

## Project Finance for Coal-fired Power Generation

Regarding the issue of climate change, which has become a major global issue, SuMi TRUST Bank has always made careful decisions regarding coal-fired power generation projects, which emit a relatively large amount of CO<sub>2</sub>, by setting certain internal criteria on factors including power generation efficiency and environmental impact. As initiatives for realizing a low-carbon society are crucial management issues for financial institutions in the industrialized world, SuMi TRUST Bank has decided, in principle, not to engage in new projects for the construction of coal-fired power plants. However, in cases where exemptions are considered, lending decisions will be made carefully, with a comprehensive consideration of backgrounds and characteristics undertaken on a case-by-case basis, under strict standards that address the environmental impact, such as the OECD Guidelines and the energy efficiency of the specific projects.

## Establishment of Policies for Specific Sectors

The Group has established policies for specific sectors that promote business activities with significant environment and social impacts and restricts loans and investments to companies and projects with negative impact.

In specific terms, SuMi TRUST Bank does not provide loans to companies that manufacture cluster bombs, regardless of whether they are located in Japan or overseas. In asset management, we prohibit active investment, actively conduct engagements to demand the suspension of manufacturing of cluster bombs in passive investment, and publicize such engagements.

The Group also intends to establish a policy for sectors that are considered to be involved in the manufacture of palm oil and the destruction of tropical rainforests during fiscal year 2019.

## CSR Procurement (Procurement that Considers the Environment and Society)

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 consideration 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.

## The Problem of Marine 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. Waste materials have only increased with the pursuit of economic growth and lifestyle convenience.

Our Group has established the “SuMi TRUST Group Zero Plastic Waste Declaration” (see P.173) as concrete action against this global marine pollution problem. SuMi TRUST Bank does not provide items such as shopping bags and straws with purchases at the convenience stores operated for employees in our large office buildings. We also display posters about garbage sorting in our office buildings, in a concerted effort to send a heads-up message for better garbage sorting (see P.192).

Our entire Group has switched to Graphan for the windows of windowed envelopes that we send on business or to our clients. Graphan is a pulp material that



can be discarded and recycled without sorting. For other consumable supplies and distributed items, we are working to identify related circumstances and then reduce plastic products by switching to environment-friendly alternatives.

## Sustainable Use of Paper

SuMi TRUST Bank regards destruction of ecosystems and logging in tropical rainforests to supply raw materials for paper as a serious issue. Along with other corporate paper users that share its concern and the World Wide Fund for Nature Japan (WWF Japan), the Bank has established the Consortium for Sustainable Paper Use. With the aim of promoting the spread of sustainable paper use throughout society, member companies share how their initiatives are progressing and ask their suppliers to supply them paper products that are environmentally and socially sound. The consortium launched in 2013 with five member companies has grown to ten companies as of October 2019.



### Consortium for the Sustainable Use of Paper

Rather than a group of companies that manufacture or sell paper, the consortium’s members are companies and organizations that purchase and use printed material for product packaging or promotional materials, as well as copier paper, envelopes and other paper products. Participating companies are urged to formulate and carry out responsible procurement policies. By responsibly managing procurement of paper, companies whose position is nearer to consumers’ seek to encourage more sustainable use of paper not only among consumers and consuming companies farther down the supply chain, but also among upstream businesses.

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

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



In our group-wide efforts to encourage CSR procurement, the Group is making careful use of copier paper and otherwise taking eco-friendly and socially-sensitive action, as detailed below, in our procurement of paper, which we consume and dispose of in large quantities in our business operations.

- We conduct surveys of suppliers regarding the environmental and social soundness of their paper products, such as copier paper and office supplies.
- All Group companies are prohibited from purchasing copier paper with environmental and social consideration problems, such as illegal logging in tropical rainforests.
- We procure copier paper, in principle, with a 100% recycled content ratio.
- We reference the viewpoints of Rainforest Action Network and other domestic and overseas NGOs on the environmental and social responsibility of products.

### Introduction of Electric Vehicles and Fuel Cell Vehicles

SuMi TRUST Bank is introducing electric vehicles as company cars. At the lease contract renewal stage in FY2019, we decided to continue leasing electric vehicles. Also, we introduced our first fuel cell-powered vehicles in November 2019. Fuel cell-powered vehicles provide clean performance as they generate electricity from hydrogen while emitting only water, and emit absolutely no CO<sub>2</sub> or harmful substances as they drive. They can also

generate high-quality electricity that can be used, when connected through special equipment, as the power supply for medical devices. That allows these vehicles to be used as power supplies in disaster situations, not just as company cars. By taking the lead in introducing such vehicles, we are enhancing our readiness for low-carbon electrical power.

### Introduction of Power from Renewable Energy

A growing number of companies in Japan are addressing RE100 and SBTs (Science Based Targets). SuMi TRUST Bank is installing photovoltaic panels in the rooftops of its standalone branches. In future we will consider switching to renewable energy sources for the electricity that we purchase at all our sites, as we advance CSR

procurement of electricity. In the near term, we will study the introduction of such power supplies at our owned buildings and standalone branches, and consider wide-ranging actions, such as green power purchasing and the use of Green Power Certificates.

### Rules on Human Rights Policy

The human rights policy formulated by the SuMi TRUST Group prescribes that the SuMi TRUST Group “gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies we invest in or lend to, negatively impact human rights” and that “in cases where relevant

laws, standards and policies are violated, necessary measures are taken as appropriate.” The measures include requesting the resolution of a situation where human rights are being violated and suspending transactions and refusing to purchase products and services in case the situation is not resolved.