

CSR (Corporate Social Responsibility)

1. The Cornerstone of “Creating Shared Value (CSV)”

“Creating Shared Value” is the concept of companies creating social value by addressing society’s needs and challenges while simultaneously creating their own economic value.

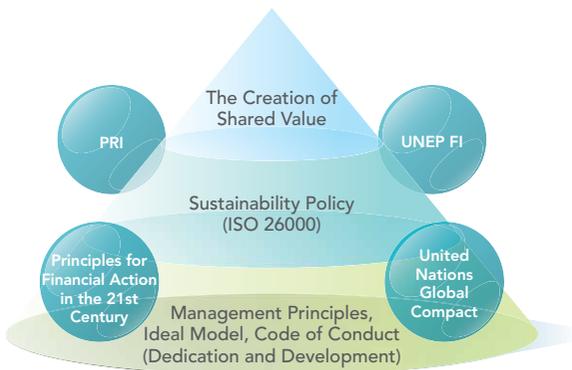
The SuMi TRUST Group pursuit of CSV is based on its Management Principles (“Mission”), Ideal Model (“Vision”), and Codes of Conduct (“Values”), as well as its Sustainability Policy—its basic policy on social responsibility. These policies identify our approach to creating economic value and social value.

Furthermore, the SuMi TRUST Group is a signatory to the United Nations Global Compact, a global policy framework for corporate sustainability, and the “Principles for Financial Action towards a Sustainable Society (Principles for Financial Action in the 21st Century),” a set of voluntary guidelines established by Japan’s major financial institutions. The SuMi TRUST Group aims to create shared value while respecting these principles and guidelines, including the above two, related to social responsibility.

2. Creating Shared Value through Three Kinds of Process

We classify processes for realizing CSV into three categories. These are: (1) creating new financial businesses to contribute to resolving social problems; (2) reinforcing our corporate foundation by improving our social compliance in everyday business activities; and (3) enhancing stakeholders’ trust placed in the SuMi TRUST Group through active participation in social activities and strengthening our business base. The SuMi TRUST Group is working to promote strategic initiatives in these areas.

Process of Creating Shared Value



Process 1	Process 2	Process 3
<p>Creating new financial businesses to contribute to resolving social problems</p>	<p>Reinforcing our corporate foundation by improving our social compliance in everyday business activities</p>	<p>Enhancing stakeholders’ trust placed in the SuMi TRUST Group through active participation in social activities and strengthening our business base</p>
<p>(Key social issues) Energy, Climate change, Biodiversity, Aging society</p>	<p>(Specific areas) Governance, Compliance, Human rights, Reducing environmental impact</p>	<p>(Three activities) Support for the environment and animals, Support for “successful aging,” Community/social contributions</p>

Basic Policy on the Social Responsibility of the SuMi TRUST Group (Sustainability Policy)

At the SuMi TRUST Group, based on 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.

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| <ol style="list-style-type: none"> 1. Contribute to Solving Social and Environmental Problems through Business 2. Serve Clients with Sincerity 3. Earn the Trust of Society | <ol style="list-style-type: none"> 4. Address Environmental Issues 5. Respect the Individual 6. Participate in and Contribute to the Community |
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3. Structure for Promoting CSR Activities

The SuMi TRUST Group has established a structure for promoting CSR activities based on the PDCA cycle, under the CSR Council organized as part of the Executive Committee and chaired by the President as the supreme decision-making body with respect to all CSR activities. Specifically, a CSR focused midterm management plan is formulated including ESG (Environmental, Social, and Governance) risk management policies and information disclosure policies, based on the Group-wide Midterm Management Plan that covers CSR, and then on this basis, yearly CSR policies are developed. Progress in the implementation of the yearly policies is reviewed semi-annually at the CSR Council meeting and additional measures are taken when appropriate.

Meanwhile, CSR businesses such as Eco-Trustution, in which we provide solutions to ecological issues through the use of our trust function, are promoted at each division. Therefore, yearly CSR policies are decided in close consultation with each division and incorporated into the annual plan at each division.

The CSR Council is attended by an officer in charge of CSR activities, who carries out all responsibilities for executing the matters decided therein. On the other hand, execution of day-to-day CSR activities is delegated to the Head of CSR Promotion Office, Corporate Planning Department. The office coordinates all environmental and social activities across the SuMi TRUST Group. Furthermore, the Head of CSR Promotion Office summarizes and publishes the matters reported and decided at the CSR Council meeting, under the instruction of the officer in charge of CSR activities.

Establishment of the aforementioned structure ensures that daily activities within the SuMi TRUST Group reflect, without fail, the decisions at the CSR Council, the supreme decision-making body with respect to CSR activities.

4. Outline of Initiatives

(1) CSR Activities that Create New Financial Businesses

1) Contribution to Solving Environmental Problems

(a) Addressing Climate Change

The global average temperature has posted successive record highs over the past several years, and global warming is now indubitable, according to the United Nations Intergovernmental Panel on Climate Change (IPCC) report, released in September 2013.

The SuMi TRUST Group will continue to develop high-value-added financial solutions businesses that leverage its capabilities and know-how as a trust bank.

Renewable Energy Financing:

There has been a rush to build mega-solar power plants throughout Japan since the introduction in July 2012 of a feed-in tariff (FIT) scheme, by which electricity companies purchase power generated by renewable sources at a fixed price. Plans for a considerable number of projects for wind power, geothermal power and small hydropower have taken more concrete shape. Efforts are also under way in new fields such as offshore wind power generation and biomass power generation. The SuMi TRUST Group is carrying out financial support in order to assist various renewable energy projects in Japan and overseas.

Solar Leases:

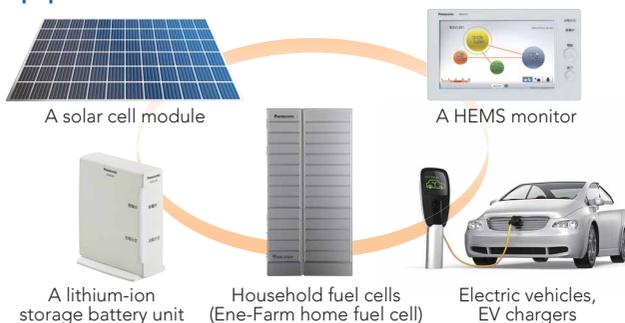
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. has put in place a total support structure for the series of processes involved in introduction of solar power generation systems. This structure encompasses estimating the volume of power generated, design, funding plans, consulting on system interconnections, construction, operation, maintenance and management.

As of September 2014, we had provided support through a leasing model for 41 high-voltage and large-scale solar power generating plants (including those in the planning stage), with a total power generation capacity of 48,300 kW.

Renovation and Solar Loans for Smart Houses (Sales finance):

Sumitomo Mitsui Trust Panasonic Finance has been offering solar loans exclusively for solar power generation in collaboration with sales agents, construction contractors and others. We will continue to provide not only financing for solar power generation but also "Renovation Solar Loans" to support the introduction and spread of smart-house-related equipment. In this way, we contribute financially to the creation of better homes and cities. Our contributions include creating living environments that offer energy savings as well as comfort and safe and secure disaster prevention measures.

Equipment to Realize Smart Houses



(b) Addressing Natural Capital

The economic value from marshlands in Japan as a whole was estimated from approximately ¥839.1 billion to ¥971.1 billion and the economic value from tidal flats at approximately ¥610.3 billion, according to the Ministry of the Environment's FY2013 study on the "economic value of the ecosystem services supplied by wetlands."

The SuMi TRUST Group is working to develop financial products and services that incorporate evaluations of the economic value of natural capital.

Environmental Rating Loans with the Evaluation of Natural Capital Preservation:

In April 2013, SuMi TRUST Bank launched its "Environmental Rating Loans with the Evaluation of Natural Capital Preservation," which incorporate impact on natural capital and the concept of evaluating a company's initiatives into the environmental-rating evaluation process that assesses environmental measures taken by companies. This is the world's first attempt to incorporate natural capital evaluation into loan criteria.

(c) Initiatives in Asset Management (Responsible Investment)

Biodiversity Companies Support Fund:

In 2010, the SuMi TRUST Group developed the world's first equity fund that invests in Japanese companies that are making efforts for biodiversity conservation and sustainable use of biodiversity-related resources (this finding is based on our research).

The Biodiversity Companies Support Fund is also incorporated in the Green Balanced Fund, which was jointly developed in 2010 by SuMi TRUST Bank and our subsidiary Nikko Asset Management. The equity fund portion of the Green Balanced Fund invests in the three natural capital elements, namely fauna/flora, water and air, via companies involved in those themes. The fixed-income fund portion invests in environment-linked bonds such as those issued by the World Bank.

(d) Initiatives in Our Real Estate Businesses

Environmentally friendly property addresses issues such as climate change and loss of biodiversity by taking the environment into account through energy-saving design and renewable energy use.

We believe this approach leads to highly profitable and stable businesses that make effective use of real estate.

Environmentally Friendly Construction Consulting:

To promote the introduction of environmentally friendly property, SuMi TRUST Bank provides environmentally friendly construction consulting services.

As interest in environmental issues has grown, so has the number of properties applying for CASBEE®* certification or voluntary evaluation in the past several years.

* 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 MLIT.

2) ESG-themed Initiatives in Our Asset Management Businesses

The Japanese government has been committed to a national effort to push forward swift capital market reform since the current administration came to power in December 2012. The ministries and agencies are implementing relevant policies in each area of responsibility in coordination with counterparts. The final goal of the capital market reform is to create a virtuous economic cycle by improving ROE and corporate governance at companies. Various measures have been adopted in this area.

(a) Our ESG Engagement Policy

SuMi TRUST Bank has introduced policies to actively engage investee companies in the belief that providing solutions to environmental, social and governance (ESG) issues will contribute to upholding the best interests of the ultimate beneficiaries who entrust their assets to us.

(b) Stewardship Activities

SuMi TRUST Bank agrees with and accepts the Principles for Responsible Institutional Investors, known as “Japan’s Stewardship Code.” Accordingly, we have established Responsibility Policies at SuMi TRUST Bank for the Stewardship Code and Policies Responding to the Principles of the “Japan’s Stewardship Code” to comply with it.

(c) ESG Monitoring and Engagement

SuMi TRUST Bank is conducting engagement with related organizations on the specific agendas stated in the ESG engagement policy. In addition, SuMi TRUST Bank has established the ESG Monitoring Committee chaired by the General Manager of the Asset Management Department, so that everyone can keep fully up to date and monitor situations.

3) Addressing the Issues of a Super-Aging Society

The birthrate in Japan is continuing to fall and the population is declining rapidly. SuMi TRUST Bank has many elderly clients and actively supports “Successful Aging,” seeking to ensure that our clients can continue to enjoy healthy, spiritually enriching lives as they grow older.

(a) Helping People to Lead a Vibrant Lifestyle That Suits Them

Wrap Accounts/“Life Serenity” Package:

SuMi TRUST Bank offers discretionary investment management products (“Wrap Accounts”). We suggest a management plan suited to the client, who then concludes a discretionary investment contract, entrusting all decisions relating to the management of their investment—including buying and selling—to SuMi TRUST Bank to undertake on their behalf. Clients aged between 40 and 65 who have applied for a “Wrap Account” can also apply free of charge for a “Life Serenity” package, a service that features cancer and nursing care insurance without the burden of insurance premiums. (SuMi TRUST Bank bears the cost of the premiums.)

(b) Helping People to Manage Their Post-Retirement Assets Safely

Anshin Support Trust (money trust type):

SuMi TRUST Bank offers “Anshin Support Trust,” a product that leverages the unique functions of a trust bank to provide medium- to long-term, made-to-order support for the preservation and management of clients’ precious assets for their sake as well as their families’. Two types of “Anshin Support Trust” are available: a “Money Trust Type” and a “Life Insurance Trust Type.”

4) Finance for Social and Charitable Activities

The SuMi TRUST Group is committed to providing solutions to social issues based on fiduciary spirit.

(a) Products and Services that Reflect Clients’ Intentions Charitable Trusts:

A charitable trust is a system 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.

Since SuMi TRUST Bank began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, conducting supported projects in various charitable fields.

Social Contribution Donation Trust:

SuMi TRUST Bank offers “Social Contribution Donation Trusts” (also referred to as “Bridge to Tomorrow”) intended to make donations to charitable corporations and other organizations engaged in social contribution activities. Clients of this trust can donate one-fifth of the initial amount of trust principal once a year to an organization of choice. These are selected from the list of donees presented by SuMi TRUST Bank. The organization of choice can be changed every year.

(2) CSR Activities for Improving the Alignment of Our Business Activities with Society

1) Addressing Environmental Issues

(a) Environmental Performance and Environmental Burden Reduction Measures

The SuMi TRUST Group works to reduce the burden on the environment both in its input of resources such as paper and energy used in business activities and in its output such as CO₂ and waste discharged from these activities.

In FY2013, total electricity consumption at all sites across Japan decreased by 6.9% from the previous fiscal year. The volume of CO₂ emissions increased by 5.2% year on year to 50,000 tons. We were able to reduce paper consumption by 5.4% from the previous fiscal year.

(b) Strengthening Supply Chain Initiatives

SuMi TRUST Bank stipulates "making it a priority to purchase environmentally friendly products, such as products covered by green purchasing and energy-saving products," in the case of purchasing of stationery and equipment for in-house use.

SuMi TRUST Bank believes that cooperative relationships with suppliers, in addition to its own independent initiatives, will become important to secure the sustainability of natural capital. In November 2013, we established the Consortium for Sustainable Paper Use with WWF Japan and other paper-user companies.

Moreover, the SuMi TRUST Group will formulate the CSR procurement policy, which prescribes priority purchase of goods and services that give consideration to the environment and society.

The SuMi TRUST Group will also promote the CSR procurement initiative that involves group companies. In cooperation with suppliers, we plan to expand the scope of product items covered by CSR procurement to paper products, printed materials and stationery goods, as well as office machinery and equipment.

2) Addressing Human Rights Issues

(a) Establishment of Human Rights Policy

The SuMi TRUST Group upholds respect for individuals' human rights and diverse values and rejects unjustifiable acts of discrimination in all its activities, under the "Basic Policy on the Social Responsibility of the SuMi TRUST Group (Sustainability Policy)." Moreover, the SuMi TRUST Group formulated the human rights policy in December 2013 in order to ensure the execution of this policy. This policy serves as a standard for acts and judgments concerning human rights.

(b) Protecting Human Rights

Initiatives to Address Dowa and Foreign Residents Issues:

The SuMi TRUST Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. During FY2014, the SuMi TRUST Group continued its efforts to increase employees' level of understanding about the Dowa issue based on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo. At the same time, we have worked toward thorough elimination of prejudiced or discriminatory views through various training programs and education activities, including training of new employees.

■ Human Rights Policy

At the SuMi TRUST Group, based on the "Basic Policy on the Social Responsibility of the SuMi 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, origin, social status, beliefs, religion, 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, 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 SuMi TRUST 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.

Prevention of Sexual Harassment and Power Harassment:

Sexual harassment and power harassment are prohibited. Such behavior can both damage the character of an individual and infringe upon his or her human rights. We have taken a particularly strict stance on prohibiting sexual harassment within the workplace. In terms of power harassment, 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.

(3) CSR Activities to Enhance Trust and Strengthen the Business Base

(a) Support for the Living Creatures

SuMi TRUST Bank promotes social contribution activities rooted in local communities primarily through its local business offices located across Japan. As part of such activities, SuMi TRUST Bank has been organizing an annual “Conservation and Restoration Tour of Japan’s Northernmost Beech Forest” since 2011. The aim is to protect the natural beech forest in Kuromatsunai-cho, Hokkaido, which has been designated as a national natural monument.

(b) Support for “Successful Aging”

In order to help customers enjoy fulfilling, safe, and secure retirement years, the Shiba Business Department, Kichijoji Branch and Kichijoji-Chuo Branch organized seminars taught by leading experts in various fields for our Silver College members. These seminars were very well received.

(c) Contributions to Local Communities and Society

The “Love Earth Clean-up” is a campaign that brings together citizens, companies and local governments to clean local community spaces. The campaign started in Fukuoka city and has spread across Japan. SuMi TRUST Bank took part in the cleaning activities.

5. Enhancement of CSR Communication

The SuMi TRUST Group strives to enhance CSR communication so as to facilitate a better understanding of its activities by clients and local communities.

(a) Education for Sustainable Development

In the field of education, learning opportunities that are reshaping our society and how we live are known as Education for Sustainable Development (ESD). SuMi TRUST Bank engages in ongoing efforts at elementary schools using ICT (Information and Communication Technology) such as television video to teach the children, who are the bearers of the next generation about activities of the National Trust in their vicinity.



School class utilizing ICT (Okayama City Tsunoyama Elementary School)

(b) Green TV

Green TV Japan has more than 1,000 videos available for viewing free of charge, including a large selection of overseas videos as well as videos produced independently in Japan.



Japanese website:
<http://www.japangreen.tv/>

SuMi TRUST Bank has supported Green TV Japan as a media sponsor since it was first established in 2007.

(c) Branch Blog With You

In April 2012, SuMi TRUST Bank launched the “Branch Blog With You” site with the goal of interacting more closely with local people by publishing information unique to each community in real time and by allowing our branch employees to express in their own words their thoughts about contributing to the local community. In addition to regularly introducing “With You” activities at branches around the country, the blog provides information about seminars and panel exhibitions being held, and is used proactively as a means of communication with customers.



Japanese website:
<http://branchblog.smtb.jp/>