provide even better services utilizing cutting-edge technology.



Visualization of NEOBANK

Initiative 04 Received the Excellence Award in the Best Customer Support of The Year for the Second Consecutive Year

Through the analysis of client feedback (VOC*1/NPS*2 surveys), SBI Sumishin Net Bank has introduced features such as Smart Authentication NEO and ATM via App that allow clients to use services comfortably and without stress. These initiatives were well received, and in July 2021 we were awarded with the Excellence Award in the fiscal year 2021 Best Customer Support of The Year run by the Japan Institute of Information Technology. This is the second

consecutive year to win the Excellence Award, following on from last year.

Moving forward, we will utilize technology to provide highly convenient services and contribute to sustainable global environment, economic and social development.

*1 Abbreviation of Voice of Customer. Refers to client feedback and client perception

*2 Abbreviation of Net Promoter Score. Refers to an indicator to measure customer loyalty



Trust Base

Initiative 01 Promote DX Without Being Bound by Existing Frameworks



Trust Base Co., Ltd. (Trust Base) was established in April 2021 as a digital strategic subsidiary 100% owned by Sumitomo Mitsui Trust Holdings in order to accelerate the promotion of digital transformation (DX) of the Sumitomo Mitsui Trust Group.

Trust Base will single-handedly be in charge of the DX strategy across Group companies and SuMi TRUST Bank businesses, and accelerate digitization. In addition, in the rapidly changing digital field, we will build a system to succeed amidst fierce competition by creating our own system development environment and simplifying business rules to achieve quickly adaptable business operations.

An employee in his 30s was appointed as the Director and CEO of Trust Base through open internal hiring at

SuMi TRUST Bank. In addition to creating an environment that attracts a wide range of DX talent, not just from the financial industry, we will work to create new value with a diverse group of colleagues from major IT companies such as Microsoft Japan Company and Cybernetica of Estonia, as well as other leading overseas technology companies.

Moving forward, we will continue to carry on the Sumitomo Mitsui Trust Group's management principles, while at the same time creating a new culture within the Group with flexible ideas unconstrained by conventional wisdom.



Tanaka, Director and CEO,
Trust Base Co., Ltd.



BIDV-SuMiTRUST Leasing

Initiative 01 Supporting Medical Facilities in Ho Chi Minh City

By the end of April 2021, there were very few cases of COVID-19 in Vietnam and a relatively calm situation had been continuing. However, from May, there was a rapid increase in infections of the Delta variant around Vietnam. In order to support medical practitioners, BIDV-SuMiTRUST Leasing donated supplies such as masks, rubbing alcohol, medical protective clothing, and gloves to medical facilities in Bắc Giang province in northern Vietnam, where many infections had occurred from May,

and in Ho Chi Minh City, where the biggest outbreak had occurred from August.



Bringing in support supplies
(Bắc Giang province [left],
Ho Chi Minh City [right])



Trust Future Forum

Service to Society Aimed at Development and Spread of Trust System

Trust Forum Foundation

Trust Forum Foundation, a public interest incorporated foundation, has carried out surveys and research to contribute to the spread and development of Japan's trust system. With the aim of contributing to improve the quality of national living standards and domestic economic development, we offer subsidies to support outstanding research and activities. Established in July 1987, the Trust Forum Foundation will celebrate its 30th year anniversary in 2017.



Social Contributions via Survey and Research

One pillar of the mainstay survey and research business is establishing research themes relating primarily to the Trust Act and self-directed research carried out in study group meetings, and on mainly financial and economic matters, consigning research to a specialist research institute. These research results are released to the general public through book publications and research paper issuance. Since its founding, the Trust Forum Foundation has released 89 research books as of December 2021, and researchers and practitioners use them.

In pursuing research, scholars involved in trust research focused mainly on civil law, commercial law, and Anglo-American law made up the core of the research effort, and the research results became the cumulative foundation of intellectual capital for Japan relating to the trust system. The Trust Forum Foundation contributed in unparalleled ways in Japan as a specialist research institute such as when its research was referenced in amending Japan's Trust Act in 2007.

In the more than 10 years since the Trust Act amendment, a new era is emerging due to new ways of utilizing trusts, new methods, and new concepts as social issues have grown even more serious. The Trust Forum Foundation will continue as a public interest incorporated foundation to promote social contribution and activities with a high public interest.

Grants, Social Contributions via Endowed Courses

The grant-making program supports surveys, research, and activities on trusts and related finance and economics, and is the Forum's second pillar. It accepts applications from researchers in Japan and overseas, practitioners, and various organizations, and offers grants for research expenses, etc.

In conjunction, with the aim of spreading trusts and promoting understanding, the Forum has established endowed courses on the Trust Act aimed at college undergraduates. In Japan, where an increasing number of people are bearers of trusts, these courses offer students a precious opportunity to properly obtain knowledge on the trust system while young.

Meanwhile, we are currently setting up a new course for elderly clients on the topic of donations using trust schemes in fiscal year 2021.

Themes of Self-Directed and Consignment Research (as of December 2021)

Self-Directed Research	Gerontology in housing and ways of living
	Trusts and inheritance planning in the U.S.
	A comparison of commercial trusts and corporations
	Expanding courses and promoting "Education related to trusts and financial economics"
	Shares and trusts
	New issues faced by trusts and the Trust Act
	Systems and legal principles of investment trusts
	The development of the Trust Act and trust-related principles of law
	Future prospects for the popularization of charitable trusts, in light of proposed amendments to the Act on Charitable Trust
Consignment Research	Financial transactions and taxation
	Nuclear power generation in Japan using trust methods
	Designing systems for decommissioning schemes
	Legal issues related to testamentary substitute trusts
	Research on regional development and regional finance using RESAS and regional economic cycle analysis

List of grant-assisted projects in FY2021

Hosting the 20th Japan-China Civil and Commercial Law Seminar
Suggestions for civil trusts in Japan, taken from the theory and practice of trusts in the U.S.
Comparative research into financial and economic education, including trusts in various Asian countries
Value-linking mechanisms and the function of trusts for stablecoins
Hermeneutics and legislative theory related to how welfare trusts should be taxed, from the perspective of the U.K. adult guardianship system
Intellectual property rights trusts in Japan and the U.S. (with a focus on patent rights trusts)

List of Endowed Courses Established

Kwansei Gakuin University	Undergraduate School of Law and Politics
Chuo University	Faculty of Law
Tohoku University	Faculty of Law
Doshisha University	Law School
Rikkyo Second Stage College	

The Sumitomo Foundation

Partnership with the Sumitomo Foundation

The Besshi Copper Mine in Ehime Prefecture was opened in 1691 after Tomoyoshi Sumitomo—the fourth head of the Sumitomo family—acquired mining rights from Japan's feudal government. It thereafter became the foundation of the various businesses of the Sumitomo Group. The Sumitomo Foundation was established in 1991 to commemorate the opening of the mine 300 years earlier and since then the SuMi TRUST Group has collaborated with the Foundation in various ways. For example, we have contributed money, played a part in its management as trustee, and dispatched staff.

Grant Business of the Sumitomo Foundation

As a universal grant-making organization, the Sumitomo Foundation extends grants to research activities and businesses in various fields, including basic sciences, the environment, art and culture, and international exchange. From fiscal 1991 through 2020 the Foundation had awarded a total of 7,069 grants worth more than ¥11.3 billion.

Basic Science Research Grants

Scientific advancements have contributed greatly to the development of society and science has the potential to open up the future of humankind. This grant provides support to basic science research projects considered important but lacking research funds, and especially budding research undertaken by young researchers expected to generate innovative ideas.

Cumulative number of grants from FY1991 through FY2020: 2,503 for a total of more than ¥4.0 billion

Environmental Research Grants

Environmental issues are some of the biggest problems currently confronting humanity. Researchers continue to investigate the causes and seek solutions to numerous environmental problems, including global warming, ozone-layer depletion, acid rain, species decline, food and population, desertification, and pollution. Given the need to develop analysis methods and various countermeasures based on a multi-faceted approach in order to solve the problems plaguing the environment, this grant provides support to research projects undertaken in a variety of fields (humanities, social sciences, natural sciences).

Cumulative number of grants from FY1991 through FY2020: 1,520 for a total of more than ¥2.9 billion

Grant for Projects for the Protection, Preservation & Restoration of Cultural Properties in Japan

When considering spiritual wealth, cultural assets are the source of a spiritually affluent lifestyle and the basis for the creation of new culture. And as a foundation for mutual understanding, they serve to deepen awareness of one's own culture and the cultures of other countries. Having access to cultural assets is therefore an extremely effective way of learning about the history of bilateral cultural exchange. From this point of view, it is the responsibility of the current generation to preserve cultural assets so they can be inherited by the next generation. That said, it is hard to say that there is always enough



Inouchuzu (Map of Japan, made by Ino Tadataka), The University of Tokyo

money to spend on preserving and restoring cultural property in Japan. This grant is for projects that aim to help protect, preserve, and restore cultural assets in Japan (fine arts such as paintings, sculptures, craftwork, handwriting, books, ancient documents, antiquities, and historical materials).

Cumulative number of grants from FY1991 through FY2020: 864 for a total of more than ¥1.7 billion

Grant for Projects for the Protection, Preservation & Restoration of Cultural Properties outside Japan

Culture is the cornerstone of a country and the source of spiritual enrichment. Cultural properties are assets in which humanity and the history of mankind are interweaved—they represent the hope and pride of the people in all countries. Mutual understanding is deepened when the people of the world have access to each other's cultural assets, which in turn builds relationships of trust. It is the responsibility of the people alive today to protect cultural properties and pass them on to the next generation. That said, not enough has been done in other countries to preserve and restore cultural assets. With the aim of helping to hand cultural properties shared by all humanity down to posterity, this grant is for projects in other countries that preserve and restore cultural properties (fine arts and relics), as well as preliminary research that leads directly to preservation and restoration work.

Cumulative number of grants from FY1991 through FY2020: 354 for a total of more than ¥830 million



Kaman-Kalehöyük archaeological site, Turkey

Japan-Related Research Grants in Asia

This grant is for researchers in mainly East Asian or Southeast Asian countries undertaking research related to Japan, including comparative studies, international relation studies, and historical exchange studies that include Japan. The grant aims to lay the groundwork for deepening understanding of Japan in these countries and to help further mutual understanding between Asian countries and Japan.

Cumulative number of grants from FY1991 through FY2020: 1,676 for a total of more than ¥1.2 billion

Comparative Table of Common Metrics for Sustainable Value Creation

This report was created based on consideration of “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation,” a document put together mainly by the global Big 4 accounting firms based on the recommendations of the World Economic Forum’s International Business Council. Measurement standards include core metrics and expanded metrics. This report was created in line with the disclosure items of the core metrics, and is also built to support some of the disclosure items of the expanded metrics.

Principles of Governance

Theme	Core metrics and disclosures	Page No.
Governing purpose	Setting purpose The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	P6-7
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	P12-13
Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	P18-23
Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization’s anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	P28-34
	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	P29-31
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	P37-41, P48-61

Theme	Expanded metrics and disclosures	Page No.
Governing purpose	Purpose-led management How the company’s stated purpose is embedded in company strategies, policies and goals.	P18 Integrated Report 2021 P4-11
Quality of governing body	Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	P15, P20-21
	Remuneration 1. How performance criteria in the remuneration policies relate to the highest governance body’s and senior executives’ objectives for economic, environmental and social topics, as connected to the company’s stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ul style="list-style-type: none"> • Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	Integrated Report 2021 P96-103

Theme	Expanded metrics and disclosures	Page No.
Ethical behaviour	Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.	P33
	Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	P34
Risk and opportunity oversight	Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	—

Planet

Theme	Core metrics and disclosures	Page No.
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	P93-99
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	TCFD REPORT 2021/2022
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	—
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	—

Theme	Expanded metrics and disclosures	Page No.
Climate change	Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	P66, P93 TCFD REPORT 2021/2022
	Impact of GHG emissions Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.	—
Nature loss	Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material): <ul style="list-style-type: none"> • Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). • Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations. • Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme. 	—
	Impact of land use and conversion Report wherever material along the value chain: the valued impact of use of land and conversion of ecosystems.	—

Comparative Table of Common Metrics for Sustainable Value Creation

Theme	Expanded metrics and disclosures	Page No.
Freshwater availability	Impact of freshwater consumption and withdrawal Report wherever material along the value chain: the valued impact of freshwater consumption and withdrawal.	—
Air pollution	Air pollution Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	—
	Impact of air pollution Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions.	—
Water pollution	Nutrients Estimate and report wherever material along the value chain: metric tonnes of nitrogen, phosphorous and potassium in fertilizer consumed.	—
	Impact of water pollution Report wherever material along the value chain: the valued impact of water pollution, including excess nutrients, heavy metals and other toxins.	—
Solid waste	Single-use plastics Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.	P97
	Impact of solid waste disposal Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.	P96-99
Resource availability	Resource circularity Report the most appropriate resource circularity metric(s) for the whole company and/or at a product, material or site level as applicable. Potential metrics include (but are not limited to) the Circular Transition Indicators (WBCSD), indicators developed by the Ellen MacArthur Foundation and company developed metrics. Disclose the methodological approach used to calculate the chosen circularity metric(s) and the rationale for the choice of metric(s).	P68-71

People

Theme	Core metrics and disclosures	Page No.
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	P103-105
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	—
	Wage level (%) 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	P107
	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	—
Health and well-being	Health and safety (%) 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	P117
Skills for the future	Training provided (#, \$) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	P108-109

Theme	Expanded metrics and disclosures	Page No.
Dignity and equality	Pay gap (% , #) 1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non-BAME) at a company level or by significant location of operation. 2. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	P117
	Discrimination and harassment incidents (#) and the total amount of monetary losses (\$) Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: a) law violations; and b) employment discrimination.	P116, P120
	Freedom of association and collective bargaining at risk (%) 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	P115
	Human rights review, grievance impact & modern slavery (#, %) 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	—
	Living wage (%) Current wages against the living wage for employees and contractors in states and localities where the company is operating.	P117
Health and well-being	Monetized impacts of work-related incidents on organization (#, \$) By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, health-care costs, compensation costs to employees).	—
	Employee well-being (#, %) 1. The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers. 2. a) Percentage of employees participating in "best practice" health and well-being programmes, and b) Absentee rate (AR) of all employees.	P115, P117
Skills for the future	Number of unfilled skilled positions (#, %) 1. Number of unfilled skilled positions (#). 2. Percentage of unfilled skilled positions for which the company will hire unskilled candidates and train them (%).	—
	Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$) 1. Investment in training as a percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.	—

Comparative Table of Common Metrics for Sustainable Value Creation

Prosperity

Theme	Core metrics and disclosures	Page No.
Employment and wealth generation	Absolute number and rate of employment Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	P107, P117, P136
	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> • Revenues • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government • Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	P33, P117, P136-137, P150, P231
	Financial investment contribution Total capital expenditures (CapEx) <i>minus</i> depreciation, supported by narrative to describe the company's investment strategy. Share buybacks <i>plus</i> dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	P137
Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	—
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	P150

Theme	Expanded metrics and disclosures	Page No.
Employment and wealth generation	Infrastructure investments and services supported Qualitative disclosure to describe the below components: <ol style="list-style-type: none"> 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements. 	P137
	Significant indirect economic impacts <ol style="list-style-type: none"> 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas). 	P137
Innovation of better products and services	Social value generated (%) Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	—
	Vitality Index Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales, supported by narrative that describes how the company innovates to address specific sustainability challenges.	P138
Community and social vitality	Total Social Investment (\$) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECF Valuation Guidance.	P137, P150
	Additional tax remitted The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	—
	Total tax paid by country for significant locations Total tax paid and, if reported, additional tax remitted, by country for significant locations.	—

PRB Initiatives

We became a founding signatory to the Principles for Responsible Banking (PRB) advocated for by the United Nations Environment Programme Finance Initiative (UNEP FI) and launched on September 22, 2019. We are committed to collaborating with other signatory banks worldwide to strategically align our business operations with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. The signing of the PRB means we promise to be transparent about the positive and negative impacts our banking business has on people and the planet. By focusing on the areas in which our core business has the greatest impact, setting goals for specific initiatives, and taking action, we hope to make significant contributions towards achieving the targets of the SDGs on both a global and local level.

Having signed on to the PRB, we are obligated to disclose information about our PRB initiatives in our existing reports. More specifically, 18 months after signing (i.e., by March 2021 for the Company) and then every year thereafter, we must report on progress and self-assessments, and then within four years fully implement the following necessary steps as a signatory bank: (1) impact analysis; (2) target setting and implementation; and (3) accountability. Our first initiative is shown below.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		

1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.

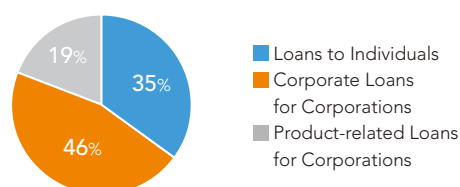
The SuMi TRUST Group leverages its significant expertise and comprehensive capabilities to create unique value under a business model that combines banking, asset management and administration, and real estate services.

2021 disclosure materials

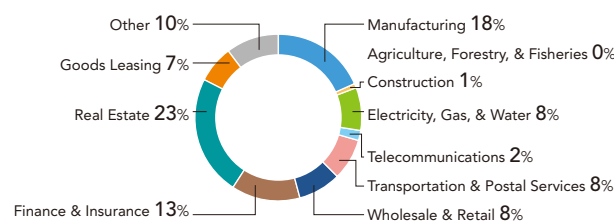
FY2020 Gross Business Profit by Segment (¥100mn)

Retail TS Services Business	1,776	Bank deposits, loans to individuals, sales of investment trusts and insurance, will trusts, asset inheritance services, etc.
Wholesale TS Services Business	2,077	Corporate credit loans, real estate lending, etc.
Stock Transfer Agency Services Business	403	Stock transfer agency services
Real Estate Business	499	Real estate brokerage, real estate securitization
Fiduciary Services Business	1,758	Pension trusts, securities management and administration
Global Markets Business	698	ALM, fixed income investments

Breakdown of Loan Balance



Industry Weighting of Loans to Domestic Corporate Clients



(Note) Share ratio calculated based on the assumption that the balance of loans for corporations at domestic branches is 100%.

Balance of Bank Loans in Japan and Overseas (March 31, 2021)

Japan	¥26 trillion	Overseas	¥4 trillion
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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>The SuMi TRUST Group defines its Purpose—or reason for existence—as “To create new value with the power of trusts and let prosperous future for our clients and society bloom,” and seeks to achieve the balanced creation of both social value and economic value.</p> <p>In order to realize its Purpose, the Group must organically combine the process of creating positive impacts while maximizing stakeholder value with the process of sustainably strengthening its own financial and non-financial management foundations (the six types of capital); and it must establish a system to appropriately manage these processes at the management level. The Group calls this system the “value creation process.”</p> <p>The Group defines the “events that have a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital” as “Materiality”—or priority issues—and has drawn up a list of 17 Materiality issues.</p> <p>Of these issues, the Group recognizes that climate change has a particularly large impact. For this reason, in October 2021 the Group announced its Carbon Neutral Commitment and joined the Net-Zero Banking Alliance, while its two core management subsidiaries—Sumitomo Mitsui Trust Asset Management and Nikko Asset Management—signed up to the Net-Zero Asset Managers initiative. The Group has chosen to accelerate initiatives aimed at reducing its own GHG emissions, as well as those generated by its trusts, and investments and loans in order to realize a carbon-free society.</p>	<p>Sustainability Report 2021/2022 Page 18</p> <p>TCFD REPORT 2021/2022 Pages 7-9</p>

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p>2.1 Impact Analysis:</p> <p>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) Scope: The bank's core business areas and products/services across the main geographies in which the bank operates have been included in the scope of analysis, as outlined in section 1.1.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts 	<p>With regard to domestic lending, the SuMi TRUST Group sought to identify the sectors that have the greatest impact. It analyzed industry types with the highest value in its loan portfolio; it used an impact radar that took into account the national needs of Japan; and for each sector, it measured positive and negative impacts.</p> <p>In Japan, global warming is the cause of an increasing number of natural disasters. Reducing GHG emissions, with the goal of mitigating global warming, is therefore an issue of great urgency. The Group used its impact radar to consider the characteristics of its impacts, and drew up a list of priorities for issues related to sustainable development; it designated climate change as the most important issue.</p> <p>When measuring impacts, the Group is experimenting with incorporating expert technical analyses and evaluations, primarily from the scientists and engineers belonging to the technology-based finance team.</p> <p>In order to respond to the key issue of climate change, in October 2021 the Group announced its Carbon Neutral Commitment.</p> <p>This formalizes its commitment to contributing to the realization of a carbon-free society by achieving net-zero emissions in its trusts, its loans and investments, and in its own initiatives.</p> <p>With regard to the GHG emissions goals outlined in its Carbon Neutral Commitment, the SuMi TRUST Group pledges to continually calculate and regularly report the results.</p> <p>Before it can calculate emissions, the Group must first establish an appropriate calculation system—a process that includes the creation of a database. In the meantime, the Group has come up with a broad estimate for the GHG emissions volumes of its current investments and loans portfolio. Details are provided in the TCFD Report.</p>	<p>TCFD REPORT 2021/2022 Pages 34-35</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

The SuMi TRUST Group defines its Purpose—or reason for existence—as “To create new value with the power of trusts and let prosperous future for our clients and society bloom,” and seeks to achieve the balanced creation of both social value and economic value.

In order to achieve its Purpose, the Group has drawn up a list of 17 Materiality issues, defined as “events that have a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital.”

Of these issues, the Group recognizes that climate change has a particularly large impact. For this reason, in October 2021 the Group announced its Carbon Neutral Commitment, and sought to accelerate initiatives aimed at reducing its own GHG emissions, as well as emissions generated by its trusts, and investments and loans in order to realize a carbon-free society.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact,” resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/ climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>SuMi TRUST Group Carbon Neutral Commitment</p> <p>The SuMi TRUST Group defines its Purpose—or reason for existence—as “To create new value with the power of trusts and let prosperous future for our clients and society bloom.” The Group seeks to contribute to the realization of a carbon-free society, and to achieve the balanced creation of both social value and economic value. It intends to accomplish this by creating new markets and new investment opportunities, through executing its investments and loans functions, and its asset management and administration, in the distinctive manner of a trust bank group.</p> <p>1) Contribute to achieving a carbon-free society by leveraging its wide-ranging and flexible functions as a trust bank group</p> <p>As Japan's only trust banking group, the SuMi TRUST Group aims for a balanced creation of both social value and economic value by harnessing the power of trusts. It will contribute to the realization of a carbon-free society through its transactions with clients by leveraging its diverse functions, including investments and loans from its own accounts, asset management, asset administration, and various advisory services.</p> <p>The SuMi TRUST Group is Asia's largest asset management group, with assets under management of ¥122 trillion, and intends to consider ways of achieving net-zero GHG emissions in its investment management operations. Both Sumitomo Mitsui Trust Asset Management (SMTAM) and Nikko Asset Management (Nikko AM) are already conducting independent engagement activities; they have also led Asian participation in international initiatives such as Climate Action 100+, and carried out joint engagement activities targeting corporations that are major greenhouse gas emitters.</p> <p>In the real estate sector, in 2010 the SuMi TRUST Group became the first Japanese financial institution to establish an organization dedicated to environmentally friendly property. Since then, the Group has engaged in various businesses aimed at popularizing environmentally friendly property. This includes providing consulting services for energy-saving building facilities, and providing support for clients looking to switch to renewable energy; the Group places a particular focus on consulting services for clients intending to apply for CASBEE Certification, a method for evaluating and rating the environmental performance of buildings. The Group has one of the highest-value portfolios of entrusted properties in Japan, with a combined value of approximately ¥20 trillion. Going forward, it intends to offer support plans for achieving net-zero GHG emissions at these properties.</p> <p>As the only financial group in Japan to specialize in trust banking, the SuMi TRUST Group will utilize its diverse and flexible functions to promote the creation of virtuous circles of financing, assets, and capital, and thereby contribute to the rapid realization of a carbon-free society.</p> <p>2) Achieve net-zero GHG emissions in investment and loan portfolios</p> <p>The SuMi TRUST Group has committed to achieving net-zero GHG emissions (Scope 3) in its investment and loan portfolios by 2050; in order to strengthen its commitment, it has joined the Net-Zero Banking Alliance (NZBA), which was convened by the United Nations Environment Programme Finance Initiative (UNEP FI). In fiscal 2022, the Group will formulate interim targets for 2030 in line with the NZBA framework.</p> <p>In the shipping sector, SuMi TRUST Bank is a signatory to the Poseidon Principles. In October 2021, the Bank also signed up to the Getting to Zero Coalition (GZC)'s “The Call to Action for Shipping Decarbonization,” which seeks to encourage decarbonization in the maritime shipping industry. The signatories to The Call to Action commit to achieving net-zero GHG emissions from international shipping by 2050; they also pledge to urge governments to formulate policies aimed at developing commercially viable zero-emission vessels by 2030.</p> <p>Examples of sustainable finance:</p> <ul style="list-style-type: none"> • Positive impact finance • Renewable energy finance • Finance for green buildings <p>The Group also intends to focus on transition finance that supports the transition to a carbon-free society.</p> <p>3) Contributions from the Group's own initiatives</p> <p>The SuMi TRUST Group has committed to achieving net-zero GHG emissions (Scope 1 and Scope 2) from the Group by 2030.</p> <p>Sustainable Finance Target</p> <p>SuMi TRUST Bank has set a long-term target for sustainable finance in the banking sector (loans to corporate clients) of ¥5 trillion in cumulative loans over the 10-year period from fiscal year 2021 through 2030, including ¥3 trillion in environment-related fields.</p> <p>As of September 30, 2021, the Bank has lent a cumulative total of ¥328.5 billion.</p>	<p>TCFD REPORT 2021/2022 Pages 7-9</p> <p>TCFD REPORT 2021/2022 Page 31</p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

The SuMi TRUST Group is a signatory to the Principles for Responsible Banking (PRB), and announced its Carbon Neutral Commitment as part of its efforts to respond to climate change and achieve a carbon-free society.
The Group will contribute to the realization of a carbon-free society by reducing its own GHG emissions, as well as emissions generated by its trusts, and investments and loans.

2.3 Plans for Target Implementation and Monitoring
Show that your bank has defined actions and milestones to meet the set targets.
Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

In its Medium-Term Management Plan, the SuMi TRUST Group has outlined a basic strategy of generating positive impacts geared toward solving social issues, placing sustainability at the core of its management approach. For climate change and other key sustainability issues in Japan and overseas, the Executive Committee convenes meetings as the Sustainability Promotion Committee, while the Board of Directors provides supervision.

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In its Carbon Neutral Commitment, the Group has committed to achieving net-zero GHG emissions (Scope 3) in its investment and loan portfolios by 2050, and will formulate interim targets for 2030 in line with the NZBA framework. It has also committed to achieving net-zero GHG emissions (Scope 1 and Scope 2) from the Group by 2030.
As outlined earlier, the SuMi TRUST Group intends to use its functions as a trust bank group to contribute to the realization of a carbon-free society. This includes promoting activities at its management subsidiaries, as well as supporting initiatives in the real estate sector.
The Group established the Climate Change Project Team to promote its responses to climate change; the Team reports to the Executive Committee on a regular basis.

SuMi TRUST Bank's credit portfolio is managed by the Wholesale Business Planning Department; the Department reports quarterly to the Credit Risk Committee, the highest decision-making body for investments and loans. The Wholesale Business Planning Department also monitors the management of the Sustainable Finance Target.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

For our sustainable finance target in banking, we plan to determine numerical targets and disclose our progress on a fiscal year basis.
We also aim to further enhance SuMi TRUST Bank's policy on investments and loans through dialogue with stakeholders.

2.4 Progress on Implementing Targets

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.
Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

1. GHG emissions reductions goals

1) Achieve net-zero GHG emissions in investment and loan portfolios
In its Carbon Neutral Commitment, the SuMi TRUST Group has committed to achieving net-zero GHG emissions in its investment and loan portfolios by 2050; during 2022, it will also formulate interim targets for 2030 in line with the NZBA framework.

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2) Contributions from the Group's own initiatives

The SuMi TRUST Group has committed to achieving net-zero GHG emissions (Scope 1 and Scope 2) from the Group by 2030. SuMi TRUST Bank is transitioning to the use of green electricity at its office buildings in the Tokyo metropolitan region and elsewhere, which is expected to result in a 40% reduction in CO₂ emissions over fiscal 2019 levels. Going forward, the Group intends to expand the range of sites transitioning to green electricity, with the goal of achieving net-zero GHG emissions as soon as possible.

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2. Sustainable Finance Target

SuMi TRUST Bank has set a long-term target for sustainable finance in the banking sector (loans to corporate clients) of ¥5 trillion in cumulative loans over the 10-year period from fiscal year 2021 through 2030, including ¥3 trillion in environment-related fields.
As of September 30, 2021, the Bank has lent a cumulative total of ¥328.5 billion.

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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

The Group intends to steadily carry out all manner of measures to achieve its goals, and will continue to provide reports on its progress.

[illegible]

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
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Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

In its Management Principles ("Mission"), the SuMi TRUST Group defines its stakeholders to be clients, shareholders, employees, and society; in its Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group (Sustainability Policy), the Group defines its major stakeholders to be clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities, and international institutions. The Group commits to respecting dialogue with these stakeholders and playing an active role in building a sustainable society. By identifying its stakeholders in this way, the Group is able to clearly understand how it relies on and impacts each stakeholder, and to establish a strategic foundation for the creation of social value.

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In October 2021, the Group announced its Carbon Neutral Commitment and joined the Net-Zero Banking Alliance, while its two core management subsidiaries—Sumitomo Mitsui Trust Asset Management and Nikko Asset Management—signed up to the Net-Zero Asset Managers initiative. The Group has chosen to accelerate initiatives aimed at reducing its own GHG emissions, as well as those generated by its trusts, and investments and loans in order to realize a carbon-free society.

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Principle 5: Governance & Culture

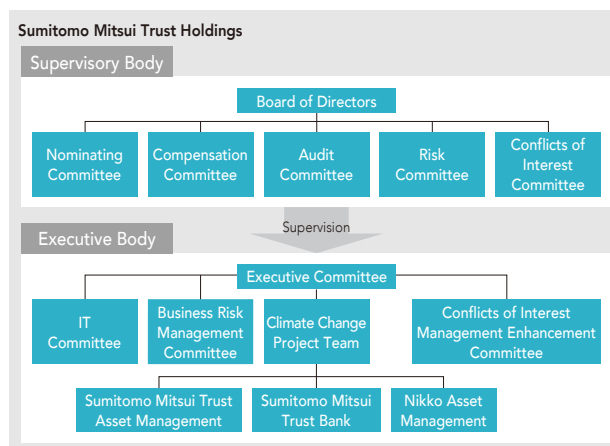
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/ is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The SuMi TRUST Group believes climate change poses risks and generates opportunities with the greatest impact on the financial market; it has therefore identified climate change as a Materiality issue that significantly impacts the value creation process. With regard to Materiality issues, the Risk Committee and the Business Risk Management Committee act as advisory bodies for the Board of Directors and the Executive Committee respectively. The Group's various climate change initiatives are intimately linked to sustainability promotion and risk management; for this reason, in line with the relevant promotion and management systems, these initiatives are debated by the Executive Committee and supervised by the Board of Directors.

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Climate Change Governance System



Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
	<p>Supervision</p> <p>1) Board of Directors In light of the importance of environmental and social issues related to sustainability, the Board of Directors has prescribed a basic policy (the "Sustainability Policy") and environmental policy regarding the social responsibility that is to be fulfilled by each Group company; this is a way of communicating the Group's approach to climate change and sustainability both to internal and to external parties. Based on these policies, the Board of Directors receives reports from executive bodies regarding the progress of their climate change initiatives, and provides supervision with the help of the Risk Committee and other advisory bodies.</p> <p>2) Risk Committee The Risk Committee is the advisory body to the Board of Directors. It checks the progress of the Group's climate change initiatives; it carries out flexible and in-depth discussions on climate change that include external directors with expert knowledge; it then reports its findings on the Group's climate change policies and strategies to the Board of Directors. In fiscal 2021, the Risk Committee defined climate change as a key topic requiring focused discussions. It receives regular reports from executive bodies regarding plans for climate change initiatives and how they are progressing, and holds discussions that reflect international trends to climate change response.</p> <p>Execution</p> <p>1) Executive Committee The Executive Committee promotes the Group's response to sustainability and climate change by establishing medium-term policies and fiscal year policies for initiatives related to sustainability and climate change, and establishing systems for executing these policies. The Committee acts in a flexible and precise manner, carrying out PDCA cycle-based interim progress checks, and ordering policy reviews where necessary. In fiscal 2021, the Executive Committee made wide-ranging resolutions: to review the Group's climate change promotion systems; to establish the Climate Change Project Team; to publicly announce the Group's Carbon Neutral Commitment; and to join NZBA. The Committee receives regular reports from the Climate Change Project Team, holds discussions on the risks and opportunities presented by climate change, and makes decisions accordingly.</p> <p>2) Business Risk Management Committee The Business Risk Management Committee is the advisory body to the Executive Committee. It holds discussions regarding the soundness of the Group's business management and financial affairs, the appropriateness of its work processes, and its management of compliance and risks. Climate change risks have a direct impact on the Group's financial affairs; for this reason, the Committee holds discussions and carries out monitoring from a risk management perspective.</p> <p>3) Climate Change Project Team In 2019, the SuMi TRUST Group established the TCFD Project Team with the goal of strengthening its risk management and improving its information disclosure with regard to climate change; the Team has since carried out risk management, scenario analysis, and various initiatives related to climate change. In this fiscal year, the Group has grown increasingly aware of the importance of climate change to the world as a whole, and of the importance of utilizing its cross-organizational functions as a trust bank group for realizing carbon neutrality. As a consequence, in October 2021 the Group reorganized the TCFD Project Team as the Climate Change Project Team, with the goal of realizing rapid, Group-wide and business-wide responses to climate change. The Climate Change Project Team is composed of various business management departments at SuMi TRUST Holdings, various business departments at SuMi TRUST Bank, SuMi Trust Asset Management, Nikko Asset Management, the Americas Division, and the Europe, Middle East and Africa Division. The Project Team discusses and promotes Group-wide measures aimed at realizing the Carbon Neutral Commitment, which the Group announced in October 2021. It also discusses and promotes Group-wide strategies and projects aimed at maximizing the Group's functions to actively encourage the transition to a carbon-free society. The Project Team regularly reports the progress of its activities to the Executive Committee.</p>	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
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Major Initiatives in FY2020–2021

Committee or Body	Description of Activity	
Board of Directors	<ul style="list-style-type: none"> Held in-depth discussions related to climate change (including the Carbon Neutral Commitment) as a management theme 	Supervisory body
Risk Committee	<ul style="list-style-type: none"> Positioned climate change as an important topic of discussion for FY2021; with the participation of expert outside committee members, carried out regular checks on the progress of Group initiatives, and held regular discussions related to climate change 	Advisory body to the Board of Directors
Executive Committee	<ul style="list-style-type: none"> Held discussions and made resolutions related to: reviewing the Group's climate change promotion systems, joining NZBA, and publicly announcing the Carbon Neutral Commitment Submitted monthly reports on the progress of the Climate Change Project Team 	Executive body
Business Risk Management Committee	<ul style="list-style-type: none"> Provided advice and heard opinions on the state of discussions related to: reviewing the Group's climate change promotion systems, joining NZBA, and publicly announcing the Carbon Neutral Commitment 	Advisory body to the Executive Committee
Climate Change Project Team Steering Committee	<ul style="list-style-type: none"> Held monthly discussions on the progress of the Climate Change Project Team 	Executive body

5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.
This should include a high-level overview of capacity building, while including remuneration structures, performance management, and leadership communication, amongst others.

In order to foster a culture of responsible banking, the SuMi TRUST Group promotes understanding of Group strategies among all its directors, officers, and employees via the initiatives listed below.

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Employee education activities

The SuMi TRUST Group defines its Purpose—or reason for existence—as “To create new value with the power of trusts and let prosperous future for our clients and society bloom,” and seeks to achieve the balanced creation of both social value and economic value.
Since adopting its new management system in April 2021, the Group has launched a Purpose Caravan, via which the President seeks to explain the Purpose of the Group directly to its employees. As part of this Caravan, the President of SuMi TRUST Bank held a total of 26 online discussions, attended by approximately 12,000 Bank employees, temporary overseas employees, and directors and officers from other Group companies. Since September 2021, by holding discussions and distributing videos, the Group has gradually broadened the scope of the Purpose Caravan to cover Group company employees, and national staff at overseas worksites.

Voluntary employee activities

Departments across the Group are promoting voluntary activities such as Challenge for SDGs, Our Own SDGs Declarations, and With You. The Group provides support for employees to think about SDGs for themselves, and act accordingly.

Compensation for directors and officers

In principle, compensation for directors and officers consists of a combination of monthly compensation (comprised of fixed compensation and individual performance compensation), bonuses for directors and officers (performance-linked bonuses), and BBT (Board Benefit Trust). In order to encourage the management to promote sustainability, the Group uses “ESG-related activities and rating agency scores, etc.” as one of its KPIs for determining stock compensation for directors and officers.

5.3 Governance Structure for Implementation of the Principles
Show that your bank has a governance structure in place for the implementation of the PRB, including:
a) target-setting and actions to achieve targets set
b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

- The Group's Sustainable Finance Target and CO₂ reduction targets were established by the Executive Committee; however, each Group business formulates its own concrete action plans, and monitors its own progress towards achieving its targets.
- Progress on achieving targets and any negative impacts that may arise are reported to the Sustainability Promotion Committee, which then immediately considers if remedial action is required.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

As a signatory to the PRB, we have established a governance structure for target setting and monitoring so that the Principles can be implemented effectively. The Sustainability Management Department works with departments tasked with managing target achievement to monitor progress status, and reports the details of such progress to the Sustainability Promotion Committee.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking.

These good practices serve as a reference when setting priorities and goal levels.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

The SuMi TRUST Group discloses the content of its initiatives via various reports, including the Integrated Report, Sustainability Report, and TCFD Report.

In 2021, the Group carried out the following initiatives:

- Announced the Carbon Neutral Commitment (October 2021)
- Revised sector-specific policies (December 2021)
- Lent a total of ¥328.5 billion in sustainable finance (as of September 30, 2021)
- Carried out two impact evaluations on fund investments

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

In the first 18 months after signing up to the PRB, as measures to address climate change, the Group became a signatory to the Poseidon Principles, revised its sector-specific policies, and released its first-ever TCFD Report. It also disclosed information about biodiversity via the Natural Capital Report.

In October 2021, the Group announced its Carbon Neutral Commitment and joined the NZBA; in order to strengthen its commitment, the Group also established the Climate Change Project Team.

Going forward, the Group intends to take the necessary steps to further enhance its sector-specific policies.

SASB Index

The Value Reporting Foundation was established in June 2021, following the merging of The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). In November 2021, the International Financial Reporting Standards (IFRS) Foundation announced the creation of the International Sustainability Standards Board (ISSB); the VRF is set to be integrated into this board, which will be formally established in June 2022. While sustainability is clearly an extremely dynamic field, these new organizations have nevertheless announced the continuation of the SASB Index.

The SuMi TRUST Group follows the SASB Standards issued for Commercial Banks in October 2018, and Asset Management & Custody Activities in December 2021. It discloses information on the Group's core businesses as classified by SASB, namely Commercial Banking (FN-CB) and Asset Management & Custody Activities (FN-AC). While the Group is not currently in a position to disclose all of the metrics included in the standards for these two businesses, going forward it intends to keep abreast of moves in sustainability information disclosure, and provide sustainability information that is useful, relevant, and meaningful to investors.

The data disclosed here is current as of the end of March 2021.

CB: Commercial Banks

AC: Asset Management & Custody Activities

Industry	Accounting Metric	Category	Code	Response
Sustainability Accounting Standards				
Data Security				
CB	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	<ul style="list-style-type: none"> Information Security Risk and Cyber Risk Measures 2021/2022 Sustainability Report; pages 43-45 Cyber Security Management Declaration https://www.smth.jp/english/-/media/th/english/about_us/management/risk/pdf/%20CSMD.pdf
Financial Inclusion & Capacity Building				
CB	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	FN-CB-240a.1	<ul style="list-style-type: none"> Status of loans to SMEs 2021 Annual Report – Financial Data Section; pages 142, 150 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all2.pdf
CB	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	FN-CB-240a.4	<ul style="list-style-type: none"> Financial Inclusion Initiatives 2021/2022 Sustainability Report; pages 151-156 2021 Integrated Report; page 89 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all.pdf
Incorporation of Environmental, Social, and Governance Factors				
CB	Commercial and industrial credit exposure, by industry	Quantitative	FN-CB-410a.1	<ul style="list-style-type: none"> Balance of exposure to credit risk at the end of the fiscal year and breakdown by type of exposure 2021 Annual Report – Financial Data Section; page 203 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all2.pdf
AC	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	FN-AC-410a.1	<ul style="list-style-type: none"> Investment (asset management) initiatives 2021/2022 Sustainability Report; pages 60-61
CB	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	FN-CB-410a.2	<ul style="list-style-type: none"> Lending (banking) initiatives 2021/2022 Sustainability Report; pages 48-59

Industry	Accounting Metric	Category	Code	Response
Incorporation of Environmental, Social, and Governance Factors				
AC	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Quantitative	FN-AC-410a.2	<ul style="list-style-type: none"> Investment (asset management) initiatives 2021/2022 Sustainability Report; pages 60-61 2021 Integrated Report; page 88 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all.pdf
AC	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	FN-AC-410a.3	<ul style="list-style-type: none"> Sumitomo Mitsui Trust Asset Management 2021/2022 Stewardship Report https://www.sumitrust-am.com/responsible-investment Nikko Asset Management 2022 Sustainability Report https://en.nikkoam.com/files/pdf/esg/sustainability-report-2022-en.pdf
Business Ethics				
CB	Description of whistleblower policies	Discussion and Analysis	FN-CB-510a.2	<ul style="list-style-type: none"> Compliance Hotline System 2021/2022 Sustainability Report; page 30
AC	and procedures	and Analysis	FN-AC-510a.2	<ul style="list-style-type: none"> Sumitomo Mitsui Trust Accounting Hotline https://www.smth.jp/en/about_us/management/compliance/index.html
Systemic Risk Management				
CB	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1	<p>Although SuMi TRUST Holdings has not been selected as a G-SIB, it discloses the following metrics:</p> <ul style="list-style-type: none"> G-SIB metrics 2021 Annual Report – Financial Data Section; page 251 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all2.pdf
CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2	<ul style="list-style-type: none"> Risk Appetite framework 2021 Integrated Report; page 114 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all.pdf Enterprise Risk Management 2021 Annual Report – Financial Data Section; pages 162-164 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all2.pdf
Activity Metrics				
CB	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CB-000.A	
CB	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	FN-CB-000.B	<ul style="list-style-type: none"> Status 2021 Integrated Report; page 17 https://www.smth.jp/english/-/media/th/english/investors/annual/2020/all.pdf
AC	(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	FN-AC-000.A	
AC	Total assets under custody and supervision	Quantitative	FN-AC-000.B	

Comparative table of GRI Guidelines

Global Reporting Initiative (GRI):

Established in 1997 as a joint project between the Coalition for Environmentally Responsible Economics (CERES), a nonprofit organization in the United States, and the United Nations Environment Programme (UNEP), the GRI aims to improve the contents of sustainability reports to the level of financial reports while attaining the basic conditions of comparability, credibility, accuracy, appropriateness of timing, and verifiability of the information included in the sustainability reports. The initial guidelines were issued in 2000, then revised in fiscal years 2002, 2006 and 2013. In fiscal 2016, new guidelines were issued as the GRI standard.

●=core option disclosure

Item	Indicator	Corresponding Sections
Standard Disclosure		
Organizational profile		
102-1 ●	Name of the organization	
	a. Name of the organization.	233
102-2 ●	Activities, brands, products, and services	
	a. A description of the organization's activities.	
	b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	—
102-3 ●	Location of headquarters	
	a. Location of the organization's headquarters.	233
102-4 ●	Location of operations	
	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	232
102-5 ●	Ownership and legal form	
	a. Nature of ownership and legal form.	232
102-6 ●	Markets served	
	a. Markets served, including:	
	i. geographic locations where products and services are offered;	
	ii. sectors served;	232-233
	iii. types of customers and beneficiaries.	
102-7 ●	Scale of the organization	
	a. Scale of the organization, including:	
	i. total number of employees;	
	ii. total number of operations;	
	iii. net sales (for private sector organizations) or net revenues (for public sector organizations);	117, 231-232
	iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;	
	v. quantity of products or services provided.	
102-8 ●	Information on employees and other workers	
	a. Total number of employees by employment contract (permanent and temporary), by gender.	
	b. Total number of employees by employment contract (permanent and temporary), by region.	
	c. Total number of employees by employment type (full-time and part-time), by gender.	
	d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	117
	e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).	
	f. An explanation of how the data have been compiled, including any assumptions made.	
102-9 ●	Supply chain	
	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	14-21
102-10 ●	Significant changes to the organization and its supply chain	
	a. Significant changes to the organization's size, structure, ownership, or supply chain, including:	
	i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;	
	ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);	92-96
	iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	

Item	Indicator	Corresponding Sections
102-11	● Precautionary Principle or approach a. Whether and how the organization applies the Precautionary Principle or approach.	33-34
102-12	● External initiatives a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	24-27
102-13	● Membership of associations a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	24-27
Strategy		
102-14	● Statement from senior decision-maker a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	2-3
102-15	Key impacts, risks, and opportunities a. A description of key impacts, risks, and opportunities.	37-45
Ethics and integrity		
102-16	● Values, principles, standards, and norms of behavior a. A description of the organization's values, principles, standards, and norms of behavior.	1, 6-7, 28-34
102-17	Mechanisms for advice and concerns about ethics a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	28-34
Governance		
102-18	● Governance structure a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	12-13
102-19	Delegating authority a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	12-13
102-20	Executive-level responsibility for economic, environmental, and social topics a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	12-13
102-21	Consulting stakeholders on economic, environmental, and social topics a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	12-13
102-22	Composition of the highest governance body and its committees a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	12-13
102-23	Chair of the highest governance body a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	12-13
102-24	Nominating and selecting the highest governance body a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	12-13

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
102-25	Conflicts of interest a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	12-13
102-26	Role of highest governance body in setting purpose, values, and strategy a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	12-13
102-27	Collective knowledge of highest governance body a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	12-13
102-28	Evaluating the highest governance body's performance a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	12-13
102-29	Identifying and managing economic, environmental, and social impacts a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	37-59
102-30	Effectiveness of risk management processes a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	37-59
102-31	Review of economic, environmental, and social topics a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	38, 50-51
102-32	Highest governance body's role in sustainability reporting a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	38, 50-51
102-33	Communicating critical concerns a. Process for communicating critical concerns to the highest governance body.	12-13
102-34	Nature and total number of critical concerns a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	—
102-35	Remuneration policies a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.	15
102-36	Process for determining remuneration a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	15
102-37	Stakeholders' involvement in remuneration a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	—

Item	Indicator	Corresponding Sections
102-38	Annual total compensation ratio a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—
102-39	Percentage increase in annual total compensation ratio a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—
Stakeholder engagement		
102-40	● List of stakeholder groups a. A list of stakeholder groups engaged by the organization.	15-27
102-41	● Collective bargaining agreements a. Percentage of total employees covered by collective bargaining agreements.	115
102-42	● Identifying and selecting stakeholders a. The basis for identifying and selecting stakeholders with whom to engage.	15-27
102-43	● Approach to stakeholder engagement a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	15-27, 54-57, 60-61
102-44	● Key topics and concerns raised a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	15-27, 54-57, 60-61
Reporting practice		
102-45	● Entities included in the consolidated financial statements a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	231-232
102-46	● Defining report content and topic Boundaries a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	4
102-47	● List of material topics a. A list of the material topics identified in the process for defining report content.	14-23
102-48	● Restatements of information a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	—
102-49	● Changes in reporting a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	14-23
102-50	● Reporting period a. Reporting period for the information provided.	4
102-51	● Date of most recent report a. If applicable, the date of the most recent previous report.	July 2021
102-52	● Reporting cycle a. Reporting cycle.	Half year
102-53	● Contact point for questions regarding the report a. The contact point for questions regarding the report or its contents.	233
102-54	● Claims of reporting in accordance with the GRI Standards a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	4, 214
102-55	● GRI content index a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	214-230

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
102-56 ●	External assurance <ul style="list-style-type: none"> a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: <ul style="list-style-type: none"> i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report. 	—
Management Approach		
103-1	Explanation of the material topic and its Boundary <ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary. 	14-23
103-2	The management approach and its components <ul style="list-style-type: none"> a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives 	14-23
103-3	Evaluation of the management approach <ul style="list-style-type: none"> a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach. 	14-23
Topic Specific Standards		
Economic		
Economic Performance		
201-1	Direct economic value generated and distributed <ul style="list-style-type: none"> a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: <ul style="list-style-type: none"> i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance. 	231
201-2	Financial implications and other risks and opportunities due to climate change <ul style="list-style-type: none"> a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: <ul style="list-style-type: none"> i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity. 	40, 50-51, 66-73, 92-99

Item	Indicator	Corresponding Sections
201-3	<p>Defined benefit plan obligations and other retirement plans</p> <p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <ol style="list-style-type: none"> the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; the basis on which that estimate has been arrived at; when that estimate was made. <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	—
201-4	<p>Financial assistance received from government</p> <p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <ol style="list-style-type: none"> tax relief and tax credits; subsidies; investment grants, research and development grants, and other relevant types of grant; awards; royalty holidays; financial assistance from Export Credit Agencies (ECAs); financial incentives; other financial benefits received or receivable from any government for any operation. <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	—
Market Presence		
202-1	<p>Ratios of standard entry level wage by gender compared to local minimum wage</p> <p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	117
202-2	<p>Proportion of senior management hired from the local community</p> <p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	—
Indirect Economic Impacts		
203-1	<p>Infrastructure investments and services supported</p> <p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	50-51, 66-73, 137
203-2	<p>Significant indirect economic impacts</p> <p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	—
Procurement Practices		
204-1	<p>Proportion of spending on local suppliers</p> <p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	—

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
Anti-corruption		
205-1	Operations assessed for risks related to corruption <ul style="list-style-type: none"> a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment. 	—
205-2	Communication and training about anti-corruption policies and procedures <ul style="list-style-type: none"> a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region. 	28-34
205-3	Confirmed incidents of corruption and actions taken <ul style="list-style-type: none"> a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases. 	32-34
Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices <ul style="list-style-type: none"> a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgments. 	N/A
Environment		
Materials		
301-1	Materials used by weight or volume <ul style="list-style-type: none"> a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: <ul style="list-style-type: none"> i. non-renewable materials used; ii. renewable materials used. 	92-99
301-2	Recycled input materials used <ul style="list-style-type: none"> a. Percentage of recycled input materials used to manufacture the organization's primary products and services. 	—
301-3	Reclaimed products and their packaging materials <ul style="list-style-type: none"> a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected. 	—
Energy		
302-1	Energy consumption within the organization <ul style="list-style-type: none"> a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used. 	92-99

Item	Indicator	Corresponding Sections
302-2	Energy consumption outside of the organization a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	—
302-3	Energy intensity a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	92-99
302-4	Reduction of energy consumption a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	92-99
302-5	Reductions in energy requirements of products and services a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	92-99
Water and Effluents		
303-1	Interactions with water as a shared resource a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff). b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used. c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts. d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.	—
303-2	Management of water discharge-related impacts a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including: i. how standards for facilities operating in locations with no local discharge requirements were determined; ii. any internally developed water quality standards or guidelines; iii. any sector-specific standards considered; iv. whether the profile of the receiving waterbody was considered.	—
303-3	Water withdrawal a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water. b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories: i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	—

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
303-4	<p>Water discharge</p> <p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>d. Priority substances of concern for which discharges are treated, including:</p> <ul style="list-style-type: none"> i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; ii. the approach for setting discharge limits for priority substances of concern; iii. number of incidents of non-compliance with discharge limits. <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	—
303-5	<p>Water consumption</p> <p>a. Total water consumption from all areas in megaliters.</p> <p>b. Total water consumption from all areas with water stress in megaliters.</p> <p>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modeled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.</p>	—
Biodiversity		
304-1	<p>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ul style="list-style-type: none"> i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km² (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation). 	N/A
304-2	<p>Significant impacts of activities, products, and services on biodiversity</p> <p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <ul style="list-style-type: none"> i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in ground-water level). <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <ul style="list-style-type: none"> i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts. 	N/A

Item	Indicator	Corresponding Sections
304-3	Habitats protected or restored <ul style="list-style-type: none"> a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals. b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures. c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used. 	74-79, 164-167
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations <ul style="list-style-type: none"> a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: <ul style="list-style-type: none"> i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern 	—
Emissions		
305-1	Direct (Scope 1) GHG emissions <ul style="list-style-type: none"> a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent. b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. 	92-99
305-2	Energy indirect (Scope 2) GHG emissions <ul style="list-style-type: none"> a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. 	92-99
305-3	Other indirect (Scope 3) GHG emissions <ul style="list-style-type: none"> a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent. b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used. 	—
305-4	GHG emissions intensity <ul style="list-style-type: none"> a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. 	92-99

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Item	Indicator	Corresponding Sections
305-5	<p>Reduction of GHG emissions</p> <p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	92-99
305-6	<p>Emissions of ozone-depleting substances (ODS)</p> <p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	—
305-7	<p>Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions</p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ol style="list-style-type: none"> NO_x SO_x Persistent organic pollutants (POP) Volatile organic compounds (VOC) Hazardous air pollutants (HAP) Particulate matter (PM) Other standard categories of air emissions identified in relevant regulations <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	—
Effluents and Waste		
306-1	<p>Water discharge by quality and destination</p> <p>a. Total volume of planned and unplanned water discharges by:</p> <ol style="list-style-type: none"> destination; quality of the water, including treatment method; whether the water was reused by another organization. <p>b. Standards, methodologies, and assumptions used.</p>	—
306-2	<p>Waste by type and disposal method</p> <p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ol style="list-style-type: none"> Reuse Recycling Composting Recovery, including energy recovery Incineration (mass burn) Deep well injection Landfill On-site storage Other (to be specified by the organization) <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ol style="list-style-type: none"> Reuse Recycling Composting Recovery, including energy recovery Incineration (mass burn) Deep well injection Landfill On-site storage Other (to be specified by the organization) <p>c. How the waste disposal method has been determined:</p> <ol style="list-style-type: none"> Disposed of directly by the organization, or otherwise directly confirmed Information provided by the waste disposal contractor Organizational defaults of the waste disposal contractor 	92-99

Item	Indicator	Corresponding Sections
306-3	Significant spills <ul style="list-style-type: none"> a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: <ul style="list-style-type: none"> i. Location of spill; ii. Volume of spill; iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). c. Impacts of significant spills. 	—
306-4	Transport of hazardous waste <ul style="list-style-type: none"> a. Total weight for each of the following: <ul style="list-style-type: none"> i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used. 	92-99
306-5	Water bodies affected by water discharges and/or runoff <ul style="list-style-type: none"> a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on: <ul style="list-style-type: none"> i. the size of the water body and related habitat; ii. whether the water body and related habitat is designated as a nationally or internationally protected area; iii. the biodiversity value, such as total number of protected species. 	—
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations <ul style="list-style-type: none"> a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient. 	—
Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria <ul style="list-style-type: none"> a. Percentage of new suppliers that were screened using environmental criteria. 	—
308-2	Negative environmental impacts in the supply chain and actions taken <ul style="list-style-type: none"> a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why. 	—
Social		
Employment		
401-1	New employee hires and employee turnover <ul style="list-style-type: none"> a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region. 	107, 117
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees <ul style="list-style-type: none"> a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: <ul style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'. 	110

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Item	Indicator	Corresponding Sections
401-3	Parental leave <ul style="list-style-type: none"> a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender. 	112
Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes <ul style="list-style-type: none"> a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements. 	—
Occupational Health and Safety		
403-1	Occupational health and safety management system <ul style="list-style-type: none"> a. A statement of whether an occupational health and safety management system has been implemented, including whether: <ul style="list-style-type: none"> i. the system has been implemented because of legal requirements and, if so, a list of the requirements; ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines. b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered. 	—
403-2	Hazard identification, risk assessment, and incident investigation <ul style="list-style-type: none"> a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including: <ul style="list-style-type: none"> i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals. c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals. d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system. 	—
403-3	Occupational health services <ul style="list-style-type: none"> a. A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them. 	—
403-4	Worker participation, consultation, and communication on occupational health and safety <ul style="list-style-type: none"> a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers. b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees. 	—
403-5	Worker training on occupational health and safety <ul style="list-style-type: none"> a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations. 	114
403-6	Promotion of worker health <ul style="list-style-type: none"> a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided. b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs. 	113-115
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships <ul style="list-style-type: none"> a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks. 	113-115

Item	Indicator	Corresponding Sections
403-8	<p>Workers covered by an occupational health and safety management system</p> <p>a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines:</p> <ul style="list-style-type: none"> i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. <p>b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	—
403-9	<p>Work-related injuries</p> <p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p> <p>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</p> <p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	113-117
403-10	<p>Work-related ill health</p> <p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>c. The work-related hazards that pose a risk of ill health, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	117
Training and Education		
404-1	<p>Average hours of training per year per employee</p> <p>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <ul style="list-style-type: none"> i. gender; ii. employee category. 	106-110

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
404-2	Programs for upgrading employee skills and transition assistance programs	
	a. Type and scope of programs implemented and assistance provided to upgrade employee skills.	
	b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	106-110
404-3	Percentage of employees receiving regular performance and career development reviews	
	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	106-110
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	
	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:	
	i. Gender;	
	ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	
	iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	
	b. Percentage of employees per employee category in each of the following diversity categories:	12, 103-105
	i. Gender;	
	ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	
	iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	
405-2	Ratio of basic salary and remuneration of women to men	
	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	—
	b. The definition used for 'significant locations of operation'.	
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	
	a. Total number of incidents of discrimination during the reporting period.	
	b. Status of the incidents and actions taken with reference to the following:	
	i. Incident reviewed by the organization;	
	ii. Remediation plans being implemented;	120
	iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	
	iv. Incident no longer subject to action.	
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:	
	i. type of operation (such as manufacturing plant) and supplier;	
	ii. countries or geographic areas with operations and suppliers considered at risk.	N/A
	b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	
Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	
	a. Operations and suppliers considered to have significant risk for incidents of:	
	i. child labor;	
	ii. young workers exposed to hazardous work.	
	b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:	N/A
	i. type of operation (such as manufacturing plant) and supplier;	
	ii. countries or geographic areas with operations and suppliers considered at risk.	
	c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	
Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:	
	i. type of operation (such as manufacturing plant) and supplier;	
	ii. countries or geographic areas with operations and suppliers considered at risk.	N/A
	b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	

Item	Indicator	Corresponding Sections
Security Practices		
410-1	Security personnel trained in human rights policies or procedures	
	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.	121
	b. Whether training requirements also apply to third-party organizations providing security personnel.	
Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	
	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.	
	b. Status of the incidents and actions taken with reference to the following:	
	i. Incident reviewed by the organization;	N/A
	ii. Remediation plans being implemented;	
	iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	
	iv. Incident no longer subject to action.	
Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	
	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	119-121
412-2	Employee training on human rights policies or procedures	
	a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.	119-121
	b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
	a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	—
	b. The definition used for 'significant investment agreements'.	
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	
	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:	
	i. social impact assessments, including gender impact assessments, based on participatory processes;	
	ii. environmental impact assessments and ongoing monitoring;	
	iii. public disclosure of results of environmental and social impact assessments;	
	iv. local community development programs based on local communities' needs;	150-195
	v. stakeholder engagement plans based on stakeholder mapping;	
	vi. broad based local community consultation committees and processes that include vulnerable groups;	
	vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;	
	viii. formal local community grievance processes.	
413-2	Operations with significant actual and potential negative impacts on local communities	
	a. Operations with significant actual and potential negative impacts on local communities, including:	
	i. the location of the operations;	N/A
	ii. the significant actual and potential negative impacts of operations.	
Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	
	a. Percentage of new suppliers that were screened using social criteria.	—
414-2	Negative social impacts in the supply chain and actions taken	
	a. Number of suppliers assessed for social impacts.	
	b. Number of suppliers identified as having significant actual and potential negative social impacts.	
	c. Significant actual and potential negative social impacts identified in the supply chain.	
	d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.	—
	e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	

Comparative table of GRI Guidelines

Item	Indicator	Corresponding Sections
Public Policy		
415-1	Political contributions	
	a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.	—
	b. If applicable, how the monetary value of in-kind contributions was estimated.	
Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	
	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:	
	i. incidents of non-compliance with regulations resulting in a fine or penalty;	
	ii. incidents of non-compliance with regulations resulting in a warning;	N/A
	iii. incidents of non-compliance with voluntary codes.	
	b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	
Marketing and Labeling		
417-1	Requirements for product and service information and labeling	
	a. Whether each of the following types of information is required by the organization's procedure for product and service information and labeling:	
	i. The sourcing of components of the product or service;	
	ii. Content, particularly with regard to substances that might produce an environmental or social impact;	
	iii. Safe use of the product or service;	N/A
	iv. Disposal of the product and environmental or social impacts;	
	v. Other (explain).	
	b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	
417-2	Incidents of non-compliance concerning product and service information and labeling	
	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:	
	i. incidents of non-compliance with regulations resulting in a fine or penalty;	
	ii. incidents of non-compliance with regulations resulting in a warning;	N/A
	iii. incidents of non-compliance with voluntary codes.	
	b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	
417-3	Incidents of non-compliance concerning marketing communications	
	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:	
	i. incidents of non-compliance with regulations resulting in a fine or penalty;	
	ii. incidents of non-compliance with regulations resulting in a warning;	N/A
	iii. incidents of non-compliance with voluntary codes.	
	b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:	
	i. complaints received from outside parties and substantiated by the organization;	
	ii. complaints from regulatory bodies.	N/A
	b. Total number of identified leaks, thefts, or losses of customer data.	
	c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	
	a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:	
	i. total monetary value of significant fines;	
	ii. total number of non-monetary sanctions;	
	iii. cases brought through dispute resolution mechanisms.	N/A
	b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.	
	c. The context against which significant fines and non-monetary sanctions were incurred.	

Financial Highlights

In the consolidated financial results for FY2020, net business profit before credit costs increased by ¥5.6 billion year on year to ¥294.7 billion, which far exceeded our published forecasts. The rise was mainly due to an increase in effective net interest income and related profit in SuMi TRUST Bank, despite a decrease in net fees and commissions and related profits due to the effects of self-restraint on business activities with the spread of COVID-19.

In the meantime, net income attributable to owners of the parent decreased by ¥20.8 billion year on year to ¥142.1 billion. This was because of impairments of software assets, etc. with an eye on “new normal” state of the economy in the future, partial realization of both unrealized gains on strategic-shareholdings and unrealized losses on hedge transactions, and improvement of mark-to-market value of hedging positions in net nonrecurring profits line and below. In the first year of the newly launched Medium-Term Management Plan, the plan mostly progressed as envisaged, achieving the initial plan of ¥140 billion.

■ Overview of the Financial Results in FY2020

<Consolidated> SuMi TRUST Holdings (Consolidated)

	Billions of Yen (Unless specified otherwise)			
	FY2020 (A)	FY2019 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	294.7	289.0	5.6	2.0%
Ordinary Profit	183.1	257.6	(74.5)	(28.9%)
Net Income Attributable to Owners of the Parent	142.1	163.0	(20.8)	(12.8%)
Total Credit Costs	(7.8)	(43.8)	36.0	—
Return on shareholders' equity*	5.41%	6.25%	(0.84%)	—
Net Income per Common Shares (EPS) (Yen)	379	434	(54)	(12.6%)
Net Assets per Common Shares (BPS) (Yen)	7,192.07	6,822.48	369	5.4%

* [Net Income Attributable to Owners of the Parent / (FY-start total shareholders' equity (equity) + FY-end total shareholders' equity (equity)) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

	Billions of Yen (Unless specified otherwise)			
	FY2020 (A)	FY2019 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	206.5	206.8	(0.2)	(0.1%)
Net Interest Income and Related Profit	229.9	134.1	95.7	71.4%
Net Fees and Commissions and Related Profit	163.9	174.3	(10.3)	(5.9%)
Net Trading Profit	(33.2)	102.1	(135.4)	(132.5%)
Net Other Operating Profit	91.3	42.5	48.7	114.6%
General and Administrative Expenses	(245.4)	(246.4)	0.9	(0.4%)
Total Credit Costs	(6.3)	(34.7)	28.4	—
Net Non-recurring Profit, etc.	(86.2)	4.4	(90.6)	—
Ordinary Profit	114.0	176.4	(62.4)	(35.4%)
Extraordinary Profit	15.6	1.0	14.5	—
Net Income	95.9	124.7	(28.7)	(23.1%)

(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

	FY2020 (A)	FY2019 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	150.00	150.00	±0.00

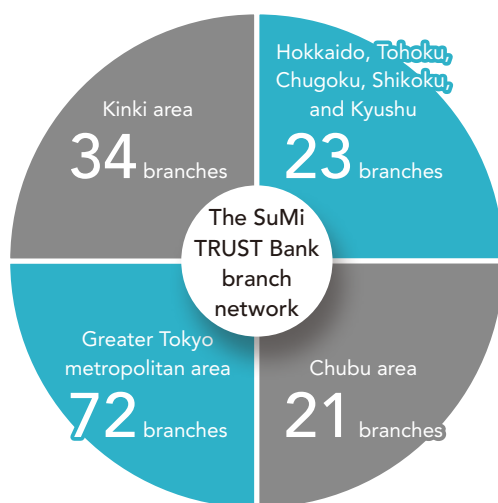
Network of the SuMi Trust Group (as of December 31, 2021)

Domestic Branch Networks and Overseas Network

The Group has built a balanced network of offices focused on the Tokyo metropolitan, Kinki, and Chubu areas. In addition, SBI Sumishin Net Bank uses the Internet to cover all of Japan.

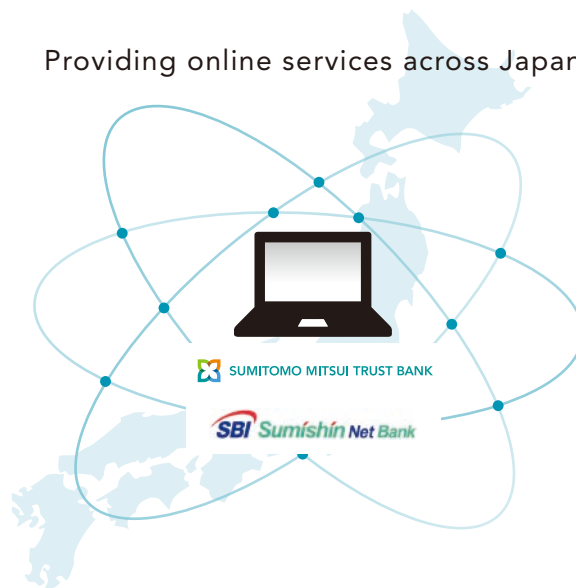
The Group also has an overseas network that can provide global financial services in the loan business, asset management and administration business, as well as the consulting business, among others.

Domestic Network



*The substantial number of branches is 115 when the branches at the same business site are counted on an aggregated basis.

Providing online services across Japan



Overseas Network

[U.S.]

- Sumitomo Mitsui Trust Asset Management Americas, Inc.
- New York Branch
- Sumitomo Mitsui Trust Bank (U.S.A.) Limited (Banking, Trust Businesses)
- Nikko Asset Management Americas, Inc.
- Midwest Railcar Corporation

[Europe]

- London Branch
- Sumitomo Mitsui Trust International Limited (Securities Business)
- Nikko Asset Management Europe Ltd.
- Sumitomo Mitsui Trust Bank (Luxembourg) S.A. (Trust, Banking, Securities Businesses)
- Sumitomo Mitsui Trust (Ireland) Limited (Trust Business)
- Sumitomo Mitsui Trust (UK) Limited (Trust Business)

[Asia/Oceania]

- Singapore Branch
- Sumitomo Mitsui Trust Leasing (Singapore) Pte. Ltd.
- Nikko Asset Management Asia Limited
- Shanghai Branch
- Hong Kong Branch
- SuMi TRUST Consulting (Beijing) Co., Ltd.
- Beijing Representative Office
- Beijing Representative Office (Securities Business)
- BIDV-SuMi TRUST Leasing Co., Ltd.
- Affin Hwang Asset Management Berhad
- Rongtong Fund Management Co., Ltd.
- Zijin Trust Co., Ltd. (Trust Business)
- Nanjing Zijin Financial Leasing Co., Ltd.
- Sumitomo Mitsui Trust (Hong Kong) Limited (Securities Business)
- Jakarta Representative Office
- Seoul Representative Office
- Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (Banking Business)
- Nikko Asset Management New Zealand Limited
- Sydney Representative Office

An overseas network that can provide global financial services

Corporate Information (as of December 31, 2021)

Registered Trade Name:	Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location:	1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment:	February 1, 2002 (Change of trade name: April 1, 2011)
Main Business:	With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (8) as its key functions: <ul style="list-style-type: none"> (1) Supervising management strategies (2) Supervising financial management (3) Supervising human resource management (4) Supervising corporate administrative management (5) Supervising operational process management (6) Supervising risk management (7) Supervising compliance management (8) Managing internal auditing
Capital:	261,608,725,000 Yen
Stock Exchange Listings:	Tokyo, Nagoya Stock Exchanges Tokyo (1st Section), Nagoya (1st Section)
Securities Code:	8309

Basic Information About the SuMi TRUST Group

Rating Information (as of December 31, 2021)

		Long-term	Outlook	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—
	R&I	A	Positive	—
Sumitomo Mitsui Trust Bank	S&P	A	Stable	A-1
	Moody's	A1	Stable	P-1
	Fitch	A-	Stable	F1
	JCR	AA-	Stable	—
	R&I	A+	Positive	a-1

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