

Integrating sustainability into management and developing sustainability initiatives as our business



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Principles for Responsible Banking and Promotion of Sustainable Finance

Recent abnormal weather fueled by global warming is being recognized in every corner of the globe as a climate change risk. In Japan too, climate change risk is no longer considered a topic concerning the future—it has become a pressing issue—particularly highlighted by the extensive damage to many regions caused by the repeated visitation of powerful typhoons. While much discussion was made focusing on climate change at the United Nations General Assembly held in New York in September, the Principles for Responsible Banking (PRB) launched the same month call on banks to align their business strategies with the goals of the Paris Agreement, which is an international agreement on climate change, and the UN Sustainable Development Goals (SDGs). Together with around 130 banks in 49 countries, the SuMi TRUST Group signed up to the Principles and renewed its commitment to utilize the significant expertise of a trust bank group to support the creation of new business models among our clients and make every effort to find solutions to

the issues expressed in the SDGs and the Paris Agreement.

The idea of “sustainable finance,” which is to use finance as an effective driver to popularize sustainability initiatives in the wider economy, is gaining traction mainly in Europe, and new rules on finance continue to emerge one after the other. We think this movement calls on finance sector to yield more concrete results to help solve the challenges, especially considering that ESG (environment, social, and governance)—which appeared on the scene in 2006—enjoys broad-based support among financial institutions and that ESG considerations are now mainstream in the industry. So-called “impact investing” is also on the rise in the finance sector. These investments seek to have a beneficial impact on society alongside standard investment returns. The Principles for Responsible Banking (PRB) also call on banks to amplify positive impacts and limit the negative ones. The sustainable finance our Group encourages aims to create these optimum impacts.

Materiality Management and Sustainability Business Strategies

For our Group to promote sustainability, the following three factors are key: strengthening our management foundation with materiality management; pursuing highly competitive sustainable finance in our businesses; and enhancing information disclosure. With respect to materiality (defined as priority issues for management), we recently took new steps to integrate financial risk items with non-financial ESG-related items so that a balance between economic value and social value is placed at the core of our growth strategy. In terms of concrete action on climate change, we kicked off TCFD (Task Force on Climate-related Financial Disclosures) initiatives and started performing scenario analyses. In addressing Japan’s super-aged society, we are transitioning to and enhancing a business model that can accurately accommodate the diversified needs of each generation as we enter an age of 100-year-life. While we offer products and services suited to people in the asset formation stage of life, clients that will retire or have retired, and the senior generation, we also propose optimal products and services based on our significant expertise to meet the growing demand among seniors for asset administration and succession services. Our 100-Year Life Solution Trust—also known as the 100-Year Passport—is one such example. Our Group also positions human

resources as the biggest source of our competitiveness and we are constantly striving to strengthen our pool of human capital. In recognition of these activities, SuMi TRUST Bank was selected as a winner for the first time in the Ministry of Economy, Trade and Industry’s (METI) New Diversity Management Selection 100 program and as a Semi-Nadeshiko Brand under the METI’s Nadeshiko Brand initiative, the latter of which aims to encourage the empowerment of women in the workplace.

Our Group’s policy is to integrate sustainability into management, develop sustainability initiatives as our business, and strengthen the approaches in this field. In our midterm management plan slated to kick off next fiscal year we intend to incorporate the concept of sustainability into our management strategy. I look forward to the continued warm support of all our stakeholders.

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