

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.



Principles for Financial Action for the 21st Century (The Principles for Financial Action towards the formation of a sustainable society)

We, together with Sumitomo Mitsui Trust Asset Management (SMTAM), Nikko Asset Management (NAM) and Sumitomo Mitsui Trust Panasonic Finance, support the aims of the Principles for Financial Action for the 21st Century (PFA21), an effort in which over 280 financial institutions of all types collaborate towards the formation of a sustainable society. We have had a central role in this work 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 the community. In fiscal 2019, this WG organized seminars entitled "Learning from Examples of the Right Form of ESG Community Finance" in all parts of Japan. It also added regional circulation symbiotic sphere as a key theme, alongside the existing problems of a super-aged society.

The Principles for Financial Action for the 21st Century issued two recommendations in 2019. After deliberation by the ESG Financial Strategy Task Force (Secretariat: Ministry of the Environment), the recommendation on the "strategy to be taken in order to become an ESG financial superpower" was approved by the ordinary general meeting held in March. In October the Steering Committee compiled the "urgent recommendations on financial behavior towards de-carbon society", in response to the damage inflicted by typhoons 15, 19, and 21. We have been also taking a central role in these actions.



UNEP FI (United Nations Environment Programme Finance Initiative)

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. We also participate in the Property Working Group and the Natural Capital Finance Alliance (formerly the Natural Capital Declaration) within UNEP FI. Not only in Japan but we have been contributing to stronger action in the global finance industry. Moreover, we signed the Principles for Responsible Banking (PRB), which came into effect in September 2019, and declared that we do business in conformity with the SDGs and the Paris Agreement (see page 12).

Since January 2019, we have also affirmed the Principles for Positive Impact Finance (PIF), which provide the theoretical backbone of the Principles for Responsible Banking, and joined the Positive Impact Initiative. We are actively working together with overseas banks towards more advanced measures.



PRI (The Principles for Responsible Investment)

In May 2006, we, together with 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 participates in the Water Risks Working Group, Palm Oil Working Group, and Forest Conservation Working Group, and practices engagement with investee companies.



Signatory to the 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, the Group signed the compact, becoming the first Japanese bank to do so, and declared its resolve to act as a good corporate citizen by complying with and promoting the code of conduct. The Group also became a member of the Global Compact Network Japan Network (GCN-JN), in which signatory companies of the UN Global Compact participate.



Signing 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, SuMi TRUST Holdings 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 page 12).



PRINCIPLES FOR RESPONSIBLE BANKING

Participation in the UNEP FI Property Working Group (UNEP FI PWG)

The UNEP FI PWG is one of the working groups formed by signatory institutions of the UNEP FI to promote property finance that facilitates sustainable development, namely Responsible Property Investment (RPI). In addition to joining the working group in June 2007, the Group became a member of the media team that promotes RPI and conducts activities as one of its leading members.

Natural Capital Finance Alliance (formerly The Natural Capital Declaration)

The Group became a signatory to the Natural Capital Declaration (NCD) proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) in June 2012. The Group is the only financial institution in Japan to have signed the declaration. NCD signatories are working toward implementing NCD commitments through Natural Capital Finance Alliance (NCFA) projects overseen by a steering committee of signatories and supporters and supported by a secretariat (see page 41).



Natural Capital Finance Alliance
Finance sector leadership on natural capital

Signatory to Leadership Declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company"

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, the Group, 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.



TCFD

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. SuMi TRUST Holdings supports the TCFD recommendations, and is working on information disclosures on that basis (see page 27).



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signatory to the Equator Principles

The Equator Principles are international guidelines for private-sector financial institutions for confirming that impacts on the environment and regional communities are fully taken into consideration when implementing project finance loans. SuMi TRUST Bank became a signatory to the Equator Principles in February 2016.



Participation in 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. SuMi TRUST Bank 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.



Collaboration center of Law, Technology and Medicine for autonomy of older adults

Signing 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.

SuMi TRUST Holdings is tasked with engagement in the Asia-Pacific region.



Signing the 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 participates vigorously in engagement through the AIGCC.



Signing 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.



Signing the 30% Coalition (USA), the 30% Club (UK), and the 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, and has begun its activities in Japan.



Signing the 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. These scores are becoming an important indicator of enterprise value.



Signing 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.



Signing 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.



Signing the 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 signed in June 2019, prompted by the "Policy Recommendations Calling for Rapid Action on Climate Change by the Governments of Leading Nations" at the G20 Summit held in Osaka. Through this framework, signatories will call on national governments to take action on issues agreed upon in the Paris Agreement.

