

SuMi TRUST

SUMITOMO MITSUI TRUST HOLDINGS

ESG REPORT

2019/2020



Editorial Policy

Editorial Policy of the ESG Report

This report primarily brings together in one compilation our initiatives contributing to both the delivery of value to our stakeholders and the Sumitomo Mitsui Trust Group's (SuMi TRUST Group) pursuit of corporate value over the long term based on the concept of "Creating Shared Value" (CSV). The SuMi TRUST Group regards shared value as conceptually parallel to the environmental, social, and governance (ESG) concepts investors focus. In view of the surge in ESG investment in the past few years both in Japan and overseas, we have published the Integrated Report highlighting important linkages between ESG information and financial information since fiscal year 2017, upgrading our annual report. In contrast, the ESG Report is meant to provide comprehensive ESG information disclosures to investors and other stakeholders seeking more detailed ESG information. From this perspective, we view the ESG Report as having attributes that complement the Integrated Report.

The report is organized around six sustainability policies of the Group's basic policy regarding social responsibility (the "Sustainability Policy"). Themes introduced in Sustainability Policy 1 have been also featured in three booklets on Climate Change, Natural Capital, and Environmentally Friendly Property. We also publish the Stewardship Report and a digest report for seniors which contain their original information.

The report references GRI G4 standard.

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, 2018 to September 30, 2019

*This report also includes the most recent information on activities before fiscal year 2018 as well as after October 2019.

Reference Guidelines

GRI (Global Reporting Initiative) Standard
"Sustainability Reporting Standard"

*For tables comparing GRI guidelines and information in our ESG report, please refer to the section from page 195.

We publish a variety of reports in several formats in response to reader needs.



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>

We issue a regular report on social contribution activities ("With You" activities).

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



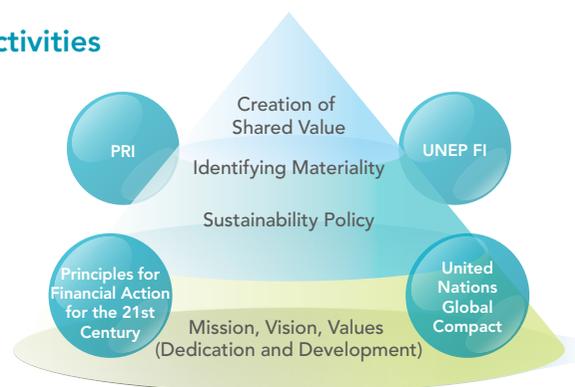
Creating Shared Value through Sustainability Activities

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

Sumitomo Mitsui Trust Group’s (the “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—basic policy on the social responsibility of the Group. These policies identify our approach to creating economic value and social value.

While pursuing CSV, the Group aims to maximize the positive impact (and minimize the negative impact) across the three dimensions of the Sustainable Development Goals (SDGs): environmental, social, and economic. In this way, while creating a direct impact on our stakeholders, we indirectly support our stakeholders’ impact on a sustainable society.

The 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 for the 21st Century),” a set of voluntary guidelines established by Japan’s major financial institutions. The Group aims to create shared value while respecting these principles and guidelines, including the above two, related to social responsibility.



Process of Creating Shared Value

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.

Sumitomo Mitsui Trust Group's

Basic Policy on Social Responsibility

(Sustainability Policy)

At Sumitomo Mitsui 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.

Sumitomo Mitsui Trust Holdings, Inc.

002

ESG Report 2019/2020



1 **Contribute to Solving Social and Environmental Problems through Business**
▶010

2 **Serve Clients with Sincerity**
▶082

3 **Earn the Trust of Society**
▶096

4 **Address Environmental Issues**
▶138

5 **Respect the Individual**
▶144

6 **Participate in and Contribute to the Community**
▶164

Contents



Sustainability Policy 1

We aim to enhance our earnings by developing and marketing products and services that help address social and environmental problems.



Sustainability Policy 2

A basic premise of corporate activities is obtaining the trust of customers. We work to improve client protection and customer satisfaction and ensure product reliability.



Sustainability Policy 3

We are bolstering the foundations of corporate value creation such as corporate governance, CSR, compliance, and risk management.



Sustainability Policy 4

We are working to reduce our environmental burden with the aim of building a circular society where nature co-exists with human communities.



Sustainability Policy 5

We value people that form communities. We create workplace environments that enable people to achieve peak form in putting their capabilities to use.



Sustainability Policy 6

We believe sound local communities underpin a healthy client base. We contribute and participate in the communities where we do business through our local "With You" activities.



- 004 Top Commitment
- 006 Materiality Management for Creating Shared Value at the SuMi TRUST Group
- 008 Initiatives for Sustainable Development Goals (SDGs) of the SuMi TRUST Group

- 012 Signatory to the Principles for Responsible Banking
- 016 Total Solutions for Solving Clients' ESG/SDGs Challenges
- 024 Addressing Climate Change Using Our Financial Capabilities
- 040 Natural Capital related Initiatives Using Our Financial Capabilities
- 046 Addressing the Issues of a Super-Aging Society by Using Our Financial Functions
- 057 ESG-themed Initiatives in Our Asset Management Businesses
- 067 ESG-themed Initiatives in Our Real Estate Businesses
- 076 Financial Inclusion Initiatives
- 081 Trust Future Forum

- 083 Initiatives to Earn the Trust of Clients
- 083 Initiatives Aimed at Becoming Our Customer's Best Partners
- 089 Initiatives Related to Fiduciary Duties
- 093 Client Protection Management

- 097 Corporate Governance
- 112 Compliance and Conducting Business Activities Fairly
- 119 Compliance with International Financial Regulations
- 120 Risk Management
- 128 Information Security Risk Management
- 129 Consideration for Borrowers' Environmental and Social Impact
- 132 CSR Procurement (Procurement that Considers the Environment and Society)
- 135 Multi-stakeholder Partnership

- 139 Environmental Burden Reduction Measures

- 145 Enhancing Human Capital to Increase Corporate Value
- 146 Diversity & Inclusion
- 149 Gaining & Shaping a Population of Diverse Human Resources
- 160 Initiatives concerning Human Rights

- 165 Meaning of Providing Value to Communities
- 166 Supporting Education for Children to Grow into Next-Generation Leaders
- 168 Education for Sustainable Development (ESD) Projects
- 170 Our Activities Supporting National Trusts
- 172 Challenge for SDGs!
- 178 SuMi TRUST Bank "With You" Activities Carried Out across Japan
- 184 Initiatives at Overseas Branches and Group Companies

- 195 GRI Content Index
- 212 Financial Review
- 213 Basic Information of the SuMi Trust Group



Integrating sustainability into management and developing sustainability initiatives as our business



Tetsuo Ohkubo

Sumitomo Mitsui Trust Holdings, Inc.
Director, President
(Representative Executive Officer)

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.

December 2019



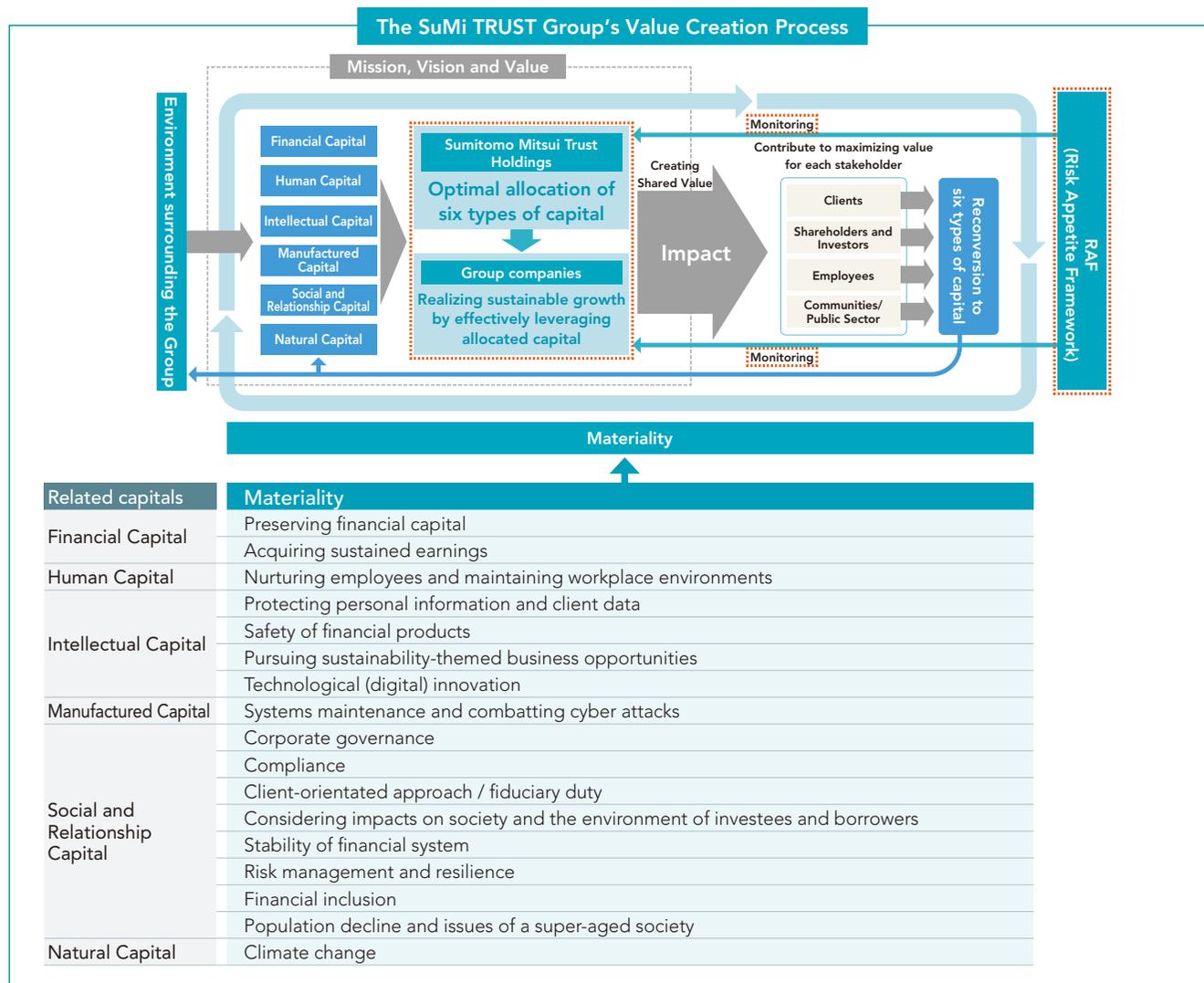
Tetsuo Ohkubo
Sumitomo Mitsui Trust Holdings, Inc.
Director, President (Representative Executive Officer)

Materiality Management for Creating Shared Value at the SuMi TRUST Group

Materiality (priority issues) refers to events that have a material impact on a company's value creation process. The SuMi TRUST Group promotes materiality management that identifies materiality issues to be addressed as priorities from a medium- to long-term viewpoint and dealt with at the top level of management.

Our Group's policy is to push ahead with a growth strategy that balances the pursuit of both economic and social value. More specifically, we aim to conduct business by making efficient use of the six capitals that underpin our management foundation within a risk appetite framework (RAF) and seek profits by maximizing the positive impacts surrounding our stakeholders. Maximizing the positive impacts that surround our stakeholders means pursuing the enhancement of stakeholder value, but at the same time, it also leads to an improvement in value of the Group itself (return on the six capitals and creation of shared value).

The items that significantly impact this kind of medium- to long-term value creation process constitute what is known as materiality. Materiality comprises financial risk items that traditionally investors attach importance to, as well as non-financial items that ESG (environmental, social, and governance) investors and other stakeholders consider important. The optimal management of materiality combining both financial and non-financial elements holds the key to a business model that strikes the right balance between the pursuit of economic value and social value.



Reviewing Materiality

Thus far our materiality management* practices were mainly focused on non-financial items. At the same time, we identified and managed top risks as high-level risk events (assumed losses of ¥10bn or more) likely to have a significant impact on management. However, we now believe that integrating these two approaches is indispensable (see below) if we are to execute a growth strategy that balances the pursuit of both economic and social value.

In October 2019 a new materiality plan determined by the Executive Committee was deliberated on by the Risk Committee (advisory body to the Board of Directors) and then approved by the Board of Directors.

* Previous materiality management: In 2015 non-financial items thought to have a serious impact on the value creation process were identified by the Executive Committee and reported to the Board of Directors. As part of the identification process, the Executive Committee took into account both the Group's impact on society and the impact on the Group's corporate value over the medium to long term.



*Blue background represents new materiality

Internal Engagement

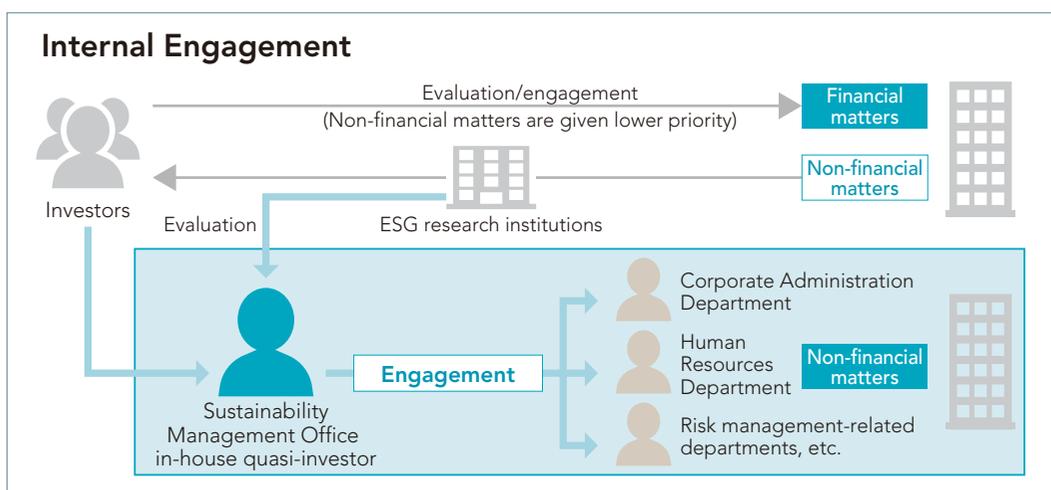
Owing to the introduction of Japan's Stewardship Code in 2014, active engagement (purposeful dialogue) between institutional investors and investee companies has been commonplace. That said, the topics of such engagement usually revolve around financial matters and there are not many opportunities for parties to engage in dialogue about wide-ranging non-financial topics.

Accordingly, our Sustainability Management Office of the Corporate Planning Department engages in dialogue (internal engagement) with relevant departments with respect to the non-financial materiality topics 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. The details of such dialogue and how improvements have been made are reported once a year to the Board of Directors.

Engagement in FY2019 (as of end-November 2019)

- Corporate governance
- Information security risk management
- Enhancement of information disclosure pertaining to human capital



Initiatives for Sustainable Development Goals (SDGs) of the SuMi TRUST Group

The Sustainable Development Goals (SDGs) adopted at the United Nations Sustainable Development Summit in September 2015 comprise 17 goals and 169 targets that bring together global-scale priority issues that should be addressed collectively around the world toward 2030. The SuMi TRUST Group, which became a signatory to the United Nations Global Compact in 2005, has pursued various initiatives related to sustainability, and will continue working to provide value to our stakeholders, including from the perspective of addressing issues raised by the SDGs.

Sustainability Policies and SDGs

Policies		Linkages with SDGs
1	Contribute to Solving Social and Environmental Problems through Business	From the three SDG perspectives of economy, society, and the environment, we aim to maximize the positive impacts (and minimize the negative ones) surrounding our clients and contribute to solving social and environmental challenges, all the while enhancing client value.
2	Serve Clients with Sincerity	
3	Earn the Trust of Society	The Board of Directors addresses environmental and social issues linked to sustainability (the Basic Policy on Corporate Governance, Article 3-4). In our lending and investment activities, we recognize themes relating to SDGs such as climate change and land and water-based ecosystems as risks, and have strengthened our approach to managing them.
4	Address Environmental Issues	Through the operation of environmental management systems (EMS), we limit the negative impacts from our business activities relating to SDG-linked themes such as energy, climate change, water, and paper resources.
5	Respect the Individual	Initiatives relating to human resources strategy and human rights are also linked to SDGs; we are advancing such initiatives based on a broad-based view given global discussions.
6	Participate in and Contribute to the Community	As a good corporate citizen, we actively promote environmental activities and social contributions which are highly relevant to SDGs, centering on sales offices in each region.

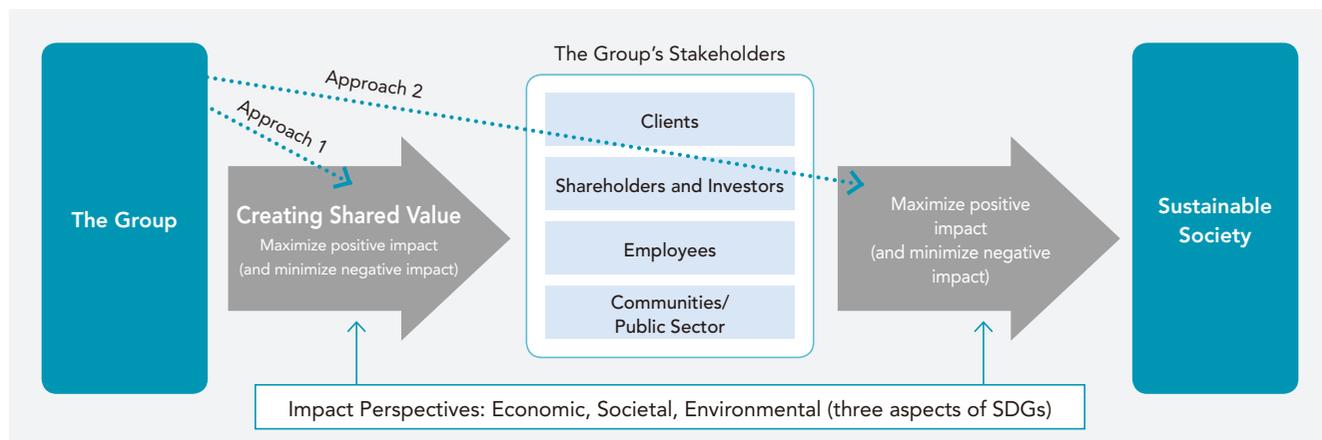
Two approaches to the creation of shared value with stakeholders (including clients)

Approach 1: Maximizing direct positive impact on stakeholders

The Group aims to maximize positive impact (minimize negative impact) on stakeholders from economic, societal, and environmental perspectives via investments and loans, dialogue with investors, human resources measures, and social activities.

Approach 2: Supporting stakeholders as the starting point for maximizing positive impact

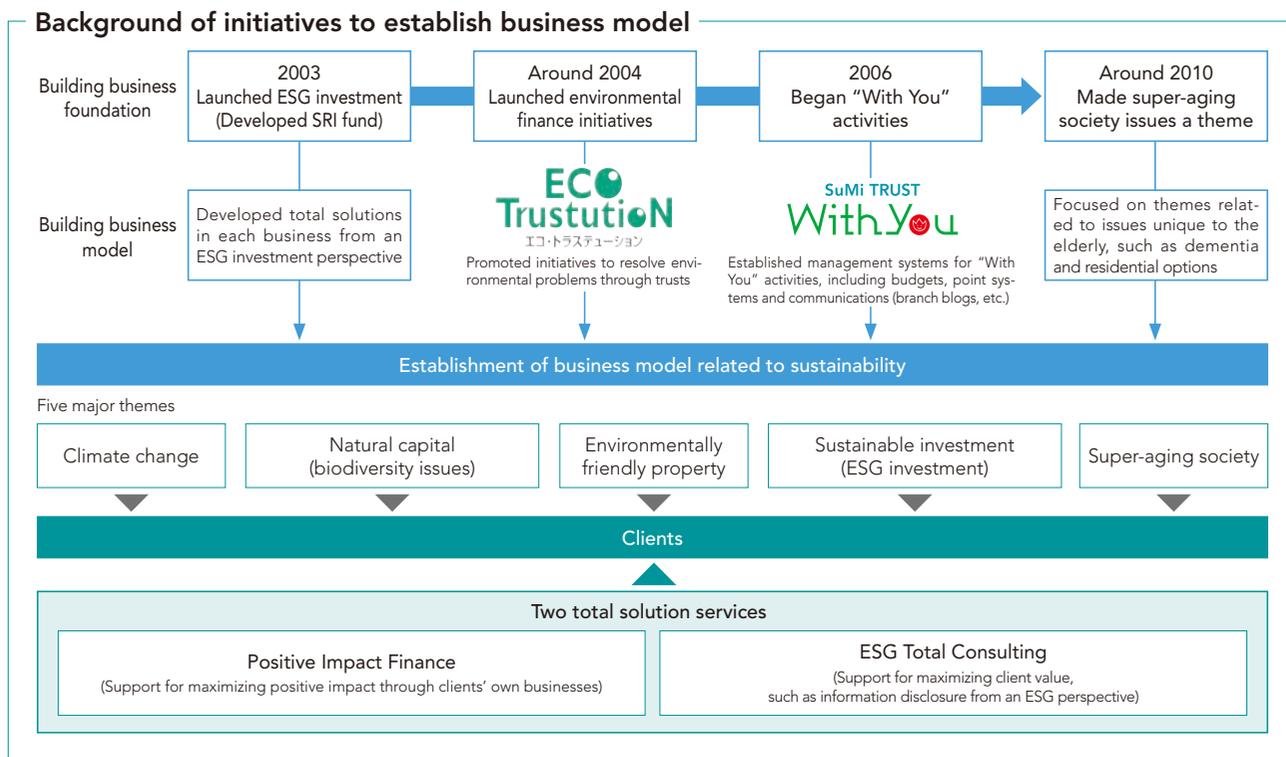
The Group supports stakeholders maximizing positive impact (minimizing negative impact) on a sustainable society from economic, societal, and environmental perspectives via investments and loans, dialogue with investors, human resources measures, and social activities.



Sustainability Initiatives in Our Businesses ◀ Sustainability Policy 1

Our Group has hitherto leveraged the functions of a financial group specialized in trust banking to offer broad-ranging support on solving the social challenges faced by our clients. In light of this track record, we currently focus on five key themes in our sustainability business: climate change, natural capital (biodiversity),

environmentally friendly property, sustainable (ESG) investment, and issues in a super-aged society. Moreover, as part of our total solutions, we are stepping up our services in the areas of positive impact finance and ESG/integrated report consulting.



Offering Value to Communities ◀ Sustainability Policy 6

The ultimate objective of the value companies create is to contribute to building a healthy, sustainable society. Since offering value to communities, which constitute the society, contributes to maintaining a sound business foundation, we regard this as a social license necessary for business operation. In view of this, the Group offers value to communities in an array of ways while

taking in SDG perspectives. Group affiliated companies and branches carry out of their own accord a variety of social and community contribution initiatives. The CSR Promotion Office uses SDGs as a way to categorize each of the many activities that provide value to communities, and it will also work to deepen its analysis of the impacts Group activities have over time in the future.





Sustainability Policy 1

Demonstrating leadership towards achieving a sustainable society

Masaru Hashimoto

Sumitomo Mitsui Trust Bank, Limited
President (Representative Director)



Helping solve social and environmental issues through business activities

- We will adopt a global perspective and work on resolving social and environmental issues through our core business.
- In aiming to solve the challenges faced by society and the environment, we will take steps to develop innovative products and services and new business models that fuse together the wide array of functions unique to a trust banking group.

There are numerous issues worldwide that threaten the realization of a sustainable society, including abnormal weather caused by global warming, marine plastic pollution, deforestation, and an increase in conflict-torn regions. In Japan meanwhile, social structures are changing considerably mainly as a result of issues surrounding a super-aged society, the advancement of digital innovation, and lifestyle diversification. At the same time, countries and people are now coming together under the common global language of the SDGs (Sustainable Development Goals) in an effort to further strengthen their ties with the goal of achieving a sustainable society. In aiming to realize a sustainable society, we provide total solution services with highly specialized products and services that accurately meet the needs of both corporate and individual clients in order to solve the various economic, social, and environmental challenges they face.

For corporate clients, we have implemented positive impact finance (PIF), a solution whereby we comprehensively analyze and assess the impact of a client's corporate activities on the economy, society, and the environment. We then work together with the client to set goals that they commit to achieving. The PIF solution does not specify how loaned funds are to be used; it is an initiative through which clients and our Group work together to overcome challenges in realizing a sustainable society. The disclosure of ESG (non-financial) information is also key to implementing PIF, which is why we provide total support to clients to enhance their information disclosure practices by, for example, providing advice on creating ESG information disclosure tools like integrated reports, which prove useful for communicating with investors.

Japan has entered an age of 100-year-life and seniors aged 65 or older now account for 25% of the population.

For individual clients, we think it is important that we safeguard the personal assets of our senior clients, ensure that they have sound living arrangements, and make sure that seniors and their families can lead stable lives. More specifically, that they maintain good health, can live without any financial concerns, and can choose a place to live with peace of mind. To this end, it is necessary that we understand the varied requests and potential needs among clients and ensure that our client-oriented approach is more thorough than ever before so we can propose the best solution to each and every client. Furthermore, so that we can cope with the rapid rise in the number of seniors suffering from dementia, we are acquiring first-hand knowledge and beefing up our service capabilities mainly by having our employees attend dementia support training courses and undergo gerontology exams. We are also participating in the government-led community-based comprehensive care system as a way of getting involved in the building of a community that extends support to senior citizens.

This fiscal year, all of our 134 branches across Japan formulated and announced their own SDG declarations. In short, this is an initiative that each branch selects the SDGs they want to commit to achieving, formulates action plans to meet those goals, and identifies KPIs to measure their progress. As part of this initiative, each branch will team up with local organizations to roll out their own sustainability activities.

Going forward, we will continue to provide total solutions based on our significant expertise and client-oriented fiduciary spirit—Company strengths that remain unchanged since our founding—and demonstrate leadership as our clients' "best partner" as we work towards the goal of achieving a sustainable society.

Masaru Hashimoto

Masaru Hashimoto

Sumitomo Mitsui Trust Bank, Limited
President (Representative Director)

Signatory to the Principles for Responsible Banking

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 130 banks worldwide—which collectively hold USD47 trillion in assets—to strategically align our business operations with the 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 environment. By focusing on the areas in which our core business has a great impact, setting



September 22, 2019: Signing ceremony we also attended at the United Nations Headquarters in New York (Source: UNEP FI website)

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.

Status of Our Implementation of the Principles for Responsible Banking

The Principles for Responsible Banking (PRB) require us to disclose the status of our implementation of the principles in our existing reports. Specifically, signatory banks need to report on their implementation of the Principles and self-assessment the first time within 18 months of signing (by March 2021 in our case) and annually thereafter. Within four years, we are required to fully implement the necessary steps, including impact analysis, target setting

and implementation, and accountability as outlined in this report. The Group's policy is to disclose its implementation status through its ESG reports. This ESG Report 2019/2020 reports on our implementation status using the format of UNEP FI's "PRB Reporting and Self-Assessment Template" with the aim of clarifying our current position for future full-scale implementation (this is not intended to serve as the first report required within 18 months of signing).

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.

The Group's Business Portfolio (FY2018 Gross Business Profit by Segment)

Business	Gross Profit (¥100 million)	Main Products and Services
Retail Total Solution (TS) Services	1,998	Bank deposits, loans to individuals, sales of investment trusts and insurance, will trusts, asset inheritance services, etc.
Wholesale Financial Services	1,938	Corporate credit, real estate loans, etc.
Stock Transfer Agency Services	370	Stock Transfer Agency Services
Real Estate	543	Real estate brokerage, real estate securitization
Fiduciary Services	1,721	Management and administration of pension trusts, securities, etc.
Global Markets	456	ALM, fixed income investment
Other	195	—
Total	7,226	—

* Gross profit for Wholesale Financial Services is the sum of the Wholesale Total Solution Services Business and the Wholesale Asset Management Business.

Loan Balances in the Banking Business in Japan and Overseas (End of March 2019)

In Japan	¥24,931.5 billion	Overseas	¥4,094.1 billion
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Related Information: Financial Data Section, 2019 Annual Report (URL https://www.smtb.jp/ir/disclosure/2018/f_03.pdf)

Alignment with SDGs and Paris Climate Agreement

In the Group's sustainability work, we set out initiatives including five major themes to address and ensure that each business is engaged in activities aimed at realizing the relevant SDGs. One of the five major themes is climate change. In line with the intent of the Paris Agreement, we are promoting initiatives in accordance with the Task

Force on Climate-related Financial Disclosures (TCFD). In addition, in our total solution services, we help client companies transition in a sustainable direction aligned with the realization of the SDGs through Positive Impact Finance, ESG & Integrated Report Consulting, and the Governance Support Program.

Relationship between the Group's Main Businesses and Sustainability Business Themes

	Retail TS Services	Wholesale Financial Services	Stock Transfer Agency Services	Real Estate	Global Markets	Fiduciary Services (including Investment)
Climate Change		○		○	○	○
Natural Capital (Biodiversity Issues)		○		○		○
Environmentally Friendly Property	○	○		○		○
Sustainable Investment (ESG Investment)	○	○			○	○
Super-aging Society Issues	○	○		○		
Positive Impact Finance		○		○		○
ESG & Integrated Report Consulting		○	○			

Related information: ESG Report 2019/2020 pages 16-75

Principle 2: Impact & 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.

Status of the Group's Main Businesses

Business	Indicator	Amount or Number	Universe	Ranking
Retail TS Services	Balance of loans to individuals	¥9 trillion	Domestic banks	4th
	Total sales of investment trusts and discretionary investments	¥0.9 trillion	Domestic banks	1st
	Number of wills held in custody	32,000	Trusts	2nd
Wholesale Financial Services	Balance of loans to corporations	¥19 trillion	Domestic banks	5th
Stock Transfer Agency Services	Number of shareholders under administration	26,700,000	Trusts	1st
Real Estate	Real estate-related revenue	¥54.3 billion	Trusts	2nd
	Entrusted balance of securitized real estate	¥16 trillion	Trusts	1st
Fiduciary Services (including Investment)	Assets under management	¥93 trillion	Domestic financial institutions	1st
	Assets under custody	¥211 trillion	Domestic financial institutions	1st
	Entrusted balance of corporate pension funds	¥12 trillion	Trusts	1st

Impact Analysis, etc.

Based on the Group's business portfolio (see page 12), loan balances in the banking business in Japan and overseas (see page 12), and the status of the Group's main businesses (see page 13), it is assumed that the six core businesses, particularly in Japan, have an impact of reasonable size and strength on the three dimensions of sustainable development: economic, social, and environmental. Given that the Principles for Responsible Banking apply to banking principles, this impact analysis excludes

the Fiduciary Services Business, which has a large impact on asset management, and the Global Markets Business, whose impact is difficult to assess.

In the future, we plan to carry out specific impact and target setting and formulate plans for implementation and monitoring of targets. Meanwhile, the following are examples of impact areas that are considered reasonably large at this time and examples of how the impact can be addressed.

Retail TS Services Business

More than 40% of SuMi TRUST Bank's individual clients are over 65 years of age. The contribution to maintaining the Quality of Life (QOL) of our elderly clients is one of our significant duties and can be considered an area of impact.

Example of minimizing the negative impact	As Japan faces extreme population aging, dementia has become a serious social problem. Concrete policies (standards) therefore need to be adopted to ensure that sales of risk products to elderly clients take into account their decision-making capacities.
Example of maximizing the positive impact	It is also a serious social problem that people whose judgment is reduced due to dementia and other age-related problems are unable to carry out financial transactions. From the perspective of financial inclusion, we should help these clients manage their property and build a strategy to develop comprehensive services that contribute to maintaining QOL.

Wholesale Financial Services Business

We are analyzing SuMi TRUST Bank's lending portfolio to identify significant areas (industries) of relative negative impact and systematically engaging with clients to mitigate these negative impacts. Meanwhile, we are identifying priority social and environmental issues and building total solution-type business models for solving them.

Example of minimizing the negative impact	Prohibition of lending to companies that manufacture cluster bombs, ban in principle of project financing of newly constructed coal-fired power plants, development of sector-specific policies for major industries with negative impact, and efforts to address the Equator Principles
Example of maximizing the positive impact	Development of Positive Impact Finance and construction of its sales strategy, development of ESG & Integrated Report Consulting and construction of its sales strategy, establishment of a support framework for ESG & SDGs in Corporate Finance

Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

The Group has developed a wide range of products and services that contribute to building a sustainable society for our clients. Details are provided in this ESG Report 2019/2020.

- We provide products and services under the theme of "Climate Change" mainly in the Wholesale Financial Services Business, Real Estate Business, and Fiduciary Services Business (see pages 24-39 for details).
- We provide products and services under the theme of "Environmentally Friendly Property" in the Real Estate Business (see pages 67-75 for details).
- We provide products and services under the theme of "Natural Capital" mainly in the Wholesale Financial Services Business (see pages 40-45 for details).
- We provide products and services under the theme of "Sustainable Investment" mainly in the Retail TS Services Business and the Fiduciary Services Business (see page 57 for details).
- We provide products and services under the theme of "Super-aging Society Issues" mainly in the Retail TS Services Business (see pages 46-56 for details).
- We introduced "Financial Inclusion" as a new theme and started initiatives in this area mainly in the Retail TS Services Business (see pages 76-80 for details).
- In the Wholesale Financial Services Business, we are developing financial products that do not specify the use of funds (Positive Impact Finance) in accordance with the Principles for Positive Impact Finance (see pages 17-18 for details).
- In the Wholesale Financial Services Business, we are deploying ESG & Integrated Report Consulting to support corporate ESG and SDG initiatives (see page 19 for details).
- Since our clients are the foundation of these business operations, we interact with them in good faith without exception (see pages 82-95 for details).

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

The Group has been working with a wide range of stakeholders to address a wide range of social and environmental issues to achieve a sustainable society, as described below.

Policy Authorities	Cabinet Office, Ministry of the Environment, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, Forestry Agency, Tokyo Metropolitan Government (Bureau of Environment), etc.
United Nations-Related Organizations	United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) Principles for Responsible Investment (PRI) United Nations Global Compact UNEP FI Property Working Group (UNEP FI PWG) Natural Capital Finance Alliance
Cooperation among Financial Institutions	Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century (PFA21)) Equator Principles Institute of International Finance (IIF)
Cooperation among Industry, Government and Academia	(Biodiversity) Business and Biodiversity Initiative (Biodiversity in Good Company) (Aging Society Issues) International Longevity Center Japan (Dementia problem) COLTEM (Collaboration center of Law, Technology and Medicine for autonomy of older adults), which offers support for all stages of elderly community life from healthy to dementia

(Examples where we have contributed proactively to the improvement of sustainability in Japan)

- We participated in the development of CASBEE for Real Estate as an organizer of the subcommittee examining CASBEE property appraisal. CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings developed by the Institute for Building Environment and Energy Conservation (IBEC) under the auspice of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).
- We 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 under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism.
- In collaboration with COLTEM, we published a Guide for Dementia Friendly Financial Services aimed at improving capabilities for handling dementia across the entire financial industry (September 2017).
- We participated in the "strategy to be taken in order to become an ESG financial superpower," a joint proposal from the Ministry of the Environment and the Principles for Financial Action for the 21st Century (PFA21) (March 2019).
- We participated in the "urgent recommendations on financial behavior towards de-carbon society," from the PFA21 Steering Committee (October 2019).

Principle 5: Governance and Culture

We will ambitiously and transparently implement our commitment to these Principles through effective governance and a culture of responsible banking and by setting and announcing targets in areas where we have a significant impact.

- SuMi TRUST Holdings has established a system for promoting sustainability with the Board of Directors at the top. The Sustainability Promotion Committee, which is held as part of the Executive Committee, manages the status of implementation of the Principles for Responsible Banking and gives status reports to the Board of Directors (see page 110 for details).
- The Sustainability Promotion Office of the Corporate Planning Department is responsible for bringing the entire Group together to implement the Principles for Responsible Banking. Going forward, we intend to keep sustainability at the core of our management. We will continue to strengthen our strategic and organizational sustainability efforts and continue to spread the philosophy of the Principles for Responsible Banking, for example through documents such as the Integrated Report (Employee Version).

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.

To be disclosed in our ESG reports going forward.

Total Solutions for Solving Clients' ESG/SDGs Challenges

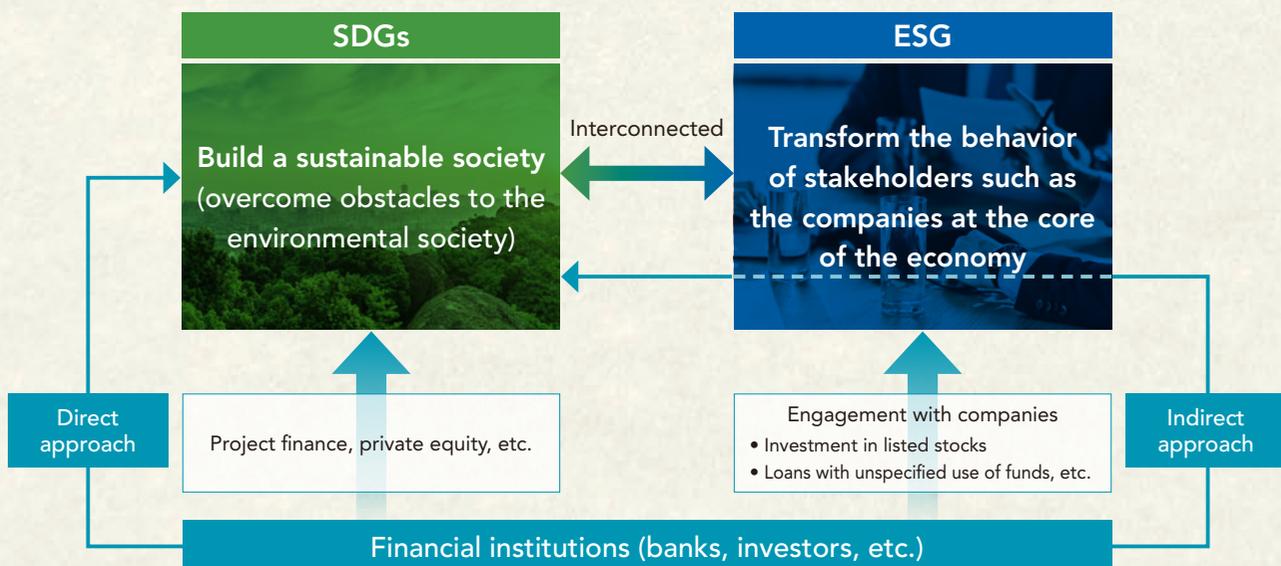
By leveraging the various functions of a trust banking group, and building on our experience actively tackling sustainability issues since 2003, the Group is able to offer total solutions to our clients' comprehensive ESG and SDG challenges.

The Group's total solutions contribute to maximize the positive impact of our clients as well as the Group across the economic, social, and environmental dimensions required to create a sustainable society.

The Group leverages investments and loans, trust products, and consulting services to solve client challenges and contribute to the improvement of client's own value.

Financial institutions can create positive impacts in two ways, direct and indirect. Investments and loans that contribute to achieving the 17 SDGs are examples of the direct approach. The indirect approach is to encourage the transformation of the business activities of companies at the core of the economy. Under the banner of our five major sustainability

themes, we are working towards the SDGs individually while strengthening our efforts to contribute to the realization of the SDGs through Positive Impact Finance solutions, ESG & Integrated Report Consulting, and other total solution services for our corporate clients.



Positive Impact Finance Initiatives

What is Positive Impact Finance?

Positive Impact Finance is a type of financing that comprehensively analyzes and evaluates the impact (positive and negative) of business activities on the economy, society, and the environment, sets targets for mitigating the negative impacts and expanding the positive impacts, and then conditions the loan on a commitment to the achievement of those goals.

Specifically, it is based on the Principles for Positive

Impact Finance set out by the United Nations Environment Programme Finance Initiative (UNEP FI), and carried out in accordance with UNEP FI's guidelines for implementation of the Principles. The most distinctive feature of Positive Impact Finance is the use of assessment metrics (KPIs) to explicitly disclose the degree to which a company's activities, products, and services contribute to achieving the SDGs.

Principle 1 (Definition):

Positive Impact Finance 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.

Principle 2 (Frameworks):

To promote the delivery of Positive Impact Finance, banks and investors need adequate processes, methodologies, and tools, to identify and monitor the positive impact of the entities to be financed or invested in.

Principle 3 (Transparency):

Banks and investors are required to ensure transparency and disclosure on:

- The positive impacts intended by the entities financed or invested in (as per Principle 1);
- The processes they have in place to determine eligibility, and to monitor and to verify impacts (as per Principle 2);
- The impacts achieved by the entities financed or invested in (as per Principle 4).

Principle 4 (Assessment):

The assessment of Positive Impact Finance delivered by banks and investors should be based on the actual impacts achieved.

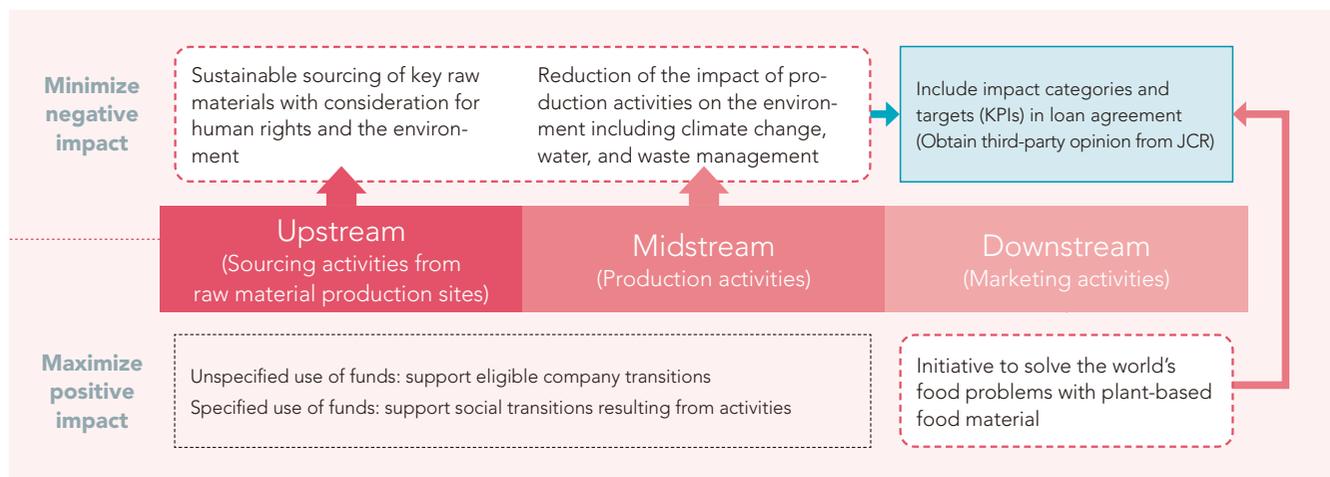
Transaction with FUJI OIL HOLDINGS INC.

(1) Overview of Initiatives

In March 2019, SuMi TRUST Bank concluded the world's first loan agreement for Positive Impact Finance (Unspecified Use of Funds) with Fuji Oil Holdings Inc., a producer of vegetable oils, fats, and other food ingredients.

Before lending to the company, we identified the upstream, midstream, and downstream impacts of the company's supply chain, set targets for maximization

of the positive impacts and minimization of the negative impacts, and incorporated those commitments into the loan agreement. In concluding the Agreement, we obtained a third-party opinion from Japan Credit Rating Agency (JCR) on compliance of the assessment procedures with the Principles for Positive Impact Finance and on the reasonableness of the assessment metrics used.



(2) Overview of Impact Analysis

In our comprehensive analysis of the impacts of Fuji Oil Holdings Inc. along the three dimensions of sustainable development (economic, social, and environmental), we used impact radar* to identify potential positive and negative impacts on the supply chain that occur upstream (in

sourcing of raw materials), midstream (in the activities of factories engaged in production and sales), and downstream (in consumption).

* Tool for impact identification developed by UNEP FI.

	Theme	Goal	Related SDGs
Upstream	Sustainable Sourcing	Sourcing of main raw materials (palm oil, etc.) that is considerate of human rights and the environment	12, 14, 15
Midstream	Reduction of the impact of production activities on the environment	Climate change, water, and waste management in the Fuji Oil Group Environmental Vision	6, 11, 12, 13
Downstream	Creation of food to deliver solutions and ensure food safety, security, and quality	Plant-Based Food Solutions (initiative to solve global social issues with plant-based food material)	1, 2, 3, 9

(3) Identified Impacts and Impact Indicators (KPIs)

As noted above, SuMi TRUST Bank utilized the UNEP FI impact radar to identify the supply chain impacts. It established the positive impacts to be maximized and

the negative impacts to be minimized, as well as a set of impact indicators (KPIs) for monitoring them, all organized according to the three stages of the supply chain.

■ Upstream of the supply chain (sustainable sourcing of palm oil)

Impact Category	Employment, Climate, Biodiversity and Ecosystem Services, and Inclusive and Healthy Economy
Contents	<ul style="list-style-type: none"> • 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
Action Plan	<ul style="list-style-type: none"> • Improve traceability while promoting human rights and environmental concerns among suppliers by communicating Fuji Oil's intentions through third-party audits, two-party audits, etc.
KPI	<ul style="list-style-type: none"> • Traceability scores all the way back to the oil extraction plant • Number of incidents registered in the grievance mechanism

■ Midstream of the supply chain (reduction of the impact of production activities on the environment)

Impact Category	Climate, Water, and Waste
Contents	<ul style="list-style-type: none"> • Reduction of utilities such as energy and water, etc. used primarily in the manufacturing process by each Group company, as well as reduction of CO₂, water, and waste
Action Plan	<ul style="list-style-type: none"> • Promote initiatives to achieve the goals of Environmental Vision 2020 and its successor, Environmental Vision 2030 (formulated in fiscal 2018, launched in 2019)
KPI	<ul style="list-style-type: none"> • CO₂ emissions • Annual water consumption per unit output • Total waste emissions per unit output • Recycling rate (in Japan)

■ Downstream of the supply chain (creation of food to deliver solutions and ensure food safety, security, and quality)

Impact Category	Food, Health & Sanitation
Contents	<ul style="list-style-type: none"> • Promote Plant-Based Food Solutions (initiative to solve global social issues with plant-based food material) and ensure food safety, security, and quality
Action Plan	<ul style="list-style-type: none"> • Further refine proprietary sorting, separation, and readjustment processing technologies, which are a source of value creation, while strengthening cooperation with external parties to accelerate global co-creation • Delicious ingredients for extending healthy life expectancy • Establishment of a system to ensure food safety and quality and to earn certifications
KPI	<ul style="list-style-type: none"> • Vegetable proteins with low global environmental impact that contribute to addressing the shortage of food resources • For the spread of vegetable protein sources, pursuit of taste and creating a mechanism for consumers to understand the significance of their choice • Promotion of the development of healthy oils and fats (stabilized DHA/EPA) and soybean peptides • Establishment of a group-wide quality assurance system and acquisition of FSSC 22000 or ISO 2200 at all plants of Fuji Oil Co., Ltd. by the end of March 2020

ESG & Integrated Report Consulting

With the expansion of ESG investment globally, the corporate and capital market investment chains in Japan are also undergoing major changes. For example, Japan's Government Pension Investment Fund (GPIF) now pursues ESG investment, and the introduction of Japan's Stewardship Code has stimulated a healthy dialogue between companies and investors.

SuMi TRUST Bank is able to combine its perspective and experience promoting sustainability (which it practices itself as an issuer company) with its perspective as an institutional investor with analysts who have been involved in the asset management business for many years. This perspective and experience allow SuMi TRUST Bank to offer total solutions that support the cycle of information disclosure, engagement, and integration into management that is key to promoting sustainable management and achieving a sustainable society.

• Support for Information Disclosure

We support disclosure of non-financial information through advice on the construction of various tools for

communication with investors and other stakeholders, including integrated reports and ESG reports, and advice on ideas and processes to appropriately disclose necessary information in each individual tool.

• Support for Engagement

By leveraging our own network with institutional investors in Japan and overseas, we are able to offer indirect and direct support for investor dialogue (engagement), for example by providing various kinds of information or arranging meetings.

• Support for Integration into Management

We support building mechanisms to extract issues at the management level based on investor perspectives (including analyses by ESG assessment organizations), identify priority issues (materiality) that have a substantial impact on corporate value creation, and promote various initiatives aimed at strengthening the management foundation based on these identified issues.

Total Support for Sustainable Management through ESG & Integrated Report Consulting



Information provision	<ul style="list-style-type: none"> Study sessions for executives and Sustainable Management Secretariat staffs
Analysis and evaluation	<ul style="list-style-type: none"> Analysis of challenges in ESG initiatives based on the evaluations by ESG assessment organizations Comparative analysis against benchmark companies
Support for improvement efforts	<ul style="list-style-type: none"> Support for the materiality identification process Support for materiality management practices (including proposals for strengthening management)
Disclosure	<ul style="list-style-type: none"> Support for development of a framework for non-financial information disclosure Advice on the composition and content of integrated reports
Engagement	<ul style="list-style-type: none"> Support for dialogue with institutional investors in Japan and overseas

Consulting Example

ESG Advisory Services

Integration into Management

In light of the latest trends of ESG investment market and investor viewpoints, we support efforts to strengthen and enhance the management foundation, such as organizing issues in ESG-related initiatives and integrating ESG themes into management.

Integrated Report Support Services

Integration into Management

Information Disclosure

Based on our investor's perspective cultivated over many years of ESG investment practice and our wealth of practical experience in promoting sustainability management, we can offer powerful support for the creation of integrated reports, including the formulation of value-creation processes, the identification of materiality, and advice on the overall structure and content of the integrated report.

Integrated Report Review Services

Information Disclosure

Based on our investor's insight and our knowledge in promoting sustainability management, we review the integrated reports of our clients and contribute to their future improvement by making suggestions, as appropriate.

Research on ESG Trends of Major Shareholders

Engagement

We conduct research on the ESG initiatives of major shareholders, analyze their impacts on issuing companies, and support the construction of a platform for healthy dialogue.

ESG-IR Support Services for Overseas Investors

Engagement

We provide one-stop support services, starting with investor targeting for ESG-IR activities right through to the arrangement of investor engagement sessions.

Governance Support Program

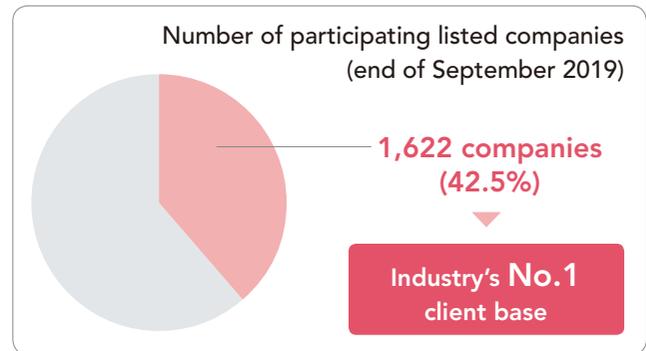
Integration into Management

We help companies improve their autonomous governance by providing up-to-date information and a forum for corporate interaction on the topic of governance and by conducting evaluations of the effectiveness of the Board of Directors to improve its function.

Governance Consulting in Stock Transfer Agency Services Business

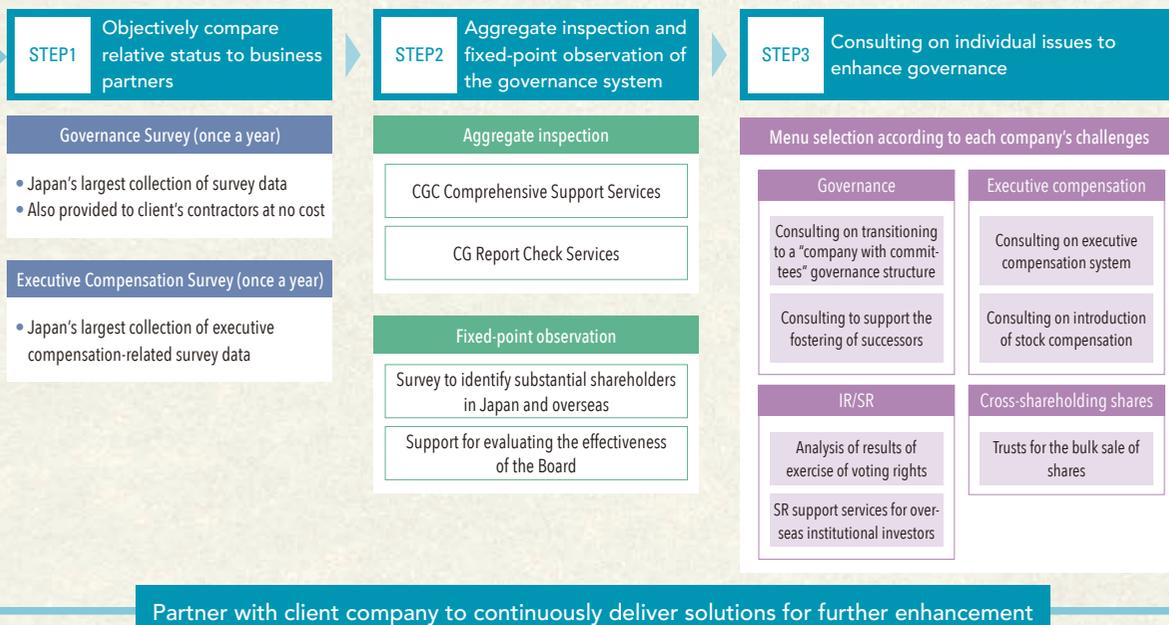
Corporate governance reforms in Japan have strengthened governance by both companies and investors through the introduction and revision of the Stewardship Code and the Corporate Governance Code. Based on the revised Codes and various guidelines and guidance, companies are now expected to move from “formal” to “substantive” governance. The Group’s Stock Transfer Agency Services Business offers solutions for strengthening governance based on our Governance Survey and Executive Compensation Survey, which leverage the industry’s leading client base.

The Governance Survey, now in its third year, received the participation of approximately 1,500 companies, which makes it Japan’s largest. More than 40% of all listed companies in Japan participated in the Governance Survey, and the distribution of the participating companies is similar to the distribution of all listed companies. The Survey is supervised by Professor Kunio Ito and provides data that is compared to governance INDEX data, which is indexed to substantive progress. The Executive Compensation Survey, conducted in collaboration with Deloitte Tohmatsu Consulting, is also in its third year and is also the largest in



Japan in terms of company participation, with over 10,000 executive compensation data points broken down by company attribute. In addition to compensation levels, the Survey intensively reviews compensation decision policies and the practical operation of the compensation system and compensation committee. 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.

PDCA Cycle of the Group's Solutions



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 M&A advice, business succession support, real estate brokerage and effective utilization, support for introducing and changing corporate pension schemes, and wealth management.

Solution services that link the client's aspirations to social contributions

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.

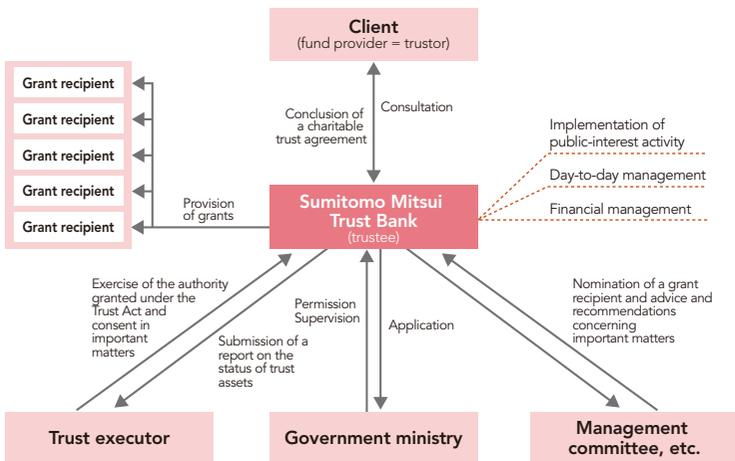
Charitable trusts are often named for the trustor, so his or her aspirations can be remembered for years to come by many people. Moreover, to ensure the public interest is served in accordance with the client's intentions, a charitable trust can be "order made" to fit the

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 Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, and they fund grants in various charitable fields.

As of March 2019, there are 187 charitable trusts with total assets of 31.3 billion yen under our management. In fiscal year 2018, grants from charitable trust totaling 1.26 billion yen were provided to 2,788 bodies in total (including individuals) for activities that serve the public interest.

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type (as of March 2019)

Type	Number of trusts under management
Scholarship	70
Promotion of natural science research	35
Promotion of human science research	4
Promotion of education	18
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	12
Other	5
Total	187

TOPIC

Suntory Fund for Bird Conservation

The Suntory Fund for Bird Conservation was established in 1990 by Suntory Holdings with the aim of enhancing bird conservation activities. Over the past 29 years, the fund has supported various bird protection activities in Japan and overseas. In recent years, the fund has granted around ¥40 million every year to NGOs and other entities in and outside of Japan for bird conservation group activities, for community bird activities, and for riparian large bird conservation.



Second-year elementary school students bird watching from the banks of the Tama River in spring

TOPIC

ENEOS Hydrogen Trust Fund

The ENEOS Hydrogen Trust Fund was established by JXTG Nippon Oil & Energy Corporation in 2006 to contribute to the realization of a hydrogen energy society by subsidizing basic research on the provision of hydrogen, an energy source in harmony with the global environment.

The fund is one of the largest in Japan, providing grants of up to 10 million yen per project. Each year, the fund invites the researchers who are receiving a grant and those who have received a grant in the previous year to an awards ceremony where they present their research results.



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

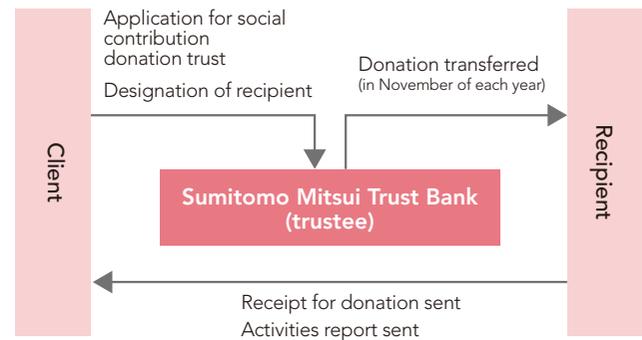
List of Donation Recipients (as of August 14, 2019)

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)

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 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.

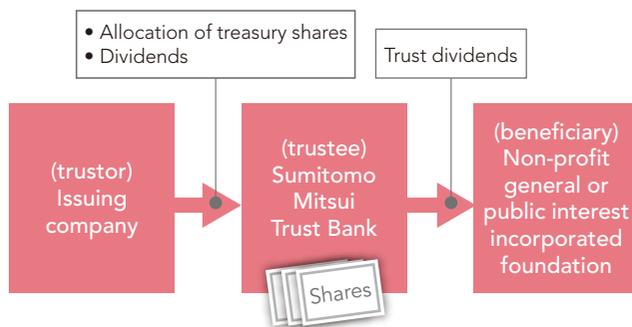
Mechanism of Social Contribution Donation Trusts



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.

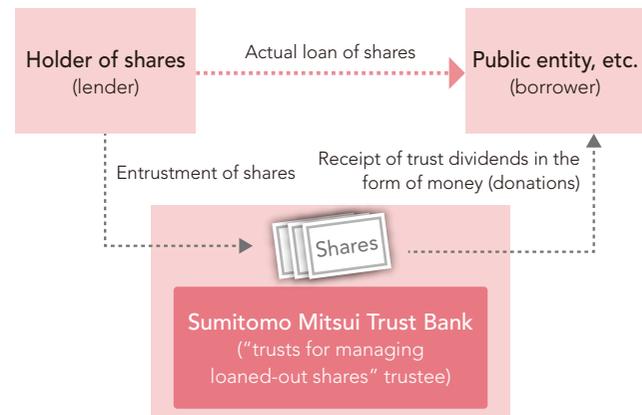
In fiscal year 2014, SuMi TRUST Bank implemented this scheme between Toyota Motor Corporation (trustor) and the Toyota Mobility Foundation (beneficiary). In this case, the dividend income is used to tackle many issues, such as eliminating the mobility disparity in emerging and developing nations, activities that promote the healthy development of the auto industry, and the funding of research into cutting-edge technology and systems in developed markets.



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.

In fiscal year 2014, SuMi TRUST Bank commenced efforts to encourage interested parties to set up such trusts with the Center for iPS Cell Research and Application at Kyoto University as the designated stock borrower.



*The stock's name is "Japan Trustee Services Bank (trust account)."

TOPIC

Center for iPS Cell Research and Application at Kyoto University

The Center for iPS Cell Research and Application (CiRA) at Kyoto University is a world-leading core research institution specializing in iPS cell research. Led by Director Shinya Yamanaka, the 2012 Nobel Prize winner in Physiology or Medicine, the center aims to harness iPS cell technologies to develop more effective medical treatments for patients hoping for them.

Professor Yamanaka has often mentioned that the U.S. research center he belongs to receives many donations from individuals and corporations, and such donations provide a solid financial basis for research centers. We agree with this view and have designated CiRA as a support recipient of “social contribution donation trusts.”



Human iPS cells

Designated Donation Trust

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.

Social Contribution as Business Activities

Making Financial Assets Useful to Society

SuMi TRUST Bank helps people who want to use their property for the social and public good to make a bequeathed donation by means of will trusts.

As part of this, in November 2019, SuMi TRUST Bank invited multiple social contribution organizations to give talks at a special seminar for the purpose of sharing

perspectives in the field of social contribution activities and points to keep in mind regarding bequeathed donations.

The seminar, which was very well received by participants, presented an overview of social contribution activities in Japan and shared examples of how to donate more reliably and securely.

Program

Theme	Lecturer/Guest
Current status and future prospects of social contribution organizations	Service Grant Japan (Certified NPO) Ikuma Saga, Founder and President
Talk session Way of living by “facing someone’s problems”	Family House (NPO) Yoko Ueda, Trustees / Chief Executive Officer D Cafe Community Development Network “D Cafenet” (NPO) Hiromichi Takeuchi, Director
Benefits, considerations, and specific examples of donations made by wills	SuMi TRUST Bank Nihonbashi Business Department Satoshi Inaguma and Toshiharu Ueki (Fellow Supervisor Financial Consultants)

Guests and their activities

Family House (NPO): Established about 30 years ago as a “family house” where parents and families can stay when children with difficult conditions receive advanced medical care. It aims to reduce the psychological and economic burden on families of patients who are forced to fight long-term illnesses such as childhood cancer. In recent years, it has been running facilities where children can stay with their families.

D Cafe Community Development Network: D Cafenet is a “dementia café” run by people with nursing care experience as a place to discuss dementia. It is expanding in Meguro District as a multi-site venue for people with dementia, their families, people working in the field of medical and nursing care, and anyone interested in dementia. (10 locations as of April 2019)



Addressing Climate Change Using Our Financial Capabilities

Climate change is the most serious environmental issue in the world today—it is already affecting people’s lives and economic activity in a number of ways as a result of abnormal weather, rising sea levels, and other phenomena. Moreover, the negative impacts of climate change are affecting developing countries and vulnerable people the most, which in turn is creating additional problems for societies, 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.

The pursuit of societies resilient to climate change will likely lead to the construction of sustainable societies through the eradication of poverty and reduction of inequality.

Challenges for Achieving the Goals

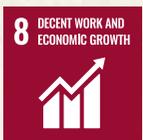
- Constructing carbon-free societies well before 2050 by realizing net zero CO₂ emissions
- Visualizing risks and opportunities arising from the rapid migration of social systems
- Constructing business models that transcend sectors to combat climate change
- Expanding financial transactions that contribute to climate change adaptation and mitigation

Initiatives for Solving the Challenges

- Provide solutions for the construction of societies with net zero carbon emissions by leveraging banking, trust, and real estate functions.
- Provide capital through investments and loans to promote renewable energy and energy conservation.
- Provide financial products that meet the investment needs of investors with a strong interest in climate change.
- Promote climate change measures in real estate markets and cities with financial and environmental performance evaluations.
- Promote the dissemination of finance that takes its impact on climate change seriously in accordance with the Principles for Responsible Banking.
- As a responsible institutional investor, promote stewardship activities related to climate change.
- Make improvements to the disclosure of information related to climate change.

KPIs for Solving the Challenges

	2018/2019 results		2019/2020 targets
Climate change mitigation	In principle, no engagement with coal-fired power generation	Promotion of impact finance	10 “positive impact finance” projects
	145 renewable energy finance projects totaling 15,140 MW	Climate change mitigation	Further build up renewable energy finance portfolio in and outside of Japan
Disclosure of climate-related information	Launch of TCFD project team	Disclosure of climate-related information	Better support for TCFD through initiatives such as scenario analysis



Governance

SuMi TRUST Group's Climate Change Governance

The SuMi TRUST Group recognizes that its response to climate change issues is important for building the Group's corporate value and a sustainable society, and its solutions businesses contribute to addressing climate change issues.

High Priority Issues concerning Climate Change (Materiality)

From a management perspective, the Group recognizes it is important as a financial institution to reduce climate change impacts arising from companies and projects in its loan and investment portfolios. We also recognize the importance of reducing CO₂ emissions from the Group's business activities.

It is our belief that helping to address climate change issues by harnessing our trust function is a matter of critical importance that will direct more business opportunities to the Group.

The Group's climate change-related materiality issues

- Taking into account how borrowers and investees impact society and the environment
- Pursuit of sustainability-based business opportunities
- Climate change
- Risk management and resilience

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.

Climate Change-related Materiality Management

Through internal engagement, the Group endeavors to improve initiatives and enhance information disclosure regarding climate change issues identified as items of materiality.

Materiality Identification and Practice

STEP1

Identifying Materiality Issues

We emphasize the views of ESG investors who pursue corporate value from a long-term perspective. Based on reporting guidelines such as GRI and SASB, we select bank materiality issues emphasized by ESG research companies (MSCI, FTSE, SAM, etc.) that provide information to investors.

STEP2

Interviewing Stakeholders

The issues identified in step 1 are evaluated from two perspectives: 1) the impact on corporate value in the medium to long term, and 2) the impact on stakeholders. The degree of impact is assessed with a score between one and five. The former is conducted by all our external directors, external auditors, and relevant internal departments, while the latter by external directors, external auditors, and external experts.

STEP3

Drawing Materiality Map

The point scores from step 2 are plotted on a scatter diagram (materiality map) with the two perspectives assigned either the horizontal or vertical axis. The issues that fall into the highest materiality zone on the map are considered to be highest priority ESG issues. In 2015, these issues were resolved by the Executive Committee and reported to the Board of Directors. Since 2017, the Risk Committee (an advisory committee of the Board of Directors) has examined the appropriateness of these issues and offered recommendations to the Board of Directors.

STEP4

Implementing Internal Engagement

Of the issues with the highest materiality, our Sustainability Management Office engages in dialogue (engagement) with relevant departments with respect to the topics investors are most interested in and for which the Group's initiatives may face challenges. Reports are submitted to the Executive Committee and the Board of Directors on the progress of initiatives.

STEP5

Initiatives for Increasing Corporate Value over Long-Term

The Board of Directors receives recommendations from the Risk Committee and reports on internal engagement and facilitates multilateral discussions on the future course of action. These actions are in line with the provisions of Article 3-4 of the Group's Basic Policy on Corporate Governance, which prescribes matters regarding environmental and social issues concerning sustainability that the Board of Directors is obligated to address.



Results of internal engagement on climate change

- Adoption of the Equator Principles in project finance
- Formulation of a financing policy for coal-fired power generation project finance
- Launch of TCFD project team

Strategy

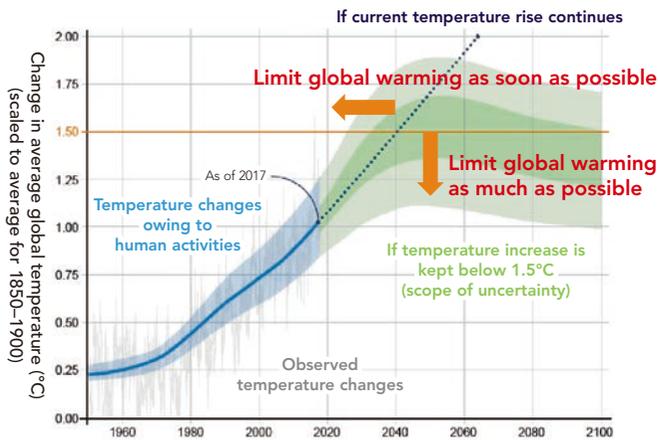
Aiming to Limit Temperature Increase to 1.5°C

Paris Agreement and Special Report on Global Warming of 1.5°C

Under the Paris Agreement that came into force in November 2016, signatory nations aim to “hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels,” in order to ensure sustainability. The world

is now taking further steps in an attempt to transition from a low-carbon society to one with net zero carbon emissions.

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) published its Special Report on Global Warming of 1.5°C. The report highlights the need to reduce greenhouse gas emissions to net zero as soon as possible in order to secure sustainability and eradicate poverty.



Source: IPCC Special Report on Global Warming of 1.5°C; corrections to frequently asked questions

Key points in Special Report

- The global average temperature has already increased by 1°C when compared to pre-industrial levels, and at the current pace of emissions, global warming is likely to reach 1.5°C by 2040.
- The harmful effects of the current 1°C temperature increase are serious, but will increase in severity when the temperature increase reaches 1.5°C and become significantly harmful at 2°C.
- Global warming is significantly affecting ecosystems and humans owing to abnormal weather conditions, rising sea levels, and other phenomena.
- Many more countermeasures will be required if our response to global warming is slow.
- Aiming to limit the temperature increase to 1.5°C will also have a positive impact on meeting the objectives of the SDGs.

In 2019, following the publication of the Special Report on Global Warming of 1.5°C, the IPCC published its Special Report on Climate Change and Land and Special Report on the Ocean and Cryosphere in a Changing Climate, which indicate that the impacts of climate change are even more serious than previously thought. In response,

at the UN Climate Summit held in September 2019, the Secretary-General of the UN called on member countries to commit to limiting the temperature increase to 1.5°C, and 65 countries vowed to achieve net zero greenhouse gas emissions by 2050.



Special Report on Climate Change and Land

- Compared to before the Industrial Revolution, global temperatures rose by an average of 0.87°C and land temperatures by an average of 1.53°C between 2006 and 2015.
- Climate change is affecting livelihoods, biodiversity, human health, infrastructure, food systems and more, exacerbating existing risks in those areas.
- The land-related climate adaptation and mitigation response options face barriers and can make only limited contributions.
- Sustainable land and forest management can reverse the negative impact of climate change on land degradation.

IPCC Special Report on the Ocean and Cryosphere in a Changing Climate

- The global ocean has warmed unabated since 1970, the rate of ocean warming has more than doubled since 1993, and marine heatwaves have doubled in frequency since 1982 and are increasing in intensity.
- By absorbing more CO₂, the ocean has undergone increasing surface acidification, which is adversely affecting ecosystems.
- Due to a combination of the disappearance of the Greenland and Antarctic ice sheets and the thermal expansion of the ocean, historically rare (once-per-century) extreme sea level rises are expected to start occurring more than once a year in the tropics.

Risks and Opportunities Relating to Climate Change

In the area of climate change, financial institutions are responsible not only for direct impacts arising from their own business activities but also for indirect impacts arising from investee and borrower companies and projects,

and the responsibility for the latter are larger. Moreover, an important element for financial institutions in their corporate growth strategies is factoring in the transition to a net-zero emission society into their business models.

Risks Relating to Climate Change

Risk categories*	Risk concepts	Attributes of risks linked to climate change
Transition risks	<ul style="list-style-type: none"> • Risk that stricter regulation and technological advances affect industries and companies and lead to value impairment in the Group's loan and equity portfolios • Risk that business models and corporate strategies may be affected by the regulatory response to reach the goal of staying below 2°C • Risk that carbon pricing may impact market economies and economic competitiveness across multiple nations • Risk that companies may face calls to consider climate change problems in procuring financing and services • Risk that low carbon-oriented market may lead to volatility in supply-demand relationship for products and services and corporate earnings • Reputational risk from assessments that climate change-related disclosures and initiatives are inadequate 	<ul style="list-style-type: none"> • High social expectations that lenders and investors will seek to avert or mitigate risks from indirect impacts arising from the activities of investee and borrower companies or projects • Climate-related risk impacts on the whole supply chain, so risk management in the upstream supply chains of investee and borrower companies will be important • Establishing quantitative risk assessment measures will be important
Physical risks	<ul style="list-style-type: none"> • Risk that natural disasters damage the Group's assets and social infrastructure and puts business continuity at risk • Risk that natural disasters damage the assets of investee and borrower companies • Risk that climate change affects land use, resource procurement, and the productivity of primary industries • Risk that progression in global warming increases the likelihood of heat stroke and pandemics 	

Business Opportunities Relating to Climate Change

Opportunity categories*	Opportunity concepts	Attributes of opportunities linked to climate change
Opportunities in resource efficiency, energy, products and services, markets, and recovery resilience	<ul style="list-style-type: none"> • There may be more opportunities to offer advisory services and finance to projects and companies that are helping to slow or mitigate climate change • Switch in social infrastructure, such as spreading renewable energy, may open up profitable opportunities over the medium- to long-term • There may be more opportunities to provide finance for infrastructure and technological development that enhances capacity to adapt to climate change • Positive social evaluations as a financial institution helping to address climate change may translate into more business opportunities • Greater social awareness of climate change may support sales of the Group's finance products that factor in environmental considerations 	<ul style="list-style-type: none"> • Climate-related businesses promoting a switch in social systems in areas such as energy and transportation may become the economic mainstream • A social infrastructure changeover in the medium- to long-term on the spread of renewable energy, etc. may translate into an increase in stable profit opportunities for the Group over the medium- to long-term

* Categories based on the recommendations of the TCFD

Support for TCFD Recommendations

In recognizing the risks financial markets face from climate change, the Financial Stability Board released the recommendations of the TCFD in June 2017, calling on companies to disclose climate change-related information with even more transparency. In addition to the volume of greenhouse gas emissions their own business activities generate, financial institutions are required to monitor and disclose information about the climate change impacts of the companies and projects they

extend investments and loans to, and ensure that proper risk management is in place.

SuMi TRUST Holdings supports the recommendations of the TCFD and has joined the TCFD Consortium established in May 2019. To accelerate support for the TCFD recommendations, we have established a TCFD Project Team (TCFD PT) led by the officer in charge of corporate planning.

Status of SuMi TRUST Bank's Carbon-related Assets

In light of the possibility that the borrowers may be affected by climate-related transition risks, our carbon-related asset exposure* as measured by the TCFD definition represents 5.6% of loans (as of the end of March 2019).

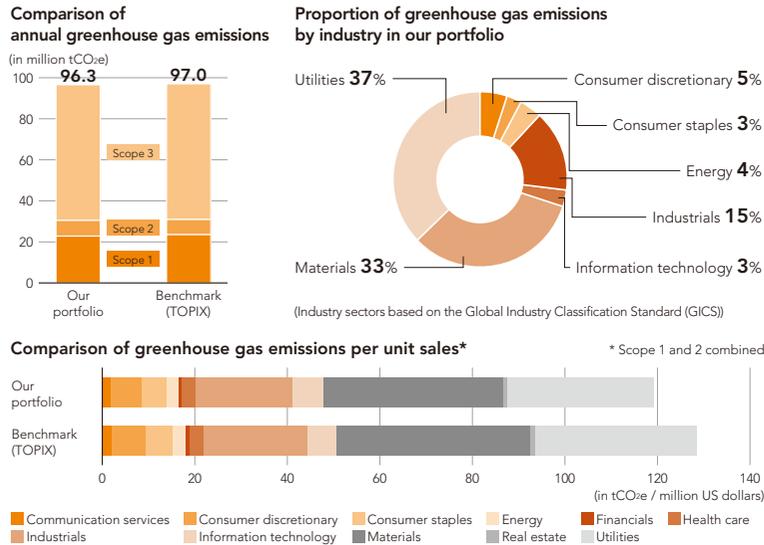
To understand the impact of climate change risks, including physical risks, on our credit portfolio, we have initiated a climate change scenario analysis.

* Covers the sectors "Energy" and "Utilities" in the GICS (Global Industry Classification Standard). Excludes water utilities, independent power producers, and renewable energy power producers. Total comprises SuMi TRUST Bank, Limited and Sumitomo Mitsui Trust Bank (Thai) Public Company Limited.

Climate-related Portfolio Analysis by Sumitomo Mitsui Trust Asset Management (SMTAM)

As part of a comprehensive evaluation of the assets under our management, SMTAM is assessing the risks posed by climate change to its portfolio by asset class. Our assessment methods comprise (1) fixed point analysis based on the disclosures and performance of our portfolio holdings; and (2) transition path analysis based on future climate change scenarios. The results of our analyses will then be applied to our ongoing engagement activities.

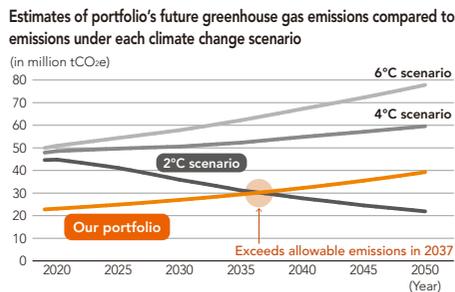
Fixed-Point Analysis of SMTAM's Climate-related Portfolio



For the entire portfolio of Japan-listed companies managed by SMTAM, we estimated the status of greenhouse gas emissions as of the end of June 2019 based on information disclosed by the investee companies. The greenhouse gas emissions of all investee companies total 96.3 million tCO₂e, which is slightly lower than the total emissions of the benchmark (TOPIX) portfolio of the same size and stock composition ratio.

By industry, the Utilities and Materials sectors account for 70% of the total, although in terms of emissions per unit sales in the portfolio, these two sectors contribute almost 60%.

Climate-related Portfolio Transition Path Analysis by Sumitomo Mitsui Trust Asset Management (SMTAM)

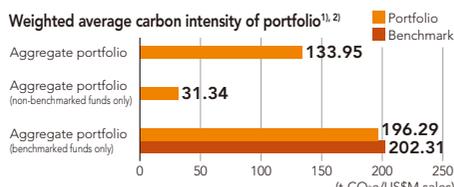


* For details, see Sumitomo Mitsui Trust Asset Management STEWARDSHIP REPORT 2019/2020.

Transition path analysis evaluates how the portfolio's climate change risk changes under future climate change scenarios. We evaluated the portfolio's compatibility with different climate change scenarios (climate resilience) in a time-sequence manner by comparing estimates of the portfolio's future greenhouse gas emissions to the "carbon budget" (allowable emissions) under each scenario. Specifically, in addition to the 2°C scenario, which is the benchmark of the Paris Agreement, we evaluated the portfolio under the 4°C scenario and the 6°C scenario. We have confirmed that, assuming the status quo, the portfolio's emissions will reach the levels permitted under the 2°C scenario in 2037 and will likely exceed them thereafter.

Climate-related Portfolio Analysis by Nikko Asset Management

Weighted Average Carbon Intensity of Nikko Asset Management's Portfolio



1) Assets under management (AUM) of reported portfolios covers 68% of core active strategies.

2) Figures are generated from MSCI ESG Research. Figures may be derived from company disclosures and/or estimates by MSCI ESG Research.

* For details, see Nikko Asset Management TCFD Report 2018.

Nikko Asset Management's aggregate portfolio weighted average carbon intensity is 133.95 t-CO₂e per million US dollars of sales, with coverage of 68% of assets under management (AUM) of its active equity strategies. This aggregate portfolio includes both benchmarked and non-benchmarked funds. When calculated on an aggregate portfolio comprising only benchmarked funds, the total weighted average carbon intensity is 196.29 t-CO₂e per million US dollars of sales, which is 3.0% below the aggregate benchmark. The figure for the aggregate portfolio of non-benchmarked funds is 31.34 t-CO₂e.

Risk Management

Climate Change Risk Management for Portfolio Investments

As a basic policy, Sumitomo Mitsui Trust Asset Management (SMTAM) and Nikko Asset Management (Nikko AM) do not categorically exclude specific securities from investment unless directed to do so by the trustor or client. Our policy is rather to use engagement, exercise of voting rights, and other stewardship activities to encourage our investee companies to disclose climate change information and take concrete action on climate change issues in order to improve their own sustainability and the sustainability of the market as a whole.



Participating in Climate Action 100+

SMTAM and Nikko AM participate in Climate Action 100+, an initiative established by the PRI and four global institutional investor organizations at the One Planet

Summit in December 2017. Under this framework, institutional investors jointly engage with the world's top 100 greenhouse gas emitters.

Cases of Climate Change-related Engagement (SMTAM)

In August 2019, we engaged with PTT Public Company Limited (the Thai state-owned oil and gas company) as lead manager, and in September 2019 we engaged with POSCO (the South Korean iron and steel company) and KEPCO (Korea Electric Power Corporation) as

collaborative managers. In October 2019, we engaged with three major Japanese manufacturing companies in partnership with CalSTRS (the California State Teachers' Retirement System) and CalPERS (the California Public Employees' Retirement System).

Domestic: Non-manufacturing Company A

Greenhouse gas emissions reduction

Opinion from SMTAM

The truck-centric transportation sector accounts for a large portion of CO₂ emissions volume by industry. With the company currently in discussion over its medium-term business plan, it seems to us that the required course of action is for it to capitalize on its expertise with various shipping modes (including trains, ships and airplanes) so it can set Scope 3-focused (i.e., emissions volume encompassing manufacturing, shipping, etc.) medium-to-long-term CO₂ reduction targets while also actively expanding sales to customers.

Company Response and Action

Although there are a variety of different environment-related indicators, medium-to-long-term CO₂ reduction is a priority for which we are committed to investing the necessary costs to achieve. We will look into incorporating it into our next medium-term business plan. With a view towards realizing its long-term vision, the company announced specific CO₂ emissions reduction targets as KPI to be achieved by fiscal year 2023.

Evaluation by SMTAM

We approve of the company's announcement of specific CO₂ emissions reduction targets. Moving forward, we will monitor the progress being made to reduce CO₂ and to improve the profitability of domestic logistics business.

Global: Resource Mining Company B (Europe)

Greenhouse gas emissions reduction

Opinion from SMTAM

Globally speaking, this company is seen as having a major impact on greenhouse gas emissions and is a target company of the CA100+ initiative. It is our view that (1) disclosure and implementation of plans to reduce greenhouse gas emissions to the levels set under the Paris Agreement; (2) disclosure of information in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures); and (3) creation of climate-change related governance systems and structures are needed.

Company Response and Action

As you have pointed out, we have significant exposure to the coal industry and are aware of the risks presented by a transition to a low-carbon society, particularly the potential stranding of coal assets. Our intention is to put greater emphasis on high-quality coal, whereby we can increase our profitability without increasing our production volume, while at the same time reducing our contribution to global warming. In February 2019, the company announced limits on the size of its coal production.

Evaluation by SMTAM

We approve of the company's expressed intentions to optimize its coal business and assets. We will continue to engage the company in dialog about measures it can take to help mitigate climate change.

Cases of Climate Change Considered in the Investment Process (Nikko AM)

- Case 1** For an integrated energy company in North America: Despite being a leader in environmental management in the oil sands industry, the company's stock price did not appear to reflect its expected regulatory burden. We therefore placed a higher discount rate on the stock, lowering its long-term alpha score.
- Case 2** Risk of stranded assets in Australia's power sector: Focusing on listed companies, we analyzed the impact on valuations under a variety of scenarios assuming different policy directions and technological advances.
- Case 3** Given that the environment is heavily influenced by Chinese government initiatives, we closely monitor and analyze companies that are in a position to benefit from China's policies over the medium to long term. Examples of Chinese initiatives currently underway include the transition from coal to gas to address air quality issues and the transition to electric vehicles called for under the "Made in China" plan.
- Case 4** For a Japanese machinery manufacturer that produces mining equipment: We are closely monitoring the future of the coal industry and the risk of stranded (related) assets as a climate change-related risk for the company. We regularly engage with the company's management team and know that they are constantly making business decisions to improve profitability with an awareness of a variety of risks, including climate change. We assess that the company is adequately managing its significant climate change risks.

Climate Change Risk Management for Loans

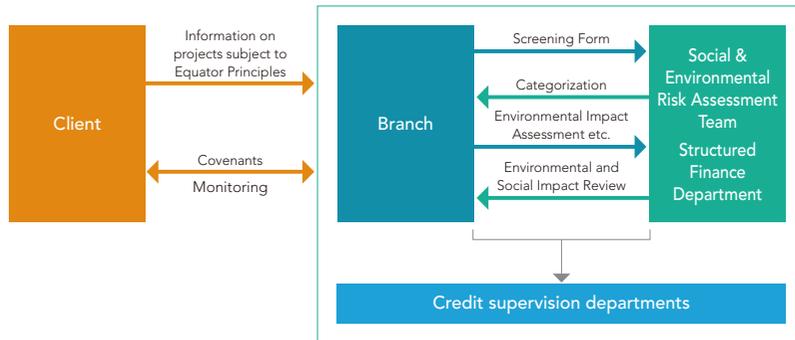
Equator Principles

Because the SuMi TRUST Group has identified “Taking into account how borrowers and investees impact society and the environment” as a sustainability-related priority issue (materiality), we 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 local community. In fiscal year 2018 (Apr 1, 2018 – Mar 31, 2019) there were 22 projects to which we applied the Equator Principles.

The fourth revision of the Equator Principles was adopted at the Equator Principles Association Annual

Meeting in November 2019. 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 physical risk analysis when the project’s impact is likely to be significant and transition risk analysis under TCFD, as well as consideration of alternative proposals, for projects with annual greenhouse gas emissions exceeding 100,000 t-CO₂.

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.

Climate Change-related Policies for Specific Sectors

Project Finance for Coal-fired Power Generation

With climate change being such an important issue for the international community, SuMi TRUST Bank has continued to carefully consider its own actions by setting internal standards on power generation efficiency and environmental load for coal-fired power generation projects that emit relatively large amounts of CO₂. Given that initiatives aimed at realizing low-carbon societies in developed countries are key management issues for financial

institutions, SuMi TRUST Bank’s basic policy going forward is not to participate in any new coal-fired power generation projects being considered for construction. That said, the Bank may make exceptions by carefully and comprehensively considering the background, attributes, and other factors of each individual project if it meets strict environmental standards, such as OECD guidelines and power generation efficiency performance.

Risk Management for Tropical Rainforest Logging and Peatland Development

SuMi TRUST Bank has established sector-specific policies for sectors that have a significant social impact, for example cluster-bomb manufacturing, and has banned or curbed investments and loans to companies and projects that have a negative impact. We plan to formulate

a sector policy in fiscal 2019 for sectors where there are concerns that climate change is being impacted by activities such as peatland development and illegal logging in tropical rainforests for the purpose of harvesting palm oil and procuring raw materials from forests.

Metrics and Goals

SuMi TRUST Group's CO₂ Emission Reductions

SuMi TRUST Bank is committed to reducing CO₂ emissions by reducing power consumption. We have significantly reduced our power consumption through business efficiency and work style reforms. We plan to establish long-term targets for ourselves for 2030 and beyond.

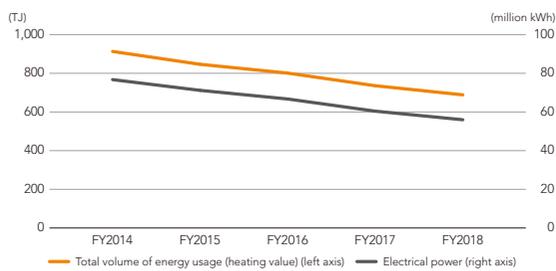
SuMi TRUST Bank's medium- to long-term environmental targets

CO ₂ reduction (reduction of power consumption)	To reduce power usage intensity (power consumption / total floor area) in FY2020 by 10.5% compared to FY2009. (SuMi TRUST Bank)
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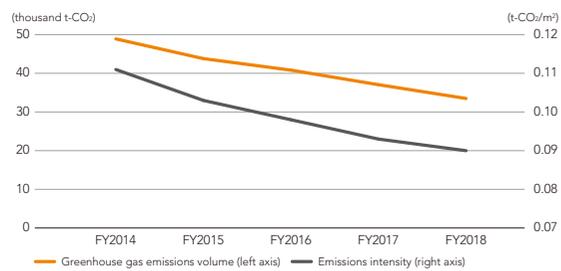
Achievement of medium- to long-term environmental targets for power usage intensity

Power usage intensity	kWh/m ²	FY2009	FY2015	FY2016	FY2017	FY2018
		Change from FY2009	—	-21.2%	-24.5%	-28.5%

Energy usage



CO₂ emissions volume



Scope of calculations: SuMi Trust Bank facilities in Japan subject to the Act on the Rational Use of Energy; SMTAM and other Group companies are tenants in some facilities. Calculation method: Calculations conform to the method in the Act on the Rational Use of Energy.

Business Opportunities

Efforts as a Trust Banking Group to Contribute to Climate Change Mitigation and Adaptation

Impact-Focused Finance

SuMi TRUST Bank has contributed to the spread of renewable energy through project financing for wind power generation and mega-solar power in Japan and abroad.

As a signatory to the Principles for Responsible Banking (PRB), which went into effect in September 2019, SuMi TRUST Holdings promotes the "positive

impact finance" approach advocated by the Principles, which emphasizes how the companies and projects to be financed will impact society and incorporates these impact assessments into lending decisions (see page 35).



Finance to Promote the Spread of Renewable Energy

Society is undergoing rapid changes due to the mobility revolution in electric vehicles and autonomous driving, the transition to zero emission buildings and cities, and technological innovations based on artificial intelligence and FinTech.

In the transition process, the "decarbonization" of power through reduction of fossil fuel consumption and the use of renewable energy is key to achieving the 1.5°C target.

To support this goal, the SuMi TRUST Group will continue to offer a diverse array of financing such as project finance, funds, leases, and home renovation loans.



* SMEs: small and medium-sized enterprises; PV: photovoltaic. Graph includes projects in the planning stage and under construction

Climate-related Green Finance

Through green finance, SuMi TRUST Bank not only supports the procurement of funds by businesses implementing projects that mitigate climate change, but also strives to provide services to meet the investment needs of ESG investors with a keen interest in climate change issues.

Launch of Domestic Renewable Energy Business Investment Fund for Institutional Investors

SuMi TRUST Bank was the first in Japan to utilize trust assets to launch a fund (SuMi TRUST Renewable Energy Trust Fund: Brown No.1) that invests in anonymous partnerships for domestic solar power generation projects already in operation. This investment product provides investors with trust beneficiary rights (non-pecuniary trust assets) and relies on stable cash flow backed by long-term, steady electricity sales revenue under the feed-in tariff system (fixed-price purchasing of renewable energy). The fund meets the needs of investors

who seek stable income gains unaffected by economic conditions despite the harsh investment management climate dominated by negative interest rates and the like. The trust was established in April 2018 and closed to new investment one year later at ¥12.7 billion in total AUM. The trust also includes investments in projects for the renewable energy funds SuMi TRUST Bank has set up and manages (see page 35). SuMi TRUST Bank also earmarks up to 10% of the fund's AUM (¥1.2 billion) for same-boat investments.

Green Jointly Operated Designated Money Trust

SuMi TRUST Bank has been working to connect investors who manage environmentally friendly funds with borrowers (such as J-REITs) who need financing to pursue environmentally friendly property projects. In September 2018 we launched a Green Trust, a jointly operated designated money trust that is used to raise funds for the new acquisition of green buildings* and the refinance of existing debts. It was the first initiative of its kind in Japan. New Green Trusts were launched again in March 2019 and October 2019. The Green Trust launched in October 2019 is used to fund green buildings that have

been awarded the CASBEE S rank. SuMi TRUST Bank supports the acquisition of certification by buildings in the trust. The Green Trusts we have launched to date comply with the Green Bond Principles and received the highest possible rating of "Green 1" in the Japan Credit Rating Agency (JCR) Green Bond Evaluation. Loans from the Green Trust also comply with the Green Loan Principles and received the highest possible rating of "Green 1" in JCR Green Loan Evaluation.

* Eco friendly real estate with good environmental performance and good management that has acquired external certification by CASBEE for Real Estate or a similar rating system

Green Bonds

In September 2018, SuMi TRUST Bank issued its first euro-denominated green bond for overseas markets. The 2-year floating-rate green bond targeting mainly ESG investors and asset managers in Europe raised €500 million. The proceeds from the green bond have been fully allocated to loans for 16 renewable energy projects involving wind power and solar power, contributing to a reduction of 178,685 tons*¹ of CO₂ per year (as of the

end of March 2019). The status of the appropriation of funds from the proceeds of the green bond issuance and the environmental improvement results are disclosed on the website of SuMi TRUST Holdings*² and have been certified by a third-party certification body.

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

*² <https://www.smth.jp/en/csr/greenbond/index.html>

Issuing and Selling the Trust Beneficiary Rights backed by Project Finance Receivables of Renewable Energy Projects

In September 2018, SuMi TRUST Bank established a framework for issuing and selling the trust beneficiary rights backed by project finance receivables of renewable energy power generation projects.

As project finance for renewable energy expanded as a way to combat climate change, securing liquidity in the secondary market for project financing and providing ESG investors new investment opportunities became problematic. SuMi TRUST Bank has decided to utilize self-created trusts whereby the trustor themselves becomes the trustee and a notarial deed or other

official document designates the activities (in this case, collection of receivables) the trust is required to perform in order to fulfill its purpose. By entrusting solar power generation project finance receivables and obtaining a green finance evaluation for the trust beneficiary rights, SuMi Trust Bank made it easier for those investors who were eager to ESG investments to access project finance. The trust beneficiary rights comply with the Green Bond Principles and received the highest possible rating of "Green 1" in JCR Green Bond Evaluation.

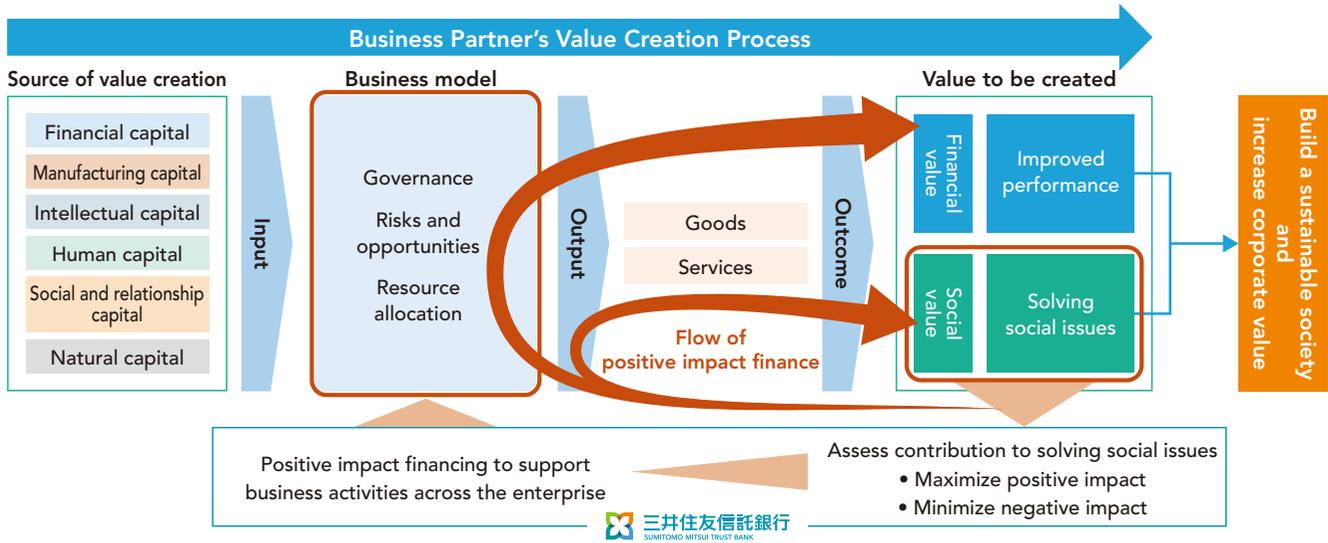
Positive Impact Finance

Positive Impact Finance to Assess and Support the Impact on Climate Change Mitigation and Adaptation

SuMi TRUST Holdings is a founding member of the Principles for Responsible Banking (PRB), which was officially launched in September 2019. The purpose of PRB is to evaluate how the companies and projects to be financed will impact the SDGs and the Paris Agreement goals as part of the lending decision to ensure that the positive impacts are maximized and the negative impacts

are minimized.

In March 2019, SuMi TRUST Bank concluded the world's first contract for Positive Impact Finance (Unspecified Use of Funds). By helping companies address climate change, we aim to enhance both the corporate value and the social value of our business partners.



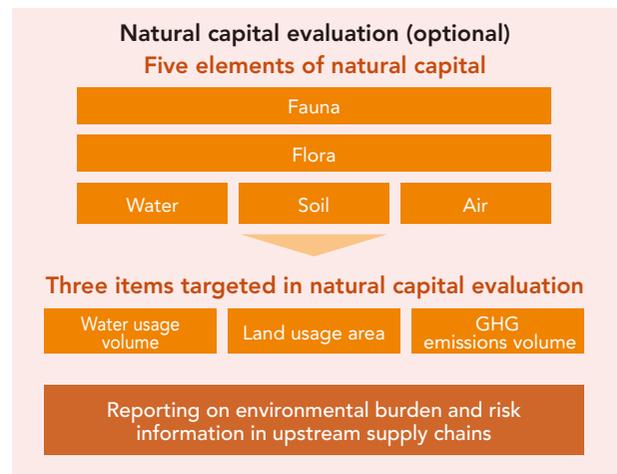
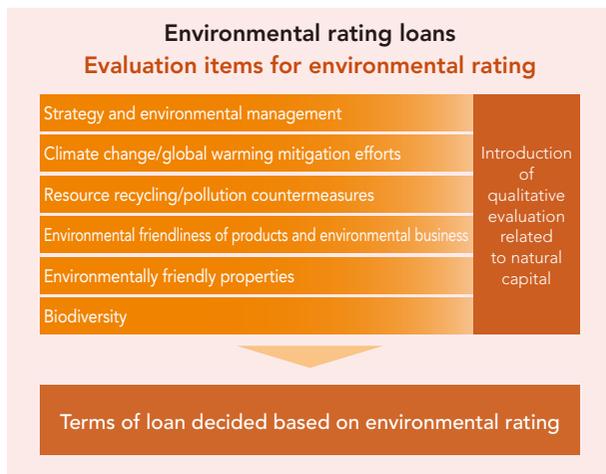
Scoring Climate Change Risks in Supply Chains

Environmental Rating Loans with Evaluation of Natural Capital Preservation

Procurement risks for inputs such as resources, raw materials and energy are a source of business continuity risk. Procurement risk management for natural capital in a global supply chain is a high priority issue (materiality) in management strategy.

Since April 2013, SuMi TRUST Bank has quantitatively scored the natural capital dependence and environmental impacts of companies, and offered environmental rating

loans with an optional service for natural capital evaluation that provides a basis for identifying risk management scope. With this service, greenhouse gas emissions, as a factor relating to climate change, are calculated for each category of procured input and each region where the input is procured in a borrower's supply chain. We provide risk information such as procured inputs with significant risks and countries where the suppliers are located.



Note: "Optional" refers to ESCHER calculations provided by PwC Sustainability LLC that are not available without loan products.

Renewable Energy Finance

SuMi TRUST Bank promotes the adoption of large-scale projects such as wind and solar power generation through project finance and it has set up renewable energy funds and manages for the purpose of investing exclusively in large-scale renewable energy projects.

In project finance, both offshore and onshore wind power generation projects overseas are increasingly large-scale endeavors. In Japan, the number of mega-solar projects to which we provide project finance has further increased. The total potential generation capacity of projects where SuMi TRUST Bank has been involved in supplying project finance comes to 15,140MW. These projects,

with annual power output of 38,775GWh, reduced annual CO₂ emissions by 18.50 million metric tons.

Total potential generation capacity of projects supported by renewable energy funds came to 463MW, with annual power output of 549GWh and annual CO₂ emission reductions of 300,000 metric tons.

In financing for installations, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. mainly provides support for mega-solar projects. Since the feed-in-tariff (FIT) system was introduced, it has supported 30 mega-solar installations with total potential generation capacity of 52MW.

Contributions to CO₂ Reduction via Renewable Energy Finance Subtotals may not add up to totals due to rounding.

Category of power generation	Number of projects	Potential capacity (MW)	Annual output (GWh/year)	CO ₂ reduction effect (10,000t/year)
Solar	99	4,314	7,405	375
Wind	24	4,110	8,723	410
Offshore wind	12	6,138	19,502	909
Biomass	8	447	3,038	151
Other	2	131	107	5
Total	145	15,140	38,775	1,850

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.

Subtotals may not add up to totals due to rounding.

Calculation Method for CO₂ Reduction Effect

Annual CO₂ reduction (CO₂ metric tons per year)
 = annual power output (kWh/year) x
 emission coefficient (CO₂ metric tons/kWh)

- As a general rule, we use the forecast value for annual power output.
- As a general rule for domestic projects, we use the most recently calculated emission coefficient of each electricity supplier in the electricity supply system of the region where each project is located.
- As a general rule for overseas projects, we use the International Energy Agency (IEA) calculation tools provided at the GHG protocol website to calculate reduction equivalents.

Renewable Energy Project Finance

As renewable energy has become more widely adopted, the capital costs and operating costs for such projects have declined. Overseas, power generation costs for renewable energy are nearing parity with those for other power generation sources, increasing the attractiveness of renewable energy in terms of economic rationality.

Case 1

Wind and Solar

This is a large-scale project that combines solar power with seven wind power projects to reach a total capacity of 1,192MW. The individual power plants are distributed across 10 states in the United States, supplying renewable energy to local power companies.



★ Site of power plant

Case 2

Overseas Offshore Wind Farm

This offshore wind power generation project—located 20km from the mouth of the River Thames in the UK—is one of the world's largest with the capacity to generate 630MW. 175 turbines each with the capacity to generate 3.6MW are spread out across an area roughly 100km² in size. With considerable potential for offshore wind farms, the UK is driving the increase in offshore wind power generation in Europe.



Renewable Energy Funds and Investment Products for Investors

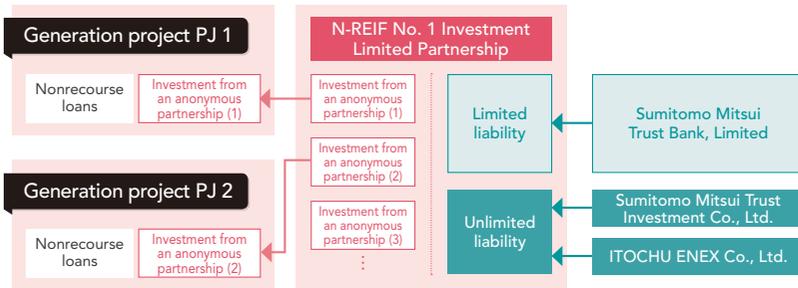
SuMi TRUST Bank manages renewable energy funds it has set up for the purpose of investing exclusively in large-scale renewable energy projects.

As of September 2018, these funds have supplied equity funding for 28 mega-solar power generation projects and 2 wind power generation projects with total potential generation capacity of 463MW. Of the ¥187.3 billion in aggregate equity investment directed into these projects, our

funds supplied total equity investment of ¥23.5 billion. These projects generate annual power output of 550GWh, commensurate to CO₂ emission reduction of over 300,000 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 expanding assets under management in our funds and building up an investment track record in solar and wind power, and plan to broaden the scope of our renewable energy investments to include biomass and other sources.

In April 2018 SuMi TRUST Bank launched a domestic renewable energy business investment fund for institutional investors. This investment product seeks to generate long-term, stable income gains based on the track record of solar power generation projects already in operation.

Characteristics of Trust Account Renewable Energy Brown No. 1

- Managed assets include anonymous partnership investments in already-operating domestic solar power generation projects (no development risks)
- Benefits from stable cash flow based on the feed-in tariff (FIT) system whereby renewable energy is purchased at a fixed price
- Projects that take steps to address global warming also contribute to the SDGs, ESG, and regional revitalization

Mega-Solar Projects Using Leases

Using leases to fund solar facility installations keeps the upfront investment costs for mega-solar project construction at zero, and projects can earn stable income by using the feed-in-tariff (FIT) system to wholesale at a fixed price the electricity it generates to the power supply grid. Leases are thus an effective method of financing for mega-solar projects that ensures business plan soundness. 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.

Onsite Self-consumption Solar Power Generation

We launched a service to supply renewable energy for self-consumption through solar power equipment installed on-site (on grounds or roof). Sumitomo Mitsui Trust Panasonic Finance formed a partnership with an experienced solar power equipment manufacturer to help companies develop an optimal investment plan based on their power utilization performance and to reduce their initial costs through subsidies. This venture helps companies reduce their own CO₂ emissions and their "scope 3" greenhouse gas emissions, meets the needs of those participating in the SBT and RE100 initiatives, and contributes to the Japanese government's Low Carbon and Decarbonization initiatives.



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.

In Japan's water supply systems, there is an enormous amount of energy that can be used from unutilized vertical drops in non-pressure flow pipes, surplus pressure in pumped supply pipes, and reduced pressure from pressure-reducing valves. The Group borrows water facilities from local governments to deliver a business financing scheme with no upfront investment costs by installing

power generation systems under a leasing system.

As of November 2019, the highly efficient power generation systems used in this scheme have been installed at 18 water facilities (including those scheduled to be installed) across Japan to produce a total 480kW of power. We expect annual power generation to reach 3,581MWh and annual CO₂ emissions to be reduced by 1,970t-CO₂.

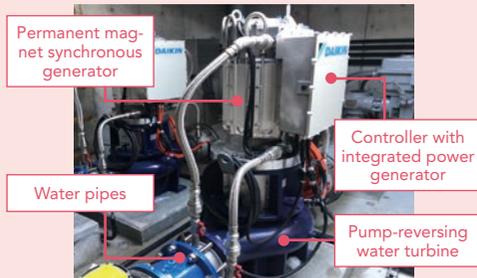
Characteristics of micro-power generation systems

- 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

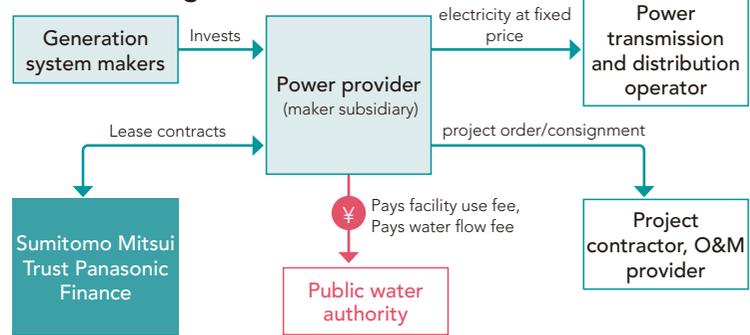
Characteristics of leasing system (advantages for local governments)

- 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



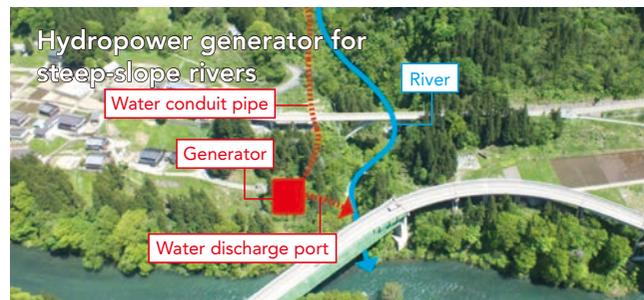
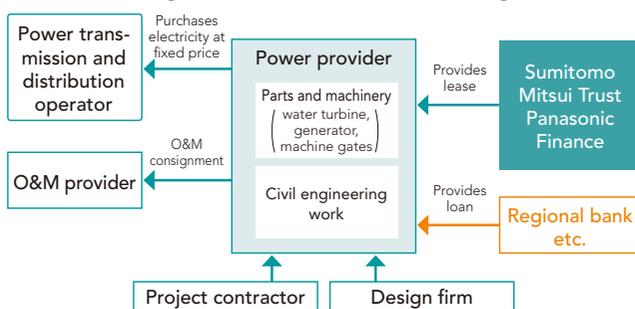
Schematic diagram



Small and Mid-sized Power Generation in Rivers

Japan's river systems have the potential to generate 14GW of electricity through the installation of small or mid-sized generators and its agricultural water supply channels 300MW, according to the results of a Ministry of the Environment survey. Sumitomo Mitsui Trust Panasonic Finance is helping to revitalize regional communities through joint initiatives with regional banks aiming to use each region's untapped hydropower potential.

Schematic diagram of collaboration with regional banks



Hydropower generation could be a source of renewable energy for Japan, which is blessed with many high-flow, steep-slope rivers. In cases where the feed-in-tariff (FIT) system is used, the maximum aggregate potential from installing small and mid-sized hydropower generators is estimated at 4.3GW.

Small and mid-sized power generators approved for installation since the FIT system's introduction have total output of 1,240MW, and of those, the ones in use have 460MW, indicating there is still scope for new installations.

It is possible to install hydropower generators that factor in the environment such as run-of-the-river small and mid-sized hydropower generators that use the shape of rivers or existing agricultural water supply channels and do not require building large dams.

Small and mid-sized hydropower potential, actual adoption capacity

	Potential aggregate output	Breakdown by category
Maximum aggregate potential in Japan*1	14.3GW	River systems 14GW Agricultural supply channels 300MW
Potential with FIT system*1	1.06~4.3GW	River systems 900M~4.06GW Agricultural supply channels 160~240MW
Approved for installation post-FIT adoption*2	1,240MW	
Installations post-FIT adoption*2	460MW	

*1 Ministry of the Environment's fiscal 2010 survey report on the adoption potential for renewable energy
*2 Agency for Natural Resources and Energy's website (accessed in June 2019)

Biomass Gas Generation

We support adoption of biomass gas generation facilities that convert food waste and other organic waste into biogas for electricity generation.

At a biomass gas power generator, organic waste—such as food waste, livestock urine and manure, and organic sludge from sewage and wastewater—is fermented and combustible gases, mainly methane, are extracted and used as fuel to generate electricity. Under the Food Recycling Law, the recovery

of heat from food waste is recognized as a form of recycling provided certain conditions are met, and the power generated can be resold at a fixed price using the FIT scheme. The value of biomass gas systems is in improving overall energy efficiency through the effective use of both electricity and heat.

Merits

- Curtails volume of waste produced, reduces waste disposal costs
- Earns income from reselling electricity via the FIT system
- Curtails putrid odors due to fermentation, reduces release of bad smells to nearby areas
- Byproducts like post-fermentation, digested slurry can be recycled as a liquid fertilizer

Wastes eligible for usage

- Food waste, food residues
- Livestock urine and manure
- Organic sludge, etc. from sewage and wastewater



Response to Freon Regulation

We support the introduction and increased use of appliances that do not use chlorofluorocarbons (CFCs) in order to curtail the use and emission of CFCs into the atmosphere and promote a low-carbon society. CFCs cause global warming and harm the ozone layer.

CFCs used in industrial freezers and refrigerators for food retailers, food manufacturing plants, and refrigerated warehouses cause ozone layer depletion and also contribute to global warming; the greenhouse effect of CFCs is up to 20,000–30,000 times greater than CO₂ emissions. With the aim of tightening restrictions on the use of CFCs, the Act on Rational Use and Proper Management of Fluorocarbons was fully enforced on April 1, 2015. This law calls on the users of appliances to implement proper management of appliances and CFCs.

Sumitomo Mitsui Trust Panasonic Finance supports the introduction of energy-efficient refrigerators and freezers that use agents found in the natural world as refrigerants, such as ammonia, hydrocarbon, and carbon dioxide. The introduction of appliances that do not use CFCs are expected to reduce environmental burdens, lower electricity and management costs, and prevent overlapping investment in measures to address tighter regulations on refrigerants in the future.

Businesses accelerating the introduction of energy-efficient natural refrigerant equipment for the purpose of eliminating harmful CFCs and realizing a low-carbon society as soon as possible (subsidies offered by the Ministry of the Environment, etc.) * Case example in fiscal 2019

Purpose: To promote reduction of emissions of energy-derived carbon dioxide and CFCs through the spread of energy-efficient natural refrigerant equipment.
Targeted businesses: Refrigerated warehouses, food manufacturing plants, food retailers

Eligible businesses: Businesses that adopt energy-efficient natural refrigerant equipment with cutting-edge technology
Subsidy rate: Half of expenditure for small and medium-size firms and one-third for large companies for refrigerated warehouses; one-third for food manufacturing plants and food retailers



A non-freon freezer unit and a non-freon freezer showcase

Kigali Amendment to Montreal Protocol to Regulate Freon Alternatives (Developed nations)

Base year	2011—2013
Baseline value (CO ₂ equivalence)	Avg. HFC volume in each year + 15% of HCFC* baseline value
Launch year for regulation	2019
Target year	2036
Target reduction	85%

* HCFC: Hydrochlorofluorocarbons

Support for CO₂ Reduction of Buildings

Consulting to Support Applications for "CASBEE for Real Estate" Certification

CASBEE for Real Estate is an environmental performance evaluation system developed with the aim of increasing the stock of buildings with superior environmental performance in real estate market and promoting its use among investors for investment

decision-making. There is extensive use of the system, especially among REITs and real estate companies, and SuMi TRUST Bank has consulting businesses that support property owners applying for the CASBEE for Real Estate certification.

Evaluation categories in CASBEE for Real Estate



Construction-Phase Support for Environmental Considerations

Improving energy efficiency is the most important theme in the environmental performance of buildings. SuMi TRUST Bank in its construction consulting business provides advisory services on how to improve in a comprehensive manner the environmental performance of buildings in ways such as installing energy-saving systems, taking into account landscapes and ecosystems, extending building life spans, and adopting recycling systems.

There are some projects we advised that have been recognized and awarded subsidies by the "leading projects" program for sustainable buildings (formerly known as "leading projects for promoting CO₂ reduction" program for housing and buildings), sponsored by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the "net zero energy building" experimental pilot program, sponsored by the Ministry of Economy, Trade, and Industry (METI).

An example of a building where we provide construction-phase support for environmental considerations
 HIROSHIMA ORIZURU TOWER (major renovation)
 (Selected as a "leading project for promoting CO₂ reduction" for housing and buildings by the Japanese Ministry of Land, Infrastructure and Transport)



Home Renovation Loans for Smart Houses

Homes have advanced so that they can wisely use electricity generated onsite; through our home renovation loans, we support remodeling homes into "smart houses."

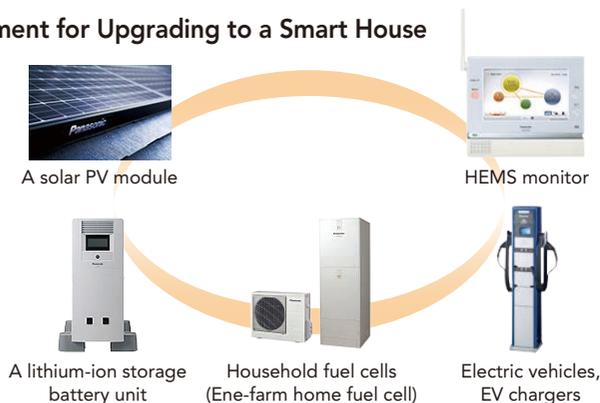
A smart house can efficiently generate and store its own power supplies by combining solar PV panels, storage battery units, and household fuel cells. Energy-saving functions that enable dwellers to control electricity consumption to match their lifestyles and weather conditions have improved. From 2019 there will be a huge influx of household solar power generation equipment for which the surplus electricity purchasing scheme has ended, therefore the conversion of existing homes into "smart houses" will become a key topic in addressing global warming.

With the liberalization of retail sales of electricity and gas to households in Japan, energy and telecommunication sector companies are increasingly partnering to provide bundled

services such as combined sales of telecom or broadcast with electricity generated from various sources. There has also been progress in developing products that have multiple functions of housing, home appliances, and vehicles.

Since the system for purchasing surplus electricity from solar panels was established, Sumitomo Mitsui Trust Panasonic Finance has contributed to the adoption and spread of household solar panels with its solar loans. The cumulative sum of solar loans it has executed as of September 2019 is ¥73 billion. Through our partnerships with equipment vendors and installers, we support remodeling homes into "smart houses" with our renovation loans.

Equipment for Upgrading to a Smart House



A smart house

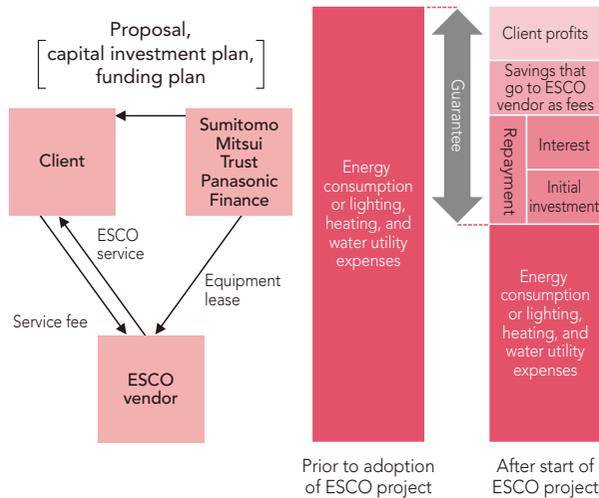
Financing for ESCO Service Adoption

Sumitomo Mitsui Trust Panasonic Finance collaborates with energy service companies (ESCOs) to provide comprehensive energy conservation services from installation of energy-saving equipment to maintenance and management.

ESCOs provide comprehensive services for energy saving and guarantee a level of energy savings. Through the use of leases, aging facilities can be replaced at zero upfront cost and, in cases where certain conditions are met,

subsidies can be utilized. ESCOs propose ideas that both help preserve the environment via energy conservation while reducing the costs of utilities such as water, lighting, and heating as well as operating and maintenance costs.

Outline of ESCO concept



* Case where a client adopts a shared model, one form of an ESCO project

Example: ESCO Proposal for a General Hospital

Energy conservation menu

- Heat source: Construct hybrid heat source system, install high-efficiency steam boiler
- Air conditioning: Improve air conditioning control system, install variable air volume controls, install inverters
- Lighting: Install LED lighting
- Monitoring: Add energy management functions

Energy conservation subsidy (initial) ¥176,591,000

Projected boost to earnings (annual)

Lower water, lighting, and heating costs	¥80,468,000
Fees paid for ESCO project	¥77,598,000
Annual boost to earnings	¥2,870,000

Reduction to environmental impacts (annual)

- CO₂ reductions: 1,459t-CO₂ (down 19.0%)
 - Electricity use reductions: 172,473kWh (down 7.7%)
 - Gas use reductions: 598,102ℓ (down 44.7%)
 - Water use reductions: 9,892m³ (down 41.9%)
- (environmental impacts are estimates)

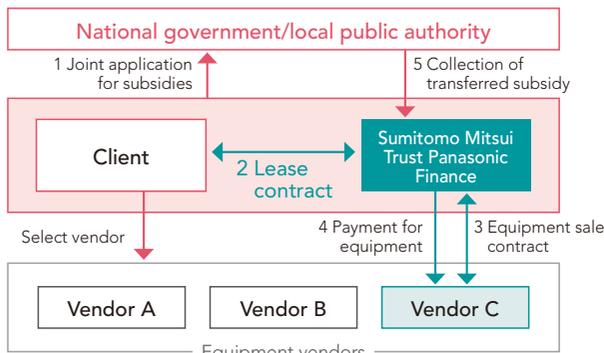


One-Stop Services for Energy-Saving Investment: Subsidy-Eligible Leases

We offer one-stop services that support all processes from planning for energy-saving investments to asset operation.

- Our one-stop service menu ranges from energy-saving assessments, examinations to identify energy-saving measures, equipment selection, subsidy applications, and securing financing to maintenance services.
- The use of leasing means energy-saving equipment can be installed with no upfront investment costs.
- Securing subsidies lowers upfront investment costs, enabling recipients to benefit even more from energy savings and cost reductions.
- We offer tailored proposals through partnerships with manufacturers and installers.

Flow Chart Mapping Out the Use of Subsidies



Main subsidy systems

- Subsidy support for rationalizing energy use at SMEs
- Subsidy for businesses that promote net zero energy buildings (ZEB) and decarbonization at institutional facilities
- Subsidy for businesses that support the construction of decentralized energy systems by private operators
- Subsidy for businesses accelerating the introduction of energy-efficient natural refrigerant equipment for the purpose of eliminating harmful CFCs and realizing a low-carbon society as soon as possible

* Certain conditions must be met to be eligible to apply for subsidies
* Subsidy systems are subject to change

Stages in the Subsidy Application Process



Natural Capital related Initiatives Using Our Financial Capabilities

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.

Challenges for Achieving the Goals

- Deepening understanding of the importance of natural capital
- Establishing approaches for tracking companies' dependence and impact on natural capital
- Visualization of natural capital risks that lead to damaging corporate value
- Expanding financial transactions that contribute to solving companies' challenges related to natural capital

Initiatives for Solving the Challenges

- Appeal the concept and importance of natural capital through various opportunities, such as proposals and seminars for clients.
- Contribute to establishing methodologies for appropriately managing dependence and impacts on natural capital, such as natural capital protocols.
- Identify natural capital risks that have serious impacts on the continuation of overseas procurement, businesses, and projects, and incorporate them into investment and loan processes from the ESG perspective.
- Taking into account that land is the foundation of natural capital in terrestrial ecosystems, strive to restore ecosystems that are suitable for various areas, ranging from mountainous regions to cities, and contribute to the formation of ecological networks.
- Promote related businesses, such as increasing sales of Environmental Rating Loans with Evaluation of Natural Capital Preservation and developing the forestry trust.

KPIs for Solving the Challenges

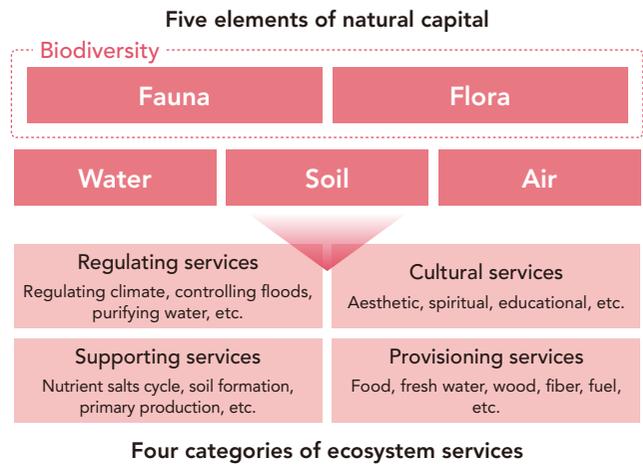
2018/2019	Target	Result	2019/2020	Target
Promotion of activities through proposals and seminars for clients	At least 20 times a year	24 times	Promotion of activities through proposals and seminars for clients	At least 20 times a year
Credit policy concerning natural capital	Introduction in fiscal 2018	Not achieved (slated for introduction in fiscal 2019)	Examination of green infrastructure finance	Submission of proposals to clients
Development of forestry trust	Launch in fiscal 2019	On target	Promotion of forestry trust	Expansion of forestry trust business assessments



Natural Capital Initiatives and Policies of the SuMi TRUST Group

What is Natural Capital?

Natural capital is made up of diverse living creatures and the water, soil, and air that sustain them. These are the foundation sustaining life on earth and conserving them needs to be prioritized ahead of everything else. The way we live depends on natural capital and the ecosystem services they provide. We thus feel continued wise use of natural resources which constitute natural capital over the long run goes beyond mere environmental conservation. It must extend to putting communities on a solid social foundation to enable sustainable economic development.



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).



Commitment of Financial Institutions under the Natural Capital Finance Alliance (Excerpt)



We will support the development of methodologies that can integrate natural capital considerations into the decision-making processes for all financial products and services including loans, investment, and insurance policies.

- (a) We will apply a holistic approach to the evaluation of bonds and stocks by integrating natural capital considerations in environmental, social, and governance (ESG) risk analysis in short-, medium-, and long-term growth forecasts of investee companies.
- (b) We will systematically incorporate the consideration of evaluating natural capital into the credit policies of specific sectors, including commodities, that have a major impact on natural capital, either directly or indirectly through the supply chain.

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.

Business and Biodiversity Initiative: Our Initiatives as a Leadership Declaration Signatory

SuMi TRUST Holdings signed a leadership declaration under the Business and Biodiversity Initiative “Biodiversity in Good Company” at the ninth meeting of the Conference of the Parties (COP 9) to the Convention on Biological Diversity held in May 2008 in Germany. Since then, we have continued to carry out activities in line with the principles of the declaration, which was led by the German government.



Declaration	Initiatives in 2018-2019
1. Analyzing corporate activities with regard to their impacts on biological diversity	Not only did we continue to provide environmental rating loans with natural capital evaluation, we also kicked off positive impact finance solutions to assist the initiatives of companies by comprehensively analyzing and assessing the impact of their activities on the economy, society, and the environment, including natural capital.
2. Including the protection of biological diversity within their environmental management system	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. Appointing a person in the company responsible for steering all activities in the biodiversity sector and reporting to the Management Board	The Chief Sustainability Officer steers all activities and reports to the Executive Committee.
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years	Following on from last fiscal year, we established SDG-linked objectives for our natural capital initiatives and stepped up our activities.
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report	We publish a yearly Natural Capital feature report. We disclose our biodiversity initiatives in our ESG report and at various events.
6. Informing suppliers about the company's biodiversity objectives and integrating 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 our fiduciary services business, we engage as a shareholder with investee companies on activities that contribute to natural capital destruction and voice our concerns.
7. Exploring the potential for cooperation with scientific institutions, nongovernmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-a-vis the biodiversity domain.	We became a signatory to the Principles for Positive Impact Finance of the United Nations Environment Programme Finance Initiative (UNEP FI) and actively participated in initiatives aimed at establishing and enhancing methods for evaluating natural capital impacts.

Natural Capital Study Group

Launched in April 2013 by the SuMi TRUST Group and chaired by Masahiro Sato, an associate professor at the Graduate School of International Cultural Studies of Tohoku University, the Natural Capital Study Group regularly brings together members of companies, national and local governments, universities, research institutes, and NGOs for the purpose of facilitating multilateral discussions regarding their topics of research.

Symposium Address

In January 2019 we took part in the panel discussion of a national forum on waterside ecological networks hosted by the Ministry of Land, Infrastructure, Transport and Tourism and presented some examples of the initiatives of financial institutions that aim to find value in natural capital. Then in July we gave a lecture at a seminar about greenery and the SDGs jointly organized by construction firms Sumitomo Forestry and Kumagai Gumi. In particular, we talked about how buildings constructed with biodiversity issues in mind, for example those with rooftop gardens, can enhance property value by boosting office worker productivity.

Booth at EcoPro

Held every year in December at Tokyo Big Sight, EcoPro is Japan's biggest exhibition on the environment. Since 2007, SuMi TRUST Bank has exhibited at EcoPro in collaboration with the Ecosystem Conservation Society-Japan and the Association of National Trusts in Japan with a booth that primarily focuses on natural capital and biodiversity issues.



EcoPro visitors and a SuMi TRUST Bank employee

Natural Capital Products and Services

Evaluating Supply Chain Impacts on Natural Capital

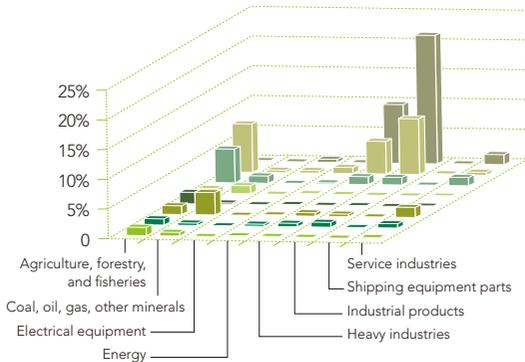
Natural Capital Evaluation

Natural capital evaluation is a service that calculates natural capital dependence arising from corporate activities and estimates the degree of impact for each procured

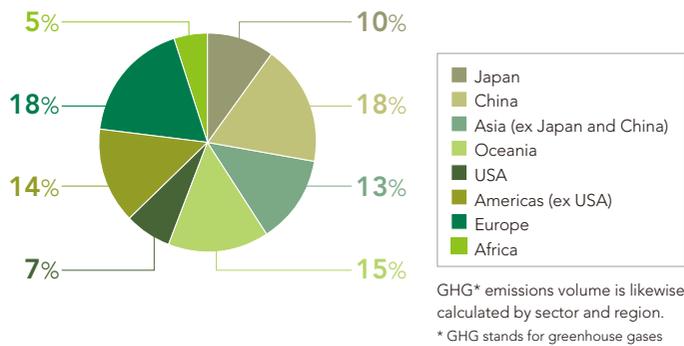
item and for each country and region, tracing back through supply chain.

Example of output from a Natural Capital Evaluation Tool

Breakdown of water usage volume in each region by sector



Ratio of land usage area by region



Benefits of Natural Capital Evaluation

(1) Gaining quantitative risk data related to the supply chain that can be used for management judgments

Can obtain previously hidden risk data related to environmental impacts and the use of resources that are essential to global supply chain management

(2) Obtaining quantitative data on environmental impacts that can be used for information disclosure

Can use the data for scope 3 responses to surveys such as the Carbon Disclosure Project (CDP) survey and for disclosures in integrated corporate reports

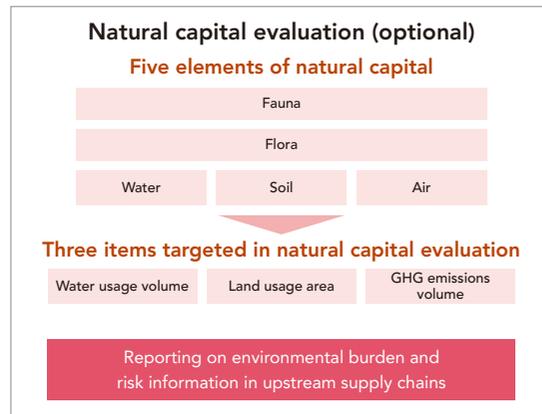
Initiatives for Loans

Environmental Rating Loans with Evaluation of Natural Capital Preservation

The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that natural capital-related procurement risk management across the global supply chain is an indispensable part of management strategy.

In April 2013, SuMi TRUST Bank launched its Environmental Rating Loans with Evaluation of Natural Capital Preservation, which embed the concept of

evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and the Bank's efforts have been cited in Japanese government environmental white papers and European Commission reports as an example of leading-edge practice.



Note: "Optional" refers to ESCHER calculations provided by PwC Sustainability LLC that are not available without loan products.

Natural Capital Risk Management for Loans

Natural Capital Risk Management for Loans

SuMi TRUST Bank is a signatory to the Equator Principles, a set of international guidelines for private financial institutions that requires project proponents to give due consideration to the impact on the natural environment and the regional community when approving project finance and other loans.

In addition, we have established policies for specific

sectors that promote business activities with significant environmental and social impacts and restrict loans and investments to companies and projects with negative impact. We also intend to establish a policy for sectors that are considered to be involved in the manufacture of palm oil and the illegal logging of tropical rainforests during fiscal 2019.

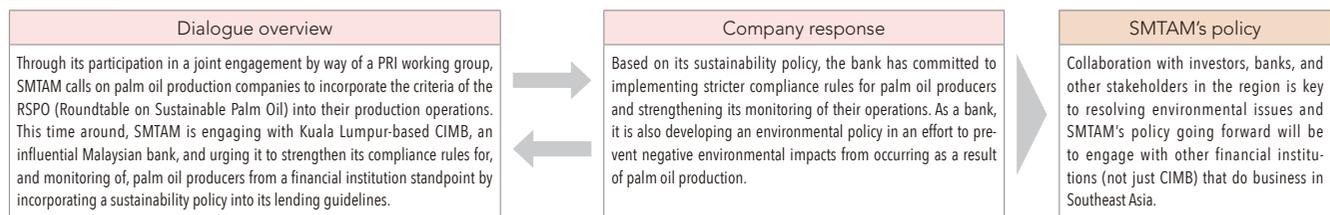
Natural Capital Risk Management for Investment (Asset Management)

Sumitomo Mitsui Trust Asset Management (SMTAM) and Nikko Asset Management have become signatories to the Principles for Responsible Investment (PRI), which was established in 2006. The PRI calls on institutional investors to take into account environmental, social, and governance (ESG) factors in their investment

decision-making processes.

Through engagements, SMTAM requests investees to establish guidelines and policies on the use of and risks related to natural capital, covering supply chains, and to control risks from a long-term perspective.

Case Engagement Concerning Palm Oil Production



Initiatives in the Real Estate Business

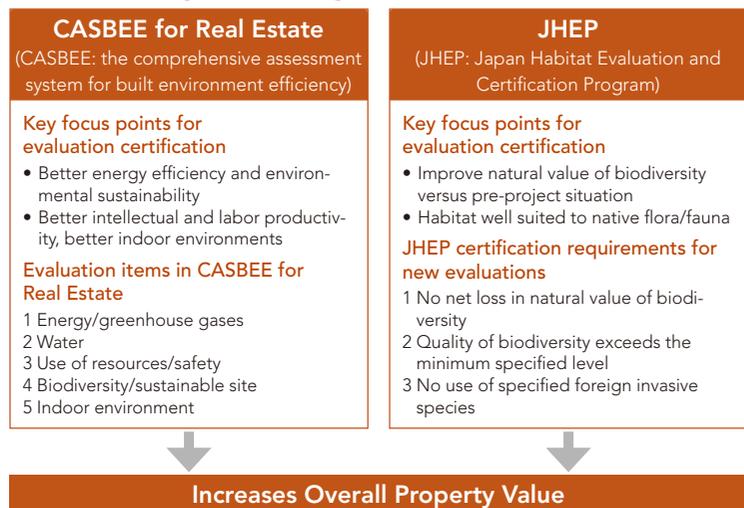
Construction Consulting on How to Foster Biodiversity and Ecosystems

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.

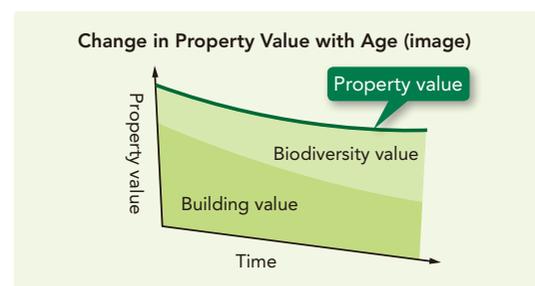
*1 CASBEE for Real Estate: The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism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



Forestry Trust

Approximately two-thirds of Japan’s land is covered in forest. Although these forest resources, which consist mainly of artificial forests developed after the Second World War, are now ready for full-scale use, in reality, many have been left untended.

SuMi TRUST Bank is developing a forestry trust scheme that will consolidate and enhance the efficiency

of forestry operations by accepting entrustment of forests—where operations are non-existent because the owners are in old age or live far away, for example—and entrusting forestry operations to a forestry entity. We are working to revitalize Japan’s forestry industry by improving productivity of operations and invigorating the domestic timber market.

Forestry trust and SDGs activities

Our forestry trust initiative is linked to many of the SDGs, but in particular, Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

- **Land conservation and watershed protection functions of forests**
Contributing to Goal 6: Clean water and sanitation; and Goal 11: Sustainable cities and communities
- **Prevention of global warming**
Contributing to Goal 13: Climate action
- **Raise wages for forestry workers by turning forestry into a growth industry**
Goal 8: Decent work and economic growth
- **Shorten wood mileage (distribution distance) through wood distribution reforms**
Goal 12: Responsible consumption and production
- **Recycle forest resources by promoting use of timber**
Contributing to the achievement of multiple goals, including Goals 8, 11, and 15



Forestry trust initiative in Okayama Prefecture’s Nishiwakura village

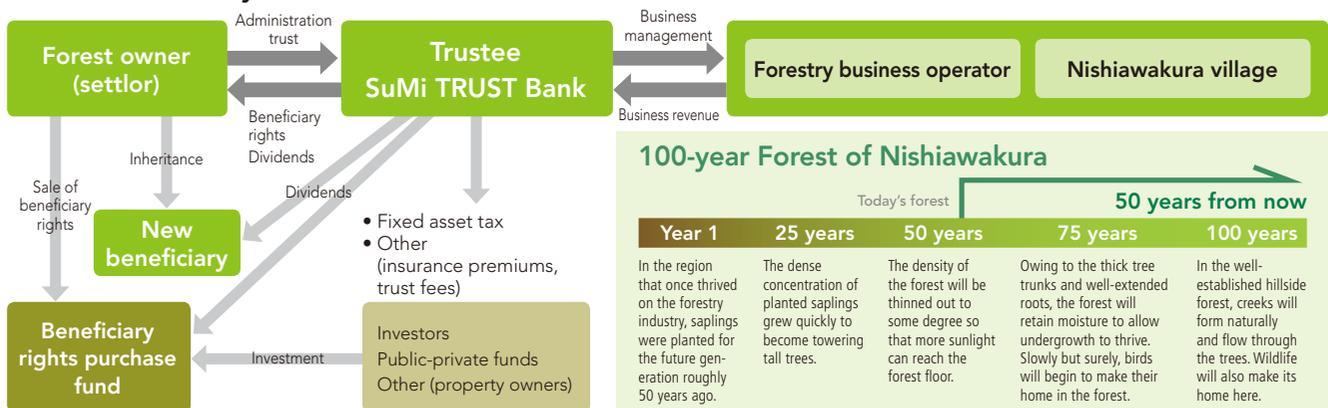
SuMi TRUST Bank has kicked off initiatives in its forestry trust business in the village of Nishiwakura in Okayama Prefecture.

95% of the land area of Nishiwakura village is forest, of which 84% is plantation. The entire village continues to take up the challenge of growing a magnificent 100-year-old forest with trees planted roughly 50 years

ago based on its 100-year Vision of Forest. Our forestry trust business is a solutions proposal unique to a trust bank in which we hope to support the village’s 100-year Vision of Forest with the use of a trust scheme.

Nishiwakura village was selected as an “SDGs Future City” in 2019.

Overview of forestry trust scheme



Source: 100-year Vision of Forest, Nishiwakura village office website

SDGs Future City Initiative

Okayama Prefecture Nishiwakura village
100-year forest business powered by forestry fund and forest RE Design — Ver. 2.0

We aim to maximize and optimize the value of forests for the entire region through consolidation in a forestry trust business and turn privately-owned forests unsuited to forest management into publicly-owned forests after assessing their economic value. In financing this business, a forestry fund will be set up, which will also have a positive impact on businesses tasked with improving the sustainability of the region by involving investors as key parties.

Source: July 1, 2019 Cabinet Office press release on SDGs Future City selection



Addressing the Issues of a Super-Aging Society by Using Our Financial Functions

As Japan becomes a super-aging society, social-economic systems such as pensions and social insurance programs that support people's lives are getting increasingly feeble, and responses in providing adequate financial services to elderly people with dementia, etc. are being delayed. As a result of such trends, there is an increasing number of risks that may interfere with people's safe livings.

The Group promotes high value-added solution businesses harnessing its skills and functions as a trust bank group, and contributes to ensuring the security of individual assets, stability in housing for clients, and livelihood security for seniors and their families.

Challenges for Achieving the Goals

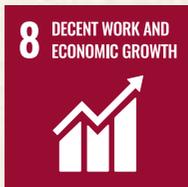
- Spreading the "productive aging" approach whereby seniors decide how they want to live their life.
- Expanding support for extending the age to which people can maintain good health ("healthy life years") and the age to which people can live without financial difficulty ("wealth span").
- Developing a decision-making support system that respects the wishes of the individual as much as possible even after the onset of dementia.
- Providing housing and a support system to enable seniors to continue leading their own lives (community building).

Initiatives for Solving the Challenges

- Supporting productive aging by providing client-oriented financial services and extensive financial information.
- Supporting asset formation and the smooth transfer of assets to the next generation with comprehensive consulting for both assets and liabilities.
- Enhancing employee literacy regarding dementia, stepping up community and industry collaboration initiatives, and expanding asset management services.
- Contributing to the development of housing and providing options to clients so that seniors can maintain quality of life.

KPIs for Solving the Challenges

- Enhancing our total solution model that includes expanded products for elderly clients in an age when many people will live to be 100 years old.
- Expanding collaboration between branch offices and nearby integrated community support centers.
- Strengthening our ability to serve clients with dementia, including the enhancement of asset management services.
- Promoting industry collaboration and demonstrating leadership on dementia-related issues.

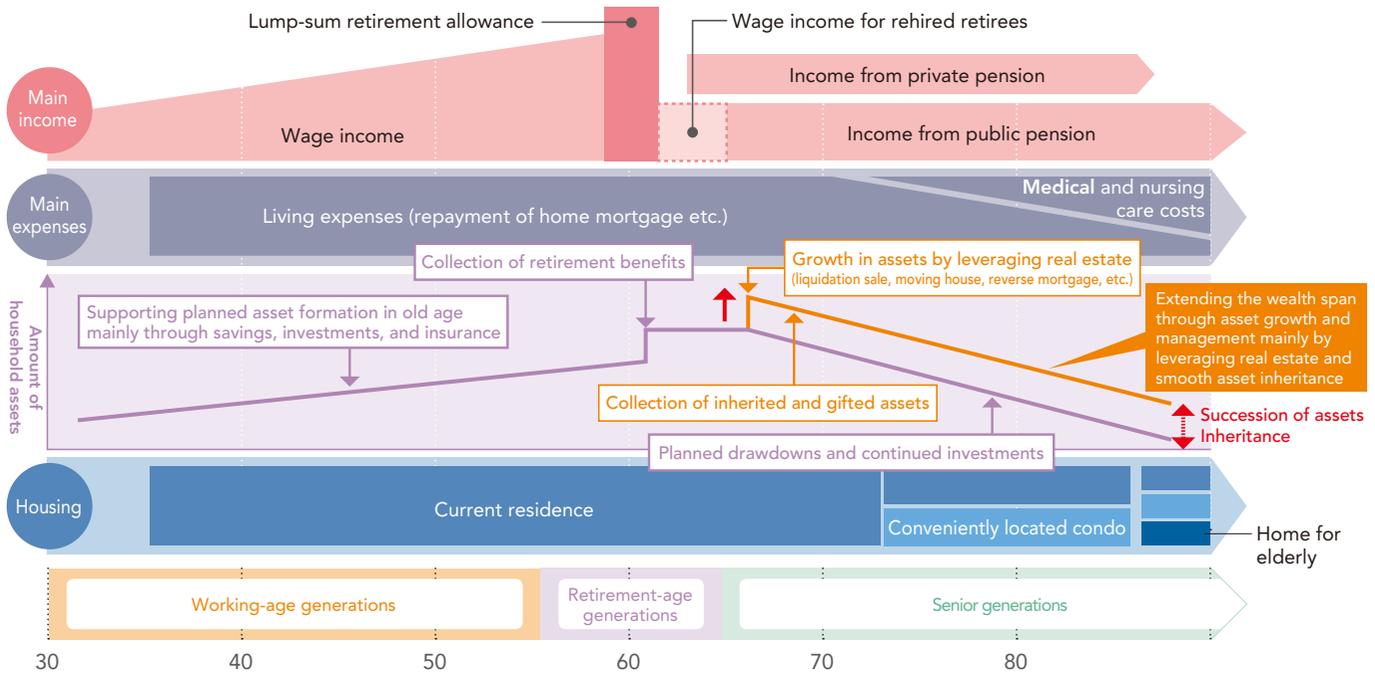


Trust Banks Offer a Rich Variety of Problem-Solving Functions

1. Being Our Clients' "Best Partner" in an Age of 100-year-life

By harnessing the significant expertise and broad range of products and services that only a dedicated trust bank group can provide, we aim to be our clients' "best partner" by offering total consulting services that

take into account the attributes of assets and liabilities that change in accordance with the lifecycle of our individual clients.



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 Longevity Support Department with the goal of providing suitable solutions to address the various issues faced by our individual clients.

The Longevity Support Department will aim to identify the increasingly diverse and complex needs of clients caused by changes in time horizons as a result of longer living and develop and successively roll out a whole host of solutions by harnessing the Group's unique know-how cultivated over many years in an effort to deliver security, safety, and enjoyment to our clients.

Establishment of Sumitomo Mitsui Trust Future Assets Institute

SuMi TRUST Bank established the Sumitomo Mitsui Trust Future Assets Institute for the purpose of examining and conducting research into the various needs and concerns pertaining to the building and utilization of assets required in an age when many people will likely live to be 100 years old. This new institute will aim to provide

information about these activities to not only the Group's clients, but to broader society.

Thus far the SuMi TRUST Group, including SuMi TRUST Bank, has continued to implement initiatives with a primary focus on providing products and services that address the issues and needs of clients, guided by action plans formulated in accordance with our client-oriented policies. With the establishment of the Sumitomo Mitsui Trust Future Assets Institute, however, we intend to disseminate from a neutral and objective standpoint information about the formation and use of assets to not only individual clients of different age groups, but to wider society, including corporate clients that struggle to assist their employees in creating wealth, educational institutions, and other various organizations.

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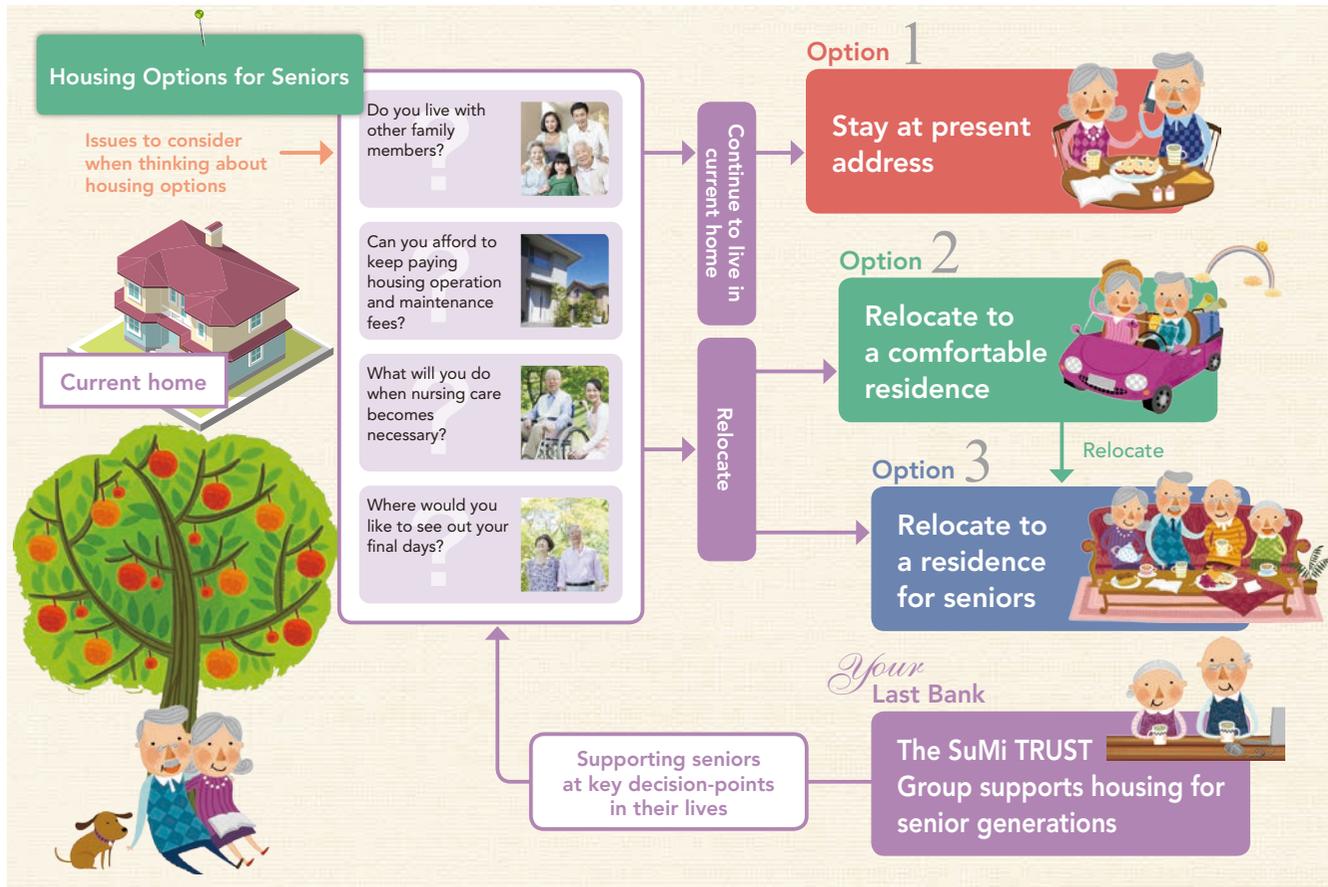
三井住友トラスト・資産のミライ研究所



2. Ensuring Stability in Housing for Senior Generations

Housing holds the key for the elderly to maintain their quality of life and feel safe in their everyday routines. SuMi TRUST Bank provides information about housing that matches the needs of senior generation clients and supports them in securing stable housing using the Group's array of functions. Moreover, in our digest report for seniors (Considering Senior-Generation Housing—V2.0), we go into more detail about the following three options.

Japanese URL: <https://www.smth.jp/csr/report/2018/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.

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.

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.

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.

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.

Website URL:
<http://www.smtb.jp/csr/withyou/successfulaging/>

3. Initiatives to Increase Housing for Seniors

The senior cohort in Japan's population is increasing rapidly, with seniors over the age of 65 now accounting for over one-fourth of the total populace. The senior cohort will continue to increase over time, and within this trend, the segment of seniors living to very advanced ages is projected to climb rapidly. In particular, this trend is expected to become more conspicuous in major urban centers.

Attendant with this trend, the number of seniors who require nursing care is growing along with the deterioration of their mental and physical well-being, thus leading to further shortage of high-quality nursing care facilities, which are already undersupplied.

In contrast, there has been a gradual increase in seniors that seek the option of relocating to safe, secure housing for seniors while they are healthy enough to do with little difficulty.

SuMi TRUST Bank strives to amass know-how on market trends and business feasibility relating to nursing care facilities and housing for seniors. Leveraging that knowledge base, we support a variety of formats that advance the supply of facilities and housing for seniors in ways that respond to the aforementioned needs of seniors.

(1) Accumulated Know-how

SuMi TRUST Bank uses the tools listed below that it has prepared within its organization.

It also actively exchanges information with the many companies involved in nursing care facilities and homes for seniors such as facility operators, construction firms, and real estate companies.

Through these efforts, we work to amass specialist know-how about the market trends and business feasibility relating to this business domain.

Database on regional information

- This database collects from each local authority demographic data such as population and households in its respective region.

Database on senior housing

- This database collects data on nursing care facilities and housing for seniors across Japan as well as specific information about sales and operating entities.

Market analysis tools

- We apply market analysis tools to the aforementioned information. This enables us to ascertain demand trends at specified locations.

Operating income and expenditure program

- Using the program, we estimate the operating income and expenditures for each business type relating to nursing care facilities and housing for seniors.

(2) Support for Nursing Care Facilities and Housing for Seniors

Effective Use of Land

We collaborate with facility operators and construction firms as one kind of proposal we offer to individual and corporate clients that are investigating land-use options, and we propose plans for funding and offer various advice on the construction of properties such as paid nursing care facilities for seniors, housing for seniors with care services, and group homes for seniors with dementia.

We also provide specialist proposals for using subsidies and improving facilities on land that is in a designated "productive greening" zone.

Executing Business Feasibility Loans

SuMi TRUST Bank is promoting business feasibility loans (apartment loans) relating to the construction of housing for seniors and nursing care facilities. It has executed 31 such loans through November 2019, and the number of inquiries regarding such loans has continued to trend upwards in the past few years.

Together with the aforementioned proposal for effective use of land, we will proceed with the initiatives for executing business feasibility loans.

Finance for Healthcare REITs

SuMi TRUST Bank actively provides finance to healthcare REITs, which are a source of stable, long-term funding for healthcare facilities such as residences for the elderly and medical malls. Healthcare REITs raise funding for use in healthcare facility acquisition fees and related expenses. We have made two loans to healthcare REITs with the number of facilities linked to these loans coming to 58 as of November 2019.

Securitization Business for Healthcare Facilities

SuMi TRUST Bank is actively engaging in the securitization business relating to healthcare REITs and privately placed funds. As of November 2019, total healthcare REIT assets held in trust at SuMi TRUST Bank came to 220.8 billion yen, with the number of facilities standing at 101. In the securitization business related to REITs and privately placed funds, SuMi TRUST Bank uses the scheme of a real estate administration and disposal trust. This scheme refers to transfer of real estate ownership from the trustor (real estate owner) to the trustee (trust bank) followed by administration, management and disposal of the real estate by the trustee based on directions given by the beneficiary and the distribution of profits thus generated (mainly rent revenue minus expenses) as dividends to the beneficiary.

Moreover, in addition to engaging in the real estate securitization business, SuMi TRUST Bank is also REIT-related asset custodian and general administrative work agent. Healthcare & Medical Investment Corporation (SuMi TRUST Bank entrustment), established in December 2014, provides various support services in cooperation with customers.

4. Dealing with Dementia-related Problems

The number of people with dementia in Japan is rising sharply as the population continues to age—roughly one in seven people aged 65 or older are diagnosed with dementia, or around one in four if including those that show signs of the early stages of dementia known

as mild cognitive impairment. From the viewpoint of normalization, SuMi TRUST Bank implements various initiatives with the aim of creating a society in which clients with dementia can still lead a life that is not dissimilar to normal individuals.

Improving Literacy at Branches

Problems caused by dementia, such as the frequent loss of account passbooks and requests for their reissuance, occur daily at our branches, therefore we need to fully understand the characteristics of dementia and improve our literacy so that we can respond flexibly and adequately. Based on its New Orange Plan, a policy to build friendly communities for elderly persons with dementia, the Japanese government is implementing an initiative to train people to provide support to dementia sufferers and their families. At SuMi TRUST Bank too, we are instructing employees at our branches to attend this training course so they can acquire basic dementia knowledge and better respond to problems when they first occur (as of end-September 2019, 3,118 people have

undertaken this training course).

Furthermore, because the dementia supporter training course does not focus on the finance industry, we have sent all of our branches copies of the booklet entitled Guide for Dementia Friendly Financial Services and instructed them to strengthen their practical approach to dealing with dementia issues by holding study sessions during which employees that have already acquired the basic knowledge can read through the content of the booklet together.



Participating in Community-based Comprehensive Care System

The problems of dementia concern not just financial institutions—they must be addressed by the community at large. From this perspective, SuMi TRUST Bank participates in the government-led community-based comprehensive care system and we think we can play a unique role within the framework of this system. Based on this

thinking, our branches across the country have made initial contact with nearby community-based comprehensive support centers (the core organizations tasked with providing comprehensive community care) and are implementing initiatives aimed at building a foundation for collaboration.

Community Building Agreement with Tokyo Metropolitan Government

In February 2018, our Group concluded an agreement with the Tokyo Metropolitan Government with the aim of building a community to support senior citizens and the like. Under the agreement, we aim to (1) provide gentle

watch over seniors, (2) cooperate on building a community to support those with dementia and their families, (3) prevent consumer damage among seniors, and (4) provide assistance to other community activities.

COLUMN

Collaboration with COLTEM

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 graduate school of Kyoto Prefectural University of Medicine, a leader in dementia research (in particular, Professor Jin Narumoto, Department of Psychiatry). The publication of our Guide for Dementia Friendly Financial Services in September 2017 is one such accomplishment of our initiatives. 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 activities have greatly helped SuMi TRUST Bank develop its own products and services.

Asset Management for Clients with Dementia

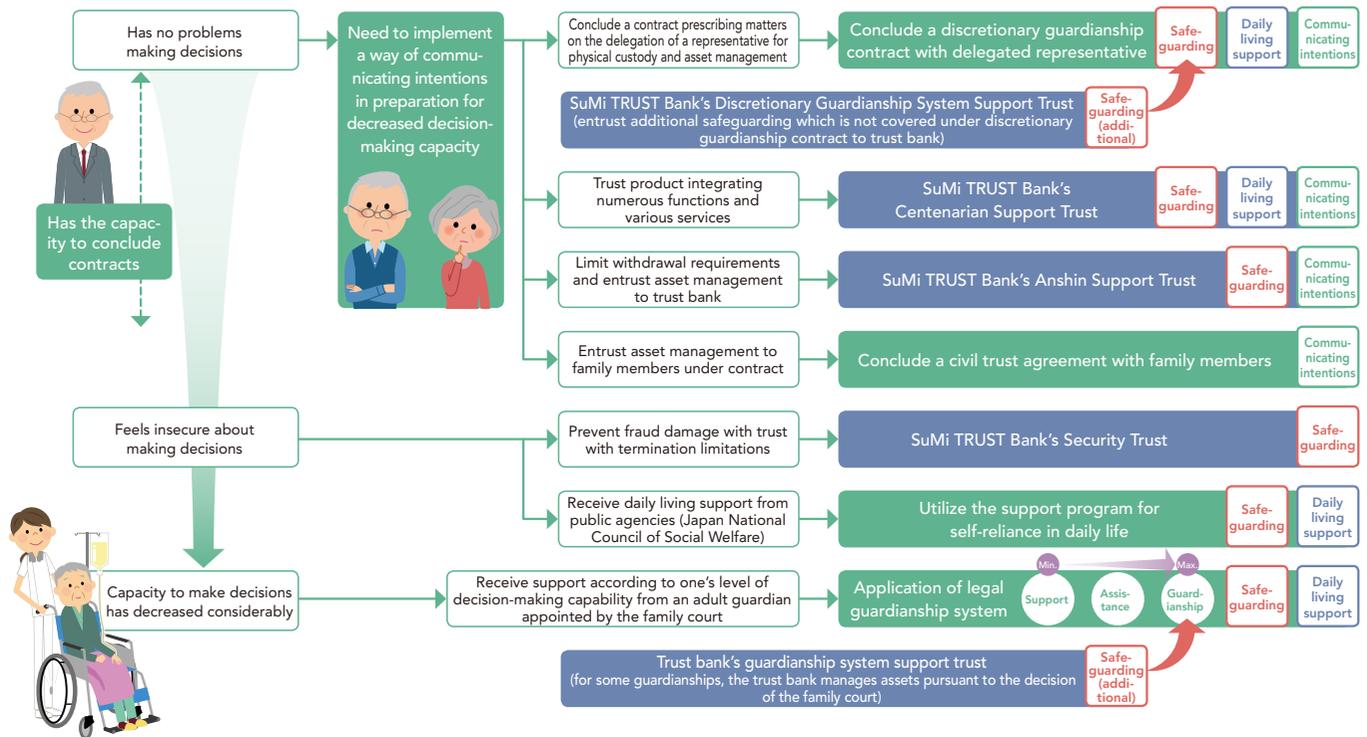
Once a person loses his or her ability to make decisions because of dementia or some other reason, they struggle to manage their deposits and savings or stay on top of various financial agreements. This makes them easy targets for bank-transfer scams or unscrupulous business practices. In asset management, needless to say, the safeguarding of finances must be prioritized before anything else. Next required is daily living support in asset management. They may require help in managing their day-to-day finances, for example, collecting pension payments, paying taxes and utility bills, or paying money when they go shopping. And offering support to help them communicate their intentions is also key. Even though someone with dementia may find it difficult to communicate their thoughts, what they want to do or what they want done remains the same. However, there is a limit to how much they

can rely on the considerations of their supporters, so particularly with regard to legal procedures, such as contracts, they will need a way to communicate their intentions under a private contract while they are still capable of making decisions. In our digest report for seniors (Considering the Problems of Dementia), we provide easy-to-understand explanations of the adult guardianship system and other public support schemes, as well as our financial products and services that complement those schemes.

Japanese URL:
<https://www.smth.jp/csr/report/2019/all5.pdf>



Lineup of asset management services for addressing dementia



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.

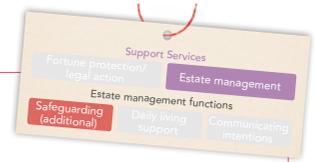
Lump-sum payment method

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).

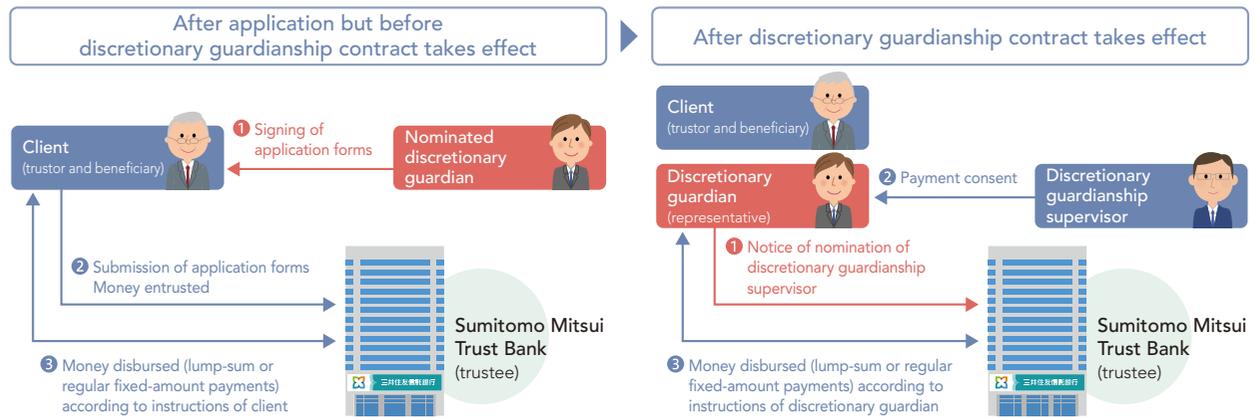
*No management fees



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.



Anshin Support Trust

Key Point Even after the onset of dementia, the trust bank can preserve the client's assets and ensure their intentions are communicated by prescribing in advance the requirements for asset disbursement.

Our Anshin Support Trust leverages the unique functions of the trust bank to offer clients and their families longer-term and customized support for the preservation and management of their precious assets.

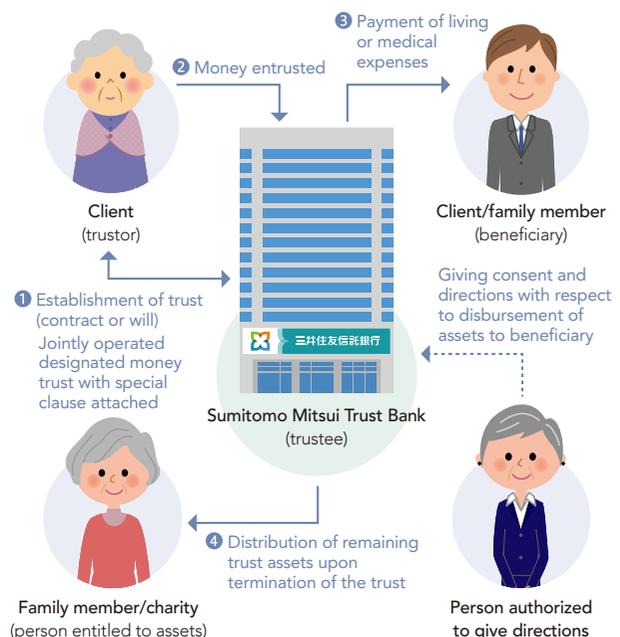
Not only is money entrusted to SuMi TRUST Bank, the Anshin Support Trust helps clients communicate their intentions well in advance by legally prescribing the requirements for the disbursement of assets and to whom remaining assets should be distributed upon termination of the trust. The trust also safeguards the client's assets because any withdrawals must meet the prescribed requirements for asset disbursement and require the approval or instruction of the designated authorizing person.

If there is no suitable relative who can serve as the person authorized to give directions for the trust, the client can conclude a discretionary guardianship contract with a responsible attorney or judicial scrivener authorizing them to perform such duties.

*In addition to the money trust described above, the Anshin Support Trust is also available in the form of a life insurance trust.



Structure of Anshin Support Trust





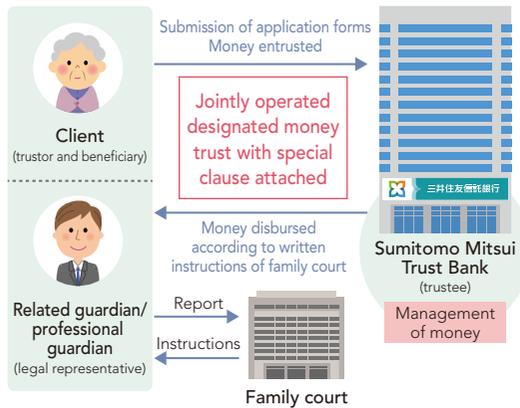
Guardianship System Support Trust

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.



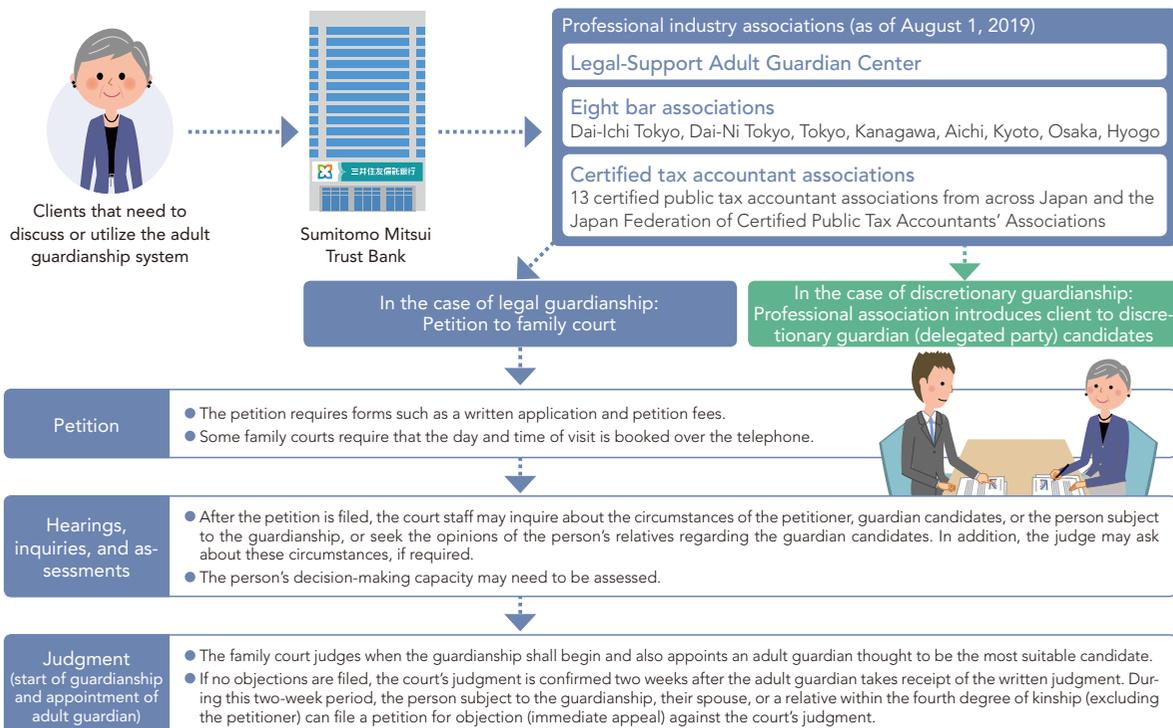
Cumulative number of users of guardianship system support trusts



Source: Jan-Dec 2018 data on use of guardianship system support trusts, Family Bureau of General Secretariat of Supreme Court of Japan

Consultations and Inquiries related to Adult Guardianship System

SuMi TRUST Bank has entered into agreements with various associations of professional services that are active in the area of adult guardianship and refers the consultations regarding the adult guardianship system and those clients who wish to utilize the system to these professional associations.

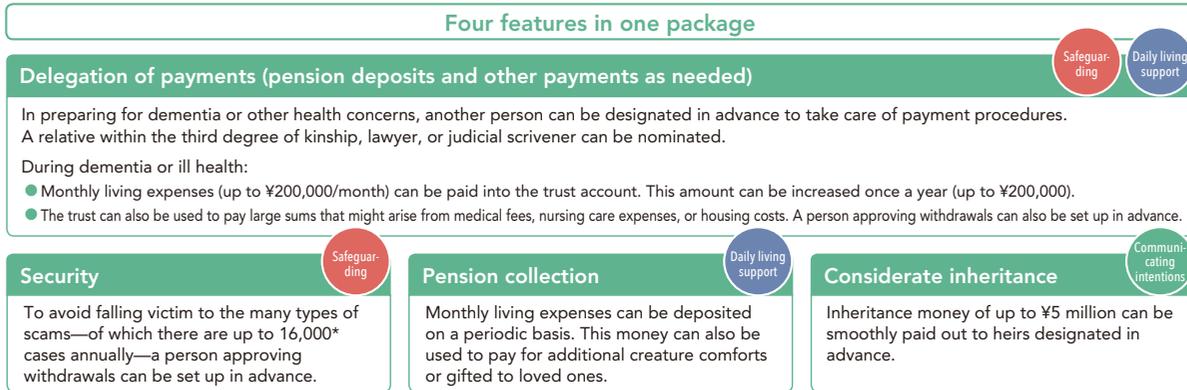




Centenarian Support Trust (100-Year Passport)

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 Centenarian Support Trust is the product best suited to an age when more people will likely live to be 100.



*According to the Metropolitan Police Department, 16,496 cases of fraud occurred in 2018 for a total loss of roughly ¥36.39 billion.

Sumitomo Mitsui Trust Holdings, Inc.

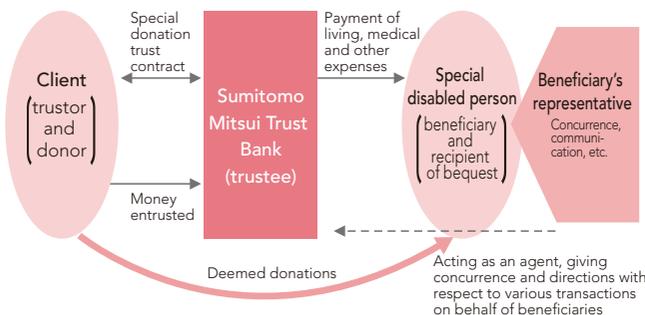
5. Helping with Lifestyles of Family and Relatives

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.

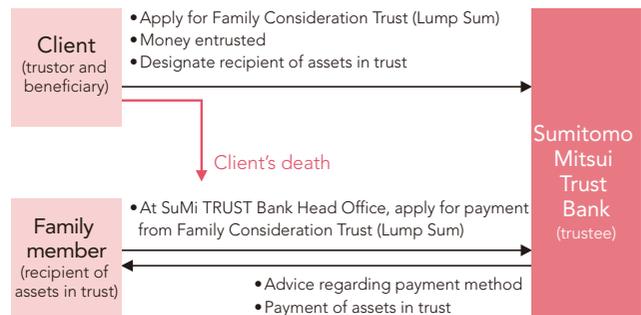
“Specified persons with disabilities” who become beneficiaries are divided into “special persons with disabilities” and “other specified persons with disabilities” according to the degree of disability. Special persons with disabilities may receive up to 60 million yen tax-free in periodic installments 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

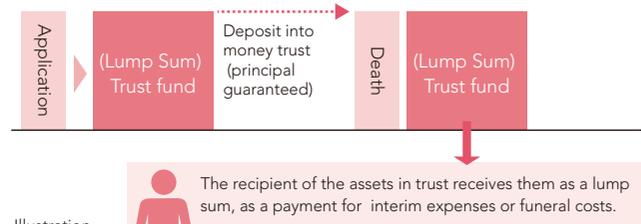


Family Consideration Trust (Lump Sum)

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.



* 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.

6. Ensuring Heirs Inherit Family Wealth

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 22).

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

SuMi TRUST Bank offers a will trust service to assist the inheritance of deposits, securities, real estate, and other assets by the next generation in accordance with the wishes of the client. In October 2019 we launched an online will trust service with which clients can prepare their own draft of a will by following the on-screen instructions.



<https://www.smtb.jp/personal/entrustment/succession/webwill/>

Meanwhile, SuMi TRUST Bank provides information about the bequeathal donation system that some clients may wish to utilize in order to leave their estate for public benefit and the good of society.

One-Stop Inheritance Service

SuMi TRUST Bank offers a One-Stop Inheritance Service to ensure that complex inheritance procedures proceed smoothly. More specifically, upon 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

Trust for Single Old Age (launched in December 2019)

This is a one-stop service, based on a final letter of instruction, for clients worried about those around them if by some chance they die and certain matters need to be taken care of after their death, such as a funeral service, so-called “digital remains,” household belongings, obituary, and pets. We are now entering an era where a recorded final letter of instruction can be put into action. SuMi TRUST Bank started offering this service in December 2019 at selected branches.

7. Initiatives to Improve Gerontology Literacy

Gerontology examines the various issues that occur as people age and is a field of study characterized by interdisciplinary viewpoints aimed at investigating ways to help people lead better lives. At SuMi TRUST Bank, we are focused on studying gerontology together with our clients and aim to realize the concept of productive aging whereby seniors stay in control of their own lives right to the very end and remain an integral part of society despite their old age. At SuMi TRUST Bank since 2014 it has been mandatory for all branch managers to sit and pass a gerontology

exam, an accreditation that is put to good use when providing services to and consulting with elderly clients. From February 2020 employees holding a position of responsibility (section managers, team leaders, and above) in the head office and branches & departments of the Retail Total Solution Services Business will also be required to pass this exam. We plan to have these managers and leaders utilize the knowledge gained when providing guidance and training to their subordinates. As of the end of November 2019, 327 employees had successfully passed the exam.

Partnership with ILC-Japan

SuMi TRUST Holdings is a member of ILC-Japan, the Japanese branch of the International Longevity Center, a global alliance of organizations focused on gerontology. And since fiscal 2017 we have also chaired a research group hosted by ILC-Japan that studies lifestyles in

societies characterized by longevity. In fiscal 2019 we invited external experts to come and discuss what kind of role companies should be fulfilling in regions where populations are rapidly aging.

Silver College Seminars

Since 2012, SuMi TRUST Bank has hosted Silver College seminars at its branches across Japan in order to provide easy-to-understand information about gerontology to the senior generation and our clients that currently

assist them. Topics covered have included money, health, dementia, and housing, while the lectures given by our group of first-rate instructors have been favorably received on every occasion (see page 181).

COLUMN

Opening of Centenarian Anshin Plaza

Sumitomo Mitsui Trust Life Partners, the insurance sales arm of SuMi TRUST Bank, opened a new Centenarian Anshin Plaza office in Shinjuku in September 2019. The company plans to open up 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 its own 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” for a long and fulfilling life.

Please visit our website for more information.

<https://www.smtb.jp/corporate/release/pdf/190823.pdf>



COLUMN

Establishment of Anshin Support Corporation

The Anshin Support Corporation was established by SuMi TRUST Bank in November 2018 and having since become part of the Bank, it offers estate management and inheritance-related services to clients with no living relatives. By combining the numerous functions of the trust bank with the services of this corporation, we hope to help alleviate the concerns elderly clients may have about the future, particularly with regard to housing, healthcare, and nursing care. SuMi TRUST Bank will utilize this corporation to provide solutions so that elderly clients can use their own assets appropriately for themselves.



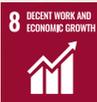
ESG-themed Initiatives in Our Asset Management Businesses

With the aim of strengthening its asset management business and seeking to become an asset manager in step with the times, Sumitomo Mitsui Trust Asset Management (SMTAM) integrated the investment management function of Sumitomo Mitsui Trust Bank into its organization on October 1, 2018. In doing so, it became Japan's largest asset manager with AUM of ¥60 trillion. As a responsible institutional investor, SMTAM will continue to pursue initiatives befitting of this position for its clients in the area of ESG investment.

Website:

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

Topics of focus for ESG activities (FY2019-2020)

Topics	Specific activities	Relevant SDGs
Climate change	<ul style="list-style-type: none"> Pursuit of engagement activities through the framework of the CA100+ initiative. Pursuit of engagement activities in collaboration with LGIM. Continued engagement with major greenhouse gas-emitting companies both in Japan and overseas. 	  
Water resources and marine pollution	<ul style="list-style-type: none"> Continued call for policies aimed at addressing marine plastic pollution. Explanation of the need for greater awareness of water resource risks and for publicly disclosing a water resource management code of conduct, along with encouragement for action in line with the code of conduct. 	   
Backing governance reforms	<ul style="list-style-type: none"> Support for higher levels of independence on company boards and the promotion of diversity, such as higher ratios of female directors. Pursuit of engagement activities in collaboration with LGIM. Promotion of efforts to disclose information and prevent conflicts of interest with regard to the issues of publicly listed parent/subsidiary pairs and cross-shareholding. Promotion of sustainable improvements in "earnings power" and appropriate capital allocation (balance between growth investments and surplus cash returns). 	  
Promoting ESG information disclosure	<ul style="list-style-type: none"> Encouragement of companies to disclose information regarding the attainment of the SDGs (i.e., their contributions to solving ESG issues and how those, in turn, contribute to earnings). Promotion of identification of materiality and disclosure via integrated reports as information for investors (engagement activities through IICF). As an asset management corporate supporter of the TCFD (see the next page for more information), promotion of effective corporate information disclosure as well as initiatives aimed at appropriately linking this information disclosure with investment decision-making. 	

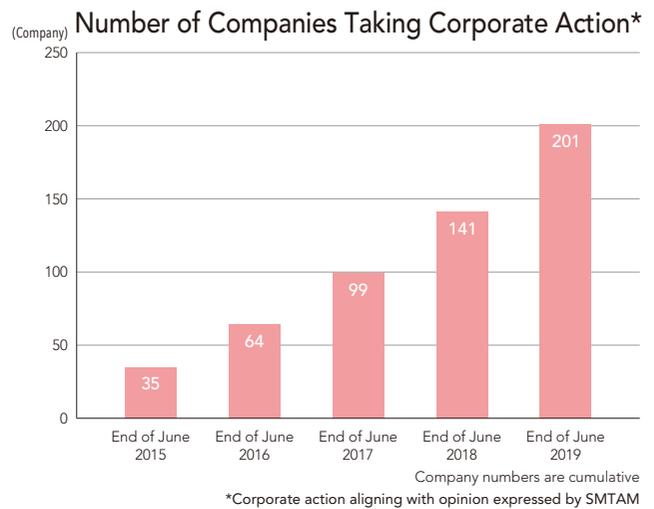
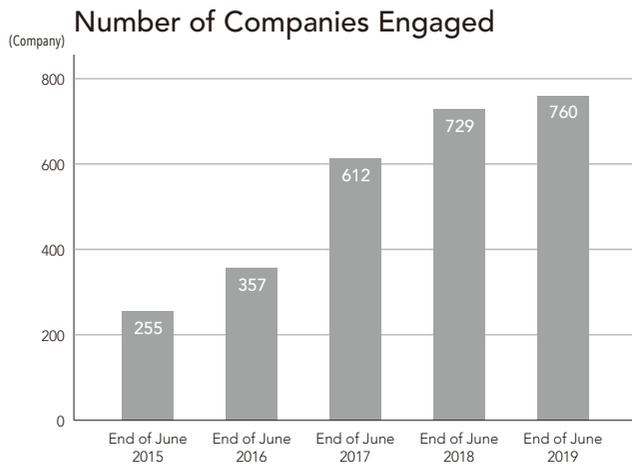
Stewardship Activity Initiatives

Improving Investee Corporate Value and ROE via Engagement

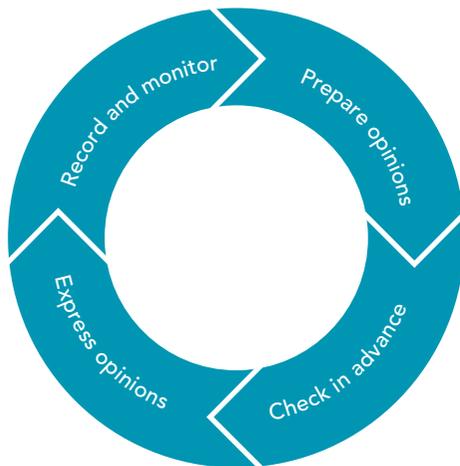
By this point, we have engaged with a broad range of companies representing roughly 90% of the total market capitalization of TSE1. This fiscal year, our challenge is to further expand the scope of companies with which we engage and to qualitatively deepen those engagements. We are working to achieve this in a variety of ways, including applying a top-down approach to engagement on prescribed focus topics and conducting in-depth analyses on companies with which we have ongoing engagement.

Moving forward, we will continue to pursue activities which contribute to better medium-to-long-term corporate value and ROE, thereby improving the overall market and securing excess returns which will help us in

maximizing medium-to-long-term investment returns for our clients. We are also focused on making our engagement activities more efficient and effective by identifying the challenges that each of our investee companies faces. Improving the ROE of investee companies requires helping them rethink capital allocation, restructure business portfolios and improve corporate governance; at the same time, it requires helping them focus on challenges which could undermine ROE in the future, such as climate change or labor practices that need to be addressed. At SMTAM, we comprehensively ascertain each and every "E," "S" and "G" challenge trustee companies face before pursuing engagement activities.



SMTAM Engagement Process



Activities conducted in line with the above process are counted in our total number of engagements

(simply being in contact with a company is not counted as an engagement)

Prepare opinions

To achieve effective engagement, our analysts use non-financial information analysis results and the like to help them identify management issues and formulate effective and coherent opinions.

Check in advance

We first submit the opinions formulated by each analysts to an internal review. This both helps improve and standardize opinion quality among the analysts.

Express opinions

Our analysts meet with investee company executives and express their opinions. At each meeting, a written oath stating the analysts will not make any material proposals nor acquire insider information is signed and mutually recognized.

Record and monitor

After the meetings, we record investee companies' responses to the analysts' opinions. We monitor the companies for any changes in management and then utilize this information when identifying management issues for the next engagement.

Engagement Example Cases - Domestic

CASE 1

Non-manufacturing
Company A

Climate Change

- Greenhouse gas emissions reduction
- Business strategy

Analyst's Perspective

As a logistics company whose business expansion is highly likely to create an increased environmental load, it is essential that environmental targets be included as mid-term planning KPI in order to enhance the sustainability of corporate value improvement. Also, with a growing, quantitative contraction in materials handling taking place over the medium-to-long-term in Japan, limiting the risk this poses to profitability (when Japanese business accounts for a high proportion of business assets and sales) will be a key challenge.

Opinion from SMTAM

The truck-centric transportation sector accounts for a large portion of CO₂ emissions volume by industry. With the company currently in discussion over its medium-term business plan, it seems to us that the required course of action is for it to capitalize on its expertise with various shipping modes (including trains, ships and airplanes) so it can set Scope 3-focused (i.e., emissions volume encompassing manufacturing, shipping, etc.) medium-to-long-term CO₂ reduction targets while also actively expanding sales to customers.

We view the medium-to-long-term contraction in materials handling to be the largest business risk facing the domestic logistics segment, which accounts for 60% of consolidated sales. In our opinion, the company needs to perform a detailed revision of its business portfolio to reduce business in less populated regions and increase it in the three major metropolitan areas.

Company Response

Although there are a variety of different environment-related indicators, medium-to-long-term CO₂ reduction is a priority for which we are committed to investing the necessary costs to achieve. We will look into incorporating it into our next medium-term business plan.

As you have pointed out, we need to perform a revision of our medium-to-long-term business portfolio for the domestic logistics segment. In less populated areas we will undertake a balanced contraction of business tailored to the local characteristics of each area, and, in turn, we will make the three major metropolitan areas of Japan our primary focus. Towards this end, we are discussing making revisions to our corporate group personnel system to allow personnel transfers between areas, and we are considering introducing ROIC targets for each area.

Company Action

With a view towards realizing its long-term vision, the company announced specific CO₂ emissions reduction targets as KPI to be achieved by fiscal year 2023.

In its mid-term business plan released in February 2019, the company announced that it would fundamentally reform its less profitable business by strengthening its Japanese business and revising its business portfolio.

Evaluation by SMTAM

We approve of the company's announcement of specific CO₂ emissions reduction targets.
Moving forward, we will monitor the progress being made to reduce CO₂ and to improve the profitability of domestic logistics business.

CASE 2

Manufacturing Company B1
Manufacturing Company B2

Water Resources and Marine Pollution

- Addressing marine plastic pollution
- Business strategy

Analyst's Perspective

Asia is at the center of the marine plastic pollution problem, particularly because of the large volume of PET bottles, straws and other disposable plastics. Ideally, the problem would be handled with the establishment of a recycling system in Asia, but because Asia takes in garbage from developed countries, including Japan, this problem is not just the responsibility of Asia. It is becoming increasingly important that Japanese companies, particularly the chemical companies that produce the plastic and the food companies that utilize it, get involved in addressing this problem.

Opinion from SMTAM

<Chemical Manufacturer B1 (plastic producer)>
Because it is disposable plastics that are the problem when it comes to marine plastic pollution, we predict the impact on business performance would be negligible. On the other hand, we believe that in order to avoid having an environmental stigma also applied to automotive industrial plastics and other plastics we are focusing on (as there is growing business potential), the chemical industry as a whole needs to take action.

<Beverage Manufacturer B2 (plastic user)>
Marine plastic pollution is a problem that gets talked about, but plastic usage remains high, including among beverage manufacturers that use it to manufacture PET bottles. Although a growing number of companies are switching from plastic to paper straws, are similar alternatives being explored for PET bottles? Also, similar to the situation in the logistics field, is collaboration with competitors needed in order to catalyze action to address this problem?

Company Response

We feel that the impact on business performance accompanying a reduction in the usage of disposable plastics would be negligible. As for measures to address the risk of an unfounded souring of public opinion with regard to industrial plastics, the chemical industry as a whole, through the industry groups which represent it, is committed to combating marine plastic pollution. Furthermore, we recognize that the lack of established recycling systems in Asia presents a fundamental challenge to any effort to address the marine pollution problem.

- Although complete elimination of PET bottles is an unrealistic goal, the question is how much reduction is achievable? We are aware of biodegradable plastic technology, but applying this technology will require an industry-wide effort.
- First, the recycling rate needs to be brought as close to 100% as possible. A new office has been established to study the feasibility of switching to paper containers. Also, similar to the situation in the logistics field, we think of containers as an area of non-competition for manufacturers. The industry as a whole needs to review and revise the supply chain.

Company Action

The "Japan Initiative for Marine Environment" has been established by five organizations representing the chemical industry. In order to address the marine plastic problem, the company adopted an approach involving (1) organizing and disseminating information, (2) responding to trends within Japan, (3) engaging with Asia, and (4) accumulating scientific findings.

Evaluation by SMTAM

We will monitor bioplastic and recycling technology development trends as well as the status of chemical industry group-led initiatives to address the marine plastic problem. Additionally, we will continue to pursue dialog with beverage manufacturers and other plastic users to encourage them to address the marine plastic problem.

CASE 3**Promotion of ESG Information Disclosure****Manufacturing
Company C**

- Social issues
- Capital productivity

Analyst's Perspective

With drug-resistant bacteria-related problems such as nosocomial infection becoming more severe worldwide, major antibiotics manufacturers have an opportunity to contribute to society by actively addressing these problems rather than treating them as social responsibility-related risks to avoid. Also, another issue is the reduction of cross-shareholdings, primarily those with wholesalers, which are a legacy of past business practices implemented as part of efforts to increase capital efficiency.

Opinion from SMTAM

Drug-resistant bacteria are becoming a serious problem worldwide within the field of infectious agents which the company puts extra focus on. Given how little awareness there is in Japan about this growing danger, we feel a more proactive and visible stance in addressing this problem is needed.

Regarding cross-shareholdings with client pharmaceutical wholesalers, it is our opinion that, from the standpoint of capital efficiency, these need to be reduced further.

Company Response

Addressing the problem of drug-resistant bacteria is our mission. And we are committed to actively communicating our intentions and specific initiatives for addressing it as a company.

Regarding our cross-shareholdings policy, a rapid and substantial sell-off is made difficult by the impact that the gains from such a sell-off would have on our profit and loss statement; nevertheless, we intend to continue reducing our cross-shareholdings with wholesalers.

Company Action

In May 2019, the company issued a public commitment and plan of action for addressing the problem of drug-resistant bacteria. It declared that, at a time when numerous other pharmaceutical companies were diverting resources away from research and development in the field of infectious disease, the company was looking to the future by taking on a leading role in the development of antibacterial agents and the promotion of their correct usage and distribution.

The annual securities report released by the company in June 2019 for the financial year ending March 2019 confirmed that the company reduced its cross-shareholdings by 20% compared with the end of the previous financial year.

Evaluation by SMTAM

We approve of the company's public commitment and plan of action for addressing the problem of drug-resistant bacteria, which has been backed up by its proactive and visible stance.

We also approve of the reduction in cross-shareholdings which has been undertaken by the company but will continue to engage in dialog with it to encourage even further reductions.

Engagement Example Cases - Global

At SMTAM, our emphasis on ESG engagement activities extends worldwide. We focus on (1) engagement activities that are based on action principles or guidelines, such as the PRI, (2) activities aimed at addressing misconduct and other problems in accordance with international norms, and (3) independent activities aimed at promoting greater efficiency in corporate management

CASE 4

Glencore Switzerland Resource Mining Company (CA100+ target company)

Climate Change

- Greenhouse gas emissions reduction

Engagement Specialist's Perspective

Among mining and resource extraction companies, those whose business involves coal mining have financial exposure which requires mitigation. Scenario-based business planning, such as for future capital rationing or stranded asset risk avoidance, needs to be disclosed.

Opinion from SMTAM

Globally speaking, this company is seen as having a major impact on greenhouse gas emissions and is a target company of the CA100+ initiative. It is our view that (1) disclosure and implementation of plans to reduce greenhouse gas emissions to the levels set under the Paris Agreement; (2) disclosure of information in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures); and (3) creation of climate-change related governance systems and structures are needed.

Company Response

As you have pointed out, we have significant exposure to the coal industry and are aware of the risks presented by a transition to a low-carbon society, particularly the potential stranding of coal assets. Our intention is to put greater emphasis on high-quality coal, whereby we can increase our profitability without increasing our production volume, while at the same time reducing our contribution to global warming.

Company Action

In February 2019, the company announced limits on the size of its coal production.

Evaluation by SMTAM

We approve of the company's expressed intentions to optimize its coal business and assets. We will continue to engage the company in dialog about measures it can take to help mitigate climate change.

and the establishment of outstanding corporate governance. For example, our (1) engagement activities that are based on action principles or guidelines, like the PRI, include active efforts to help companies with ESG issues limit their risk, such as by serving as the lead manager handling PRI working group promotion.

CASE 5

Copart USA Low-quality used vehicle online auction company (Thirty Percent Coalition target company)

Backing Corporate Governance Reform

- Diversity

Engagement Specialist's Perspective

As the company works to expand its business operations, having a diverse Board of Directors will help ensure the effectiveness of business management decisions and requires hiring a broad range of human resources.

Opinion from SMTAM

Of the S&P 500 Index companies, Copart is the only company without any female directors on its Board of Directors. We believe that hiring more women and increasing diversity in general will contribute to better management efficiency and more effective personnel hiring and business decision-making. We recommend making concerted efforts to expand diversity.

Company Response

Our personnel hiring is handled primarily on the basis of merit. Although we cannot provide a specific time-frame, we are aware of this issue and will announce our diversity enhancement plans at an appropriate point in the future.

Company Action

In July 2019, the company appointed a woman to the position of Outside Director.

Evaluation by SMTAM

While this issue is not one which can be evaluated with a one-size-fits-all approach, Copart's response addresses it only at a bare minimum and does not meet the ideal level of at least 30% female representation among directors. We will continue to engage Copart in dialog about expanding its hiring of female personnel and improving the diversity of its Board of Directors.

CASE 6**Elbit Systems** Israel Military and defense-related company**Promotion of ESG Information Disclosure**

- Information disclosure related to concerns about cluster bomb manufacturing

Engagement Specialist's Perspective

Because of the exposure to humanitarian concern-related reputational risks that cluster bomb manufacturing presents, it would be preferable that the company withdraw from this line of business.

Opinion from SMTAM

Cluster bombs are classified as inhumane weapons under the Oslo Convention and other international conventions, and their manufacture and use is prohibited. We are concerned that the purchase of national defense companies risks exposing Elbit Systems to cluster bomb-related business. We feel that the corporate reputational risks are too great to justify any involvement in cluster bomb manufacturing. At the very least, Elbit Systems needs to clarify and disclose its risk and future plan of action with regard to this line of business.

Company Response

With regard to having no involvement in cluster bomb-related business or any business which conflicts with international conventions, we intend to make a clear and open announcement of our policies moving forward.

Company Action

In January 2019, Elbit Systems announced a policy of having no exposure to this line of business.

Evaluation by SMTAM

We approve of Elbit Systems' prompt approval and disclosure of this policy. We have removed it from our ESG screening list of investment exclusion stocks.

CASE 7**BAYER** Germany Agrochemical and Pharmaceutical Company**Social Issues**

- Handling of lawsuit risks

Engagement Specialist's Perspective

Bayer needs to implement measures to mitigate the risks of and effects from potential lawsuits related to the agrochemical products of a purchased company.

Opinion from SMTAM

Following its purchase of an agrochemical business that was announced in 2015 and concluded in 2018, lawsuits over the issue of weedkiller carcinogenicity were launched against Bayer. Because of this, we think it is essential that Bayer disclose relevant information to investors, such as the maximum anticipated compensation, in order to dispel any lingering uncertainty.

Company Response

At the time that we made our purchase, we determined that we would be able to adequately manage the risk of lawsuits, and we do not believe that the law suits are indicative of management problems. Because this matter is still being dealt with in court, it would be inappropriate to disclose monetary amounts at this time.

Company Action

In August 2019, Bayer held an investors' meeting to try and dispel any lingering uncertainty, and among the information provided was that pertaining to Bayer's settlement with the weedkiller-related victims.

Evaluation by SMTAM

Given how rigidly Bayer responded to investors previously, this clarification of the company's handling with regard to areas of lingering uncertainty, including lawsuit settlements, is a step in the right direction and shows that it is listening to shareholders' concerns. We will continue to encourage Bayer to take action to dispel investors' concerns about the company, including the status of the ongoing legal situation.

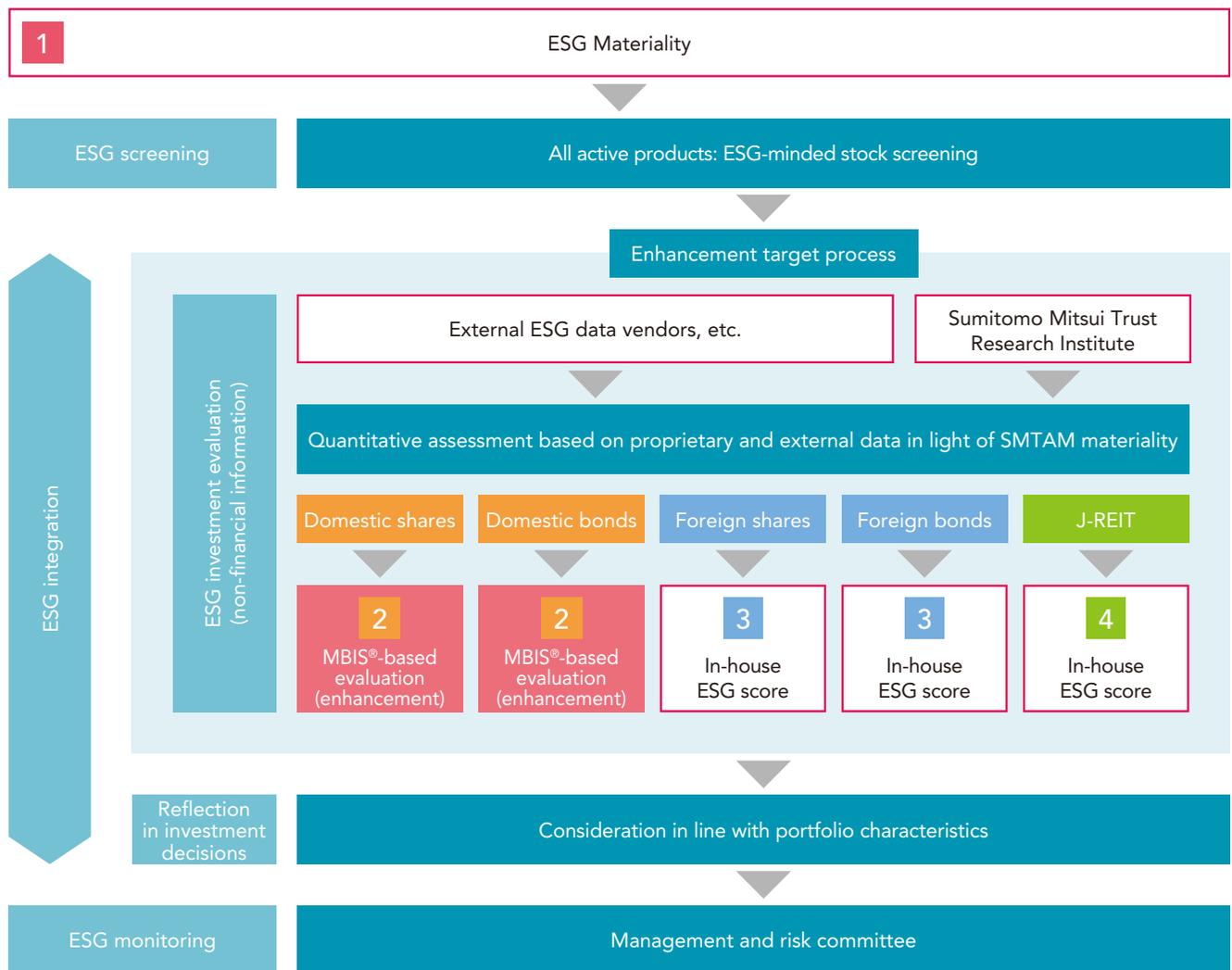
ESG Integration Enhancement

Since 2015, we have sought to apply ESG integration to the active management of domestic shares, domestic corporate bond investments and other operations by incorporating MBIS®, our proprietary developed non-financial information evaluation tool, into traditional investment methods. As soon as these efforts got on track, they immediately started producing results; so, in order to further accelerate them, we have worked to enhance ESG integration by expanding our methods and target assets (see Figure 1-4 below).

We are currently also revising our approach to ESG-minded stock screening. With regard to the stock of

companies which manufacture Controversial Weapons, specifically cluster bombs and anti-personnel mines, it has always been our policy to remove them as active fund investment candidates when their corporate situation does not make engagement possible. We have added biological and chemical weapons as reasons for exclusion, and this now extends not only to the companies' stocks but also bonds. Japan has signed and ratified conventions prohibiting the development, production and stockpiling of these four categories of weapons, as well as governing their destruction.

□ New initiative ■ Revision (updated)



1 Identification of ESG Materiality

We have performed identification of ESG materiality. Previously, we have used the UN Global Compact as our ESG guidelines when developing our response policies for ESG issues; however, based on a review of the SDGs, the SASB (Sustainability Accounting Standards Board), etc., we have reorganized our ESG investment evaluation items and response policies within a framework of “ESG materiality.”

	E (Environmental)	S (Social)	G (Governance)
Risks	Climate Change	Human Rights & Community	Behavior
	Natural Capital	Human Capital	Structure
	Pollution & Waste	Security & Liability	Stability & Justice
Opportunities	Environmental Opportunities	Social Opportunities	Governance Improvement

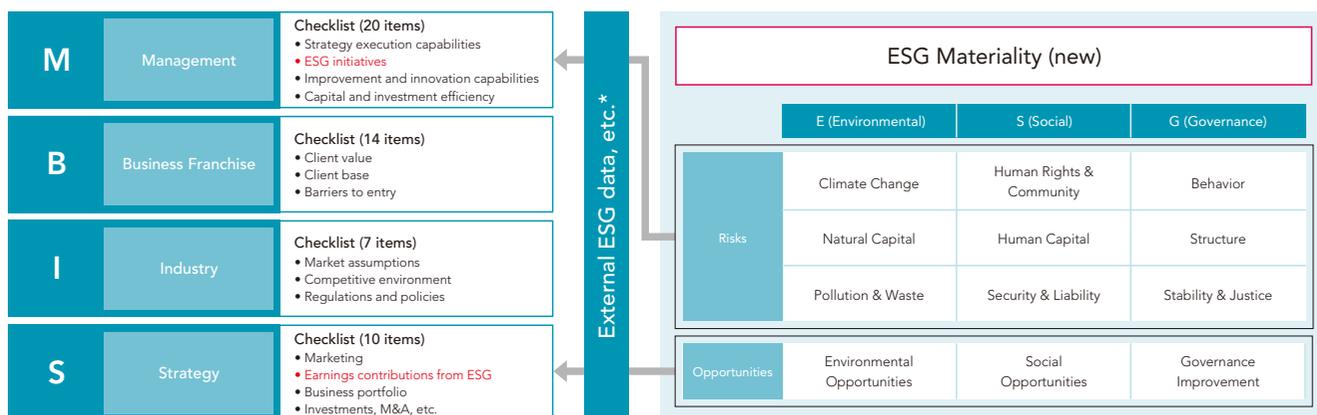
2 MBIS® Evaluation Enhancement

The MBIS® is our proprietary, non-financial information evaluation tool which we have used since 2015 to evaluate domestic shares and bonds. Our analysts use MBIS® to help them gather, analyze and evaluate non-financial information which cannot be expressed in terms of financial data for the companies they cover; such information includes the level and sustainability of added value for a company’s products and services, the governance system which supports the added value the company provides, and the company’s impact on the societal and environmental foundations which sustain its growth.

MBIS® is an acronym which stands for “Management” (M), “Business Franchise” (B), “Industry” (I) and “Strategy” (S). It is the “M” which comes into play when evaluating

efforts aimed at risks associated with ESG issues, and it is the “S” which comes into play when evaluating efforts aimed at commercializing and capitalizing the opportunities associated with ESG issues.

Now, in line with the newly established ESG materiality framework, we are reorganizing and revising the MBIS® evaluation items pertaining to ESG issues and are working to enhance MBIS® evaluation through, among other means, the use of external ESG data vendor-driven ESG evaluations. Although the concept of the SDGs has already been a part of our evaluations, we are working to bolster it further so that we incorporate the 17 goals more fully into our engagement and evaluation.



Strengthen Connection with SDGs



<https://www.un.org/sustainabledevelopment/>

3 Utilization for In-house ESG Scoring and Stock Selection

Clarifying core ESG evaluation factors as part of establishing ESG materiality has made it possible to perform in-house ESG scoring, even in regards to the stocks of foreign companies and other assets outside the scope of MBIS® evaluation. Using ESG materiality as a base, we identify the ESG issues of investee companies and then utilize external ESG data and other resources to perform three-tiered, in-house ESG scoring. This score is taken into account when qualitatively assessing earnings

and valuation in the case of shares, or creditworthiness or spread in the case of corporate bonds, and it is thus reflected in stock selection.*

Also, amongst domestic shares, in-house ESG scoring enables ESG evaluation of companies not covered by our analysts. For domestic corporate bonds as well, in-house ESG scoring is used for stock selection in addition to the traditional MBIS® evaluation.

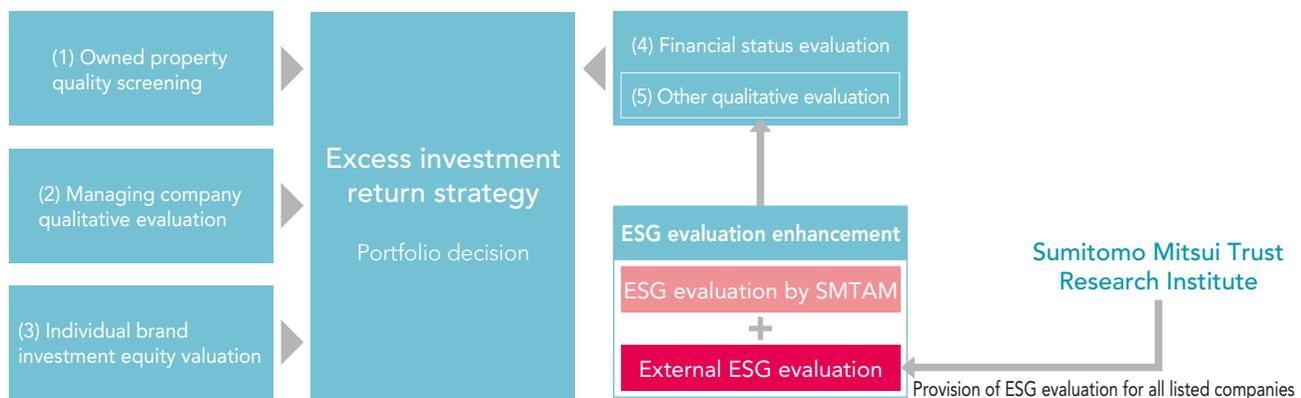
* Evaluations conducted by analysts using external ESG data and other resources for reference

4 ESG Integration Enhancement in J-REIT Funds

ESG Integration Enhancement

In order to maximize medium-to-long-term investment return for our customers, we prioritize sustainable growth in the value of investment shares. In the area of J-REIT management, it has been our practice to independently evaluate each investment corporation's ESG efforts, such as the environmental-friendliness of owned properties, and to then make investment decisions with results of this

evaluation in mind. There has been remarkable progress in the ESG efforts of the various investment corporations, and the Sumitomo Mitsui Trust Research Institute, which advises us on J-REIT management, has also developed an ESG evaluation system which provides us with ESG scores that have allowed us to enhance ESG integration in J-REIT management.



J-REIT ESG Evaluation by Sumitomo Mitsui Trust Research Institute

The Sumitomo Mitsui Trust Research Institute (SMTRI) is a think-tank established in 1988 which specializes in urban and real estate-related research and consulting. Thanks to the firm foundation which it has built after many years of research and study in these areas, SMTRI not only provides real estate investment evaluation-related research services but also robust consulting services for the domestic and foreign real estate markets, real estate finance and infrastructure and PPP.

With regard to J-REIT analysis, SMTRI has served as an investment advisor to institutional investors since the start of J-REIT in March 2004.

Now, SMTRI uses the J-REIT-related knowledge it has cultivated over many years to enable it to evaluate the

appropriateness of individual investor corporations' handling of ESG issues, which is based on publicly available documentation, and to provide investors with ESG scores for J-REIT.

Evaluations look at four major considerations: the ESG promotion framework and initiatives related to the environment, society and governance. Each item has its own checklist by which it is scored. The checklists are developed based on a comprehensive survey of the various initiatives disclosed by the individual investment corporations and then they are selected in consideration of how well they address SDGs as well.

* Scheduled to be completed by December 2019

Active Involvement in the Principles for Responsible Investment (PRI)

Established with the support of the United Nations, the Principles for Responsible Investment (PRI) encourage institutional investors to incorporate environmental, social and governance (ESG) factors into their investment decision-making processes. The 100 signatory institutions to the PRI at the time of its launch in April 2006 represented total assets under management (AUM) of US\$6.5 trillion, but as of March 2019, the number of signatories had increased to 2,372, representing total AUM of around US\$82 trillion and a strong indication of the growing importance of responsible investment. Since becoming a signatory to the PRI in May 2006, we have drafted policies in accordance with the six principles and implemented initiatives in light of the latest developments.

The PRI evaluates each signatory with respect to their commitment to and progress on implementing the six principles based on their reports. A score of A+ is the highest, while E is the lowest. As shown in the table to the right, we have collected favorable scores on the whole and received a comprehensive assessment score of A+ for the fifth year in a row. We will continue with our active involvement in the PRI going forward and will make every effort to maintain and improve our ratings.

PRI Assessment of SMTAM 2019	
Strategy and governance (comprehensive assessment)	A+
Integration status of listed equity into responsible investment	A+
Active ownership in listed equity	A+
Engagement	A+
Exercise of voting rights	A+
Fixed income investment (e.g., government bonds)	A
Fixed income investment (e.g., corporate bonds)	A

Principle 1 We will incorporate ESG issues into investment analysis and decision-making processes.

We analyze and evaluate non-financial information, such as management thoroughness, strategy execution capabilities, and capacity for reform, with the aim of identifying improvements in or maintenance of sustainable corporate value at investee companies. Furthermore, we seek to implement initiatives (ESG integration) that utilize the knowledge gained from our analyses and evaluations in our investment management operations.

Principle 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

We conduct engagements and exercise voting rights with ESG issues in mind; through these activities, we encourage investee companies to implement appropriate initiatives to tackle ESG challenges.

Principle 3 We will seek appropriate disclosures on ESG issues by the entities in which we invest.

We seek appropriate disclosure of ESG issues from investee companies.

Principle 4 We will promote acceptance and implementation of the Principles within the asset management industry.

We actively promote engagement and awareness-raising activities with investee companies so these Principles gain acceptance and are implemented in the asset management industry.

Principle 5 We will work together to enhance our effectiveness in implementing the Principles.

We collaborate with investment institutions in Japan and overseas through participation in PRI-sponsored working groups and involvement in signatory bodies established with the aim of resolving ESG issues in order to improve effectiveness in implementing the Principles.

Principle 6 We will report on our activities and progress towards implementing the Principles.

We implement these Principles and produce and issue reports that meet the requirements for signatories to disclose their activities and progress towards implementing them.

ESG-themed Initiatives in Our Real Estate Businesses

The amount of CO₂ emitted from the construction and operation of buildings is said to account for approximately 40% of all CO₂ emissions in Japan, including indirect emissions. In addition, as humans spend a long time indoors, the indoor environment affects the health and productivity of the occupants. Given the significant impact of real estate property on the three aspects of the environment, society, and the economy, integrated initiatives for achieving the SDGs are thought to be highly beneficial for improving the sustainability of the three aspects.

The Group aims to promote and increase properties that give consideration to the environment, such as cities and buildings with high energy and resource efficiency and buildings that contribute to improving production efficiency. We will advance initiatives that contribute to increasing property values through features such as high environmental performance that reduce risk and enhance income.

Challenges for Achieving the Goals

- Making the environmental performance of properties visible
- Making the added value of environmentally friendly properties visible
- Increasing awareness in the real estate market about the added value of environmentally friendly properties
- Expanding corporate initiatives toward creating added value

Initiatives for Solving the Challenges

- Support acquisition of environmental performance certifications, such as CASBEE for Real Estate and CASBEE for Urban Development.
- Support the realization of environmentally friendly construction through construction consulting and assistance to help subsidy applicants qualify.
- Promote and raise awareness of environmentally friendly properties through committees and lectures.
- Create businesses that contribute to promoting environmentally friendly properties, including green finance and environmentally friendly property funds.

KPIs for Solving the Challenges

Support acquisition of
environmental performance
certifications

**At least 20
certifications a year**

(Aggregate total so far: 140 certifications)

Support environmentally
friendly construction

**At least 2
cases a year**

(Aggregate total so far: 12 cases)

Promotion and awareness-raising of
environmentally friendly properties
(Articles, lectures, etc.)

**At least 10
activities a year**

(Aggregate total so far: Over 160 activities)

Environment
(Energy, water, resources, biodiversity, etc.)

Society
(Indoor environment, health/
comfort, safety/security, etc.)

Economy
(Property value, corporate value, etc.)

7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



15 LIFE
ON LAND



3 GOOD HEALTH
AND WELL-BEING



11 SUSTAINABLE CITIES
AND COMMUNITIES



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



Fundamentals Driving the Shift to Environmentally Friendly Property

The Paris Agreement was adopted in December 2015 at the 21st Conference of Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC), and came into effect in November 2016. The goals of the agreement include holding the increase in the global average temperature to below 2°C above pre-industrial levels.

On the domestic policy front, new non-residential buildings with floor space of 2,000m² or more need to comply with energy saving standards under the Building Energy Efficiency Act (publicly issued in 2015) since the law came into force in 2017. Meanwhile, there has been progress in improving and broadening programs that offer government subsidies for projects with high environmental performance such as the “leading projects” program for sustainable buildings.

Global investment and financial sectors recognize that addressing global environmental problems is essential. More than 2,000 institutions in the United States and Europe have become signatories to the Principles for Responsible Investment (PRI), a United Nations-led global platform for investment that factors in environmental, social, and governance (ESG) issues, since its launch in 2006. Under the United Nations Environment Programme Finance Initiative (UNEP FI), more than 200 financial institutions based in

Japan and overseas, including banks, insurers, and brokerages, are working together to integrate ESG risks into financial system functions. Furthermore, the Principles for Responsible Banking (PRB) advocated for by UNEP FI as a framework for sustainable banking practices came into force in 2019. [The SuMi TRUST Group has been a signatory to PRI, UNEP FI and PRB since their launch.]

Used for investment decision-making, Global Real Estate Sustainability Benchmark (GRESB) was created in 2009, mainly for a group of large pension funds in Europe, to measure sustainability performance in the real estate sector. In 2019, 70 companies in Japan participated in the GRESB assessment. Of those, 44 were real estate investment trusts (REITs) that together comprise about 91.5% of Japan’s total REIT market capitalization.

In 2015, more than 200 institutions in Japan’s asset management and finance sectors announced their adoption of Japan’s Stewardship Code, which spells out principles for responsible investors. The Corporate Governance Code, which includes principles to encourage listed companies to respond to sustainability concerns, also took effect as an attachment to the Tokyo Stock Exchange’s securities listing requirement.

For real estate, there is a growing emphasis on environmental considerations.

Initiatives of SuMi TRUST Bank related to Environmentally Friendly Property

Harnessing its broad client base as a trust bank, SuMi TRUST Bank has expanded into a wide range of businesses requiring cutting-edge expertise that leverages the Group’s comprehensive capabilities in fields ranging from real estate brokerage, securitization, consulting, and appraisals to property investment.

SuMi TRUST Bank has proposed many ideas relating to environmental real estate, with a focus on showing how environmental performance can create added value in ways that are readily understandable. The efforts to raise

awareness on this topic go back to a paper we published in 2005 on the added value created by environmentally friendly property.

In 2010, SuMi TRUST Bank became the first Japanese financial institution to establish a section dedicated to environmentally friendly property. In addition to the expertise-based real estate business foundation, the Bank has worked to orient its businesses toward promoting environmentally friendly property through pioneering initiatives in environmental real estate.

Main Initiatives as a Pioneer in Environmentally Friendly Property

<p>[Inception] A commemorative paper entitled “A Note on Environmental Value Added for Real Estate” for the 10th anniversary of Tokyo Association of Real Estate Appraisers received grand prize in 2005 (see page 74)</p>	<p>[Initiatives related to CASBEE] • Lead organizer of subcommittee examining CASBEE property appraisal since 2007; launched “CASBEE for Real Estate” certification system in 2013 (see page 69)</p>
<p>[Organizing Study Groups] • 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</p>	<p>[Initiatives related to Real Estate Appraisal and Evaluation] • Chair of a working group on environmental added value, organized by Japan Association of Real Estate Appraisers (JAREA), since 2007 • Member of office building performance evaluation and display manual committee; released a manual on office building performance evaluation and display in 2017</p>
<p>[Initiatives linked to UNEP] • Member of a property working group organized as part of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2007; released a collection of case studies and a handbook for Responsible Property Investment (RPI) in sequence</p>	<p>[Initiatives with National and Local Authorities] • Member of a MLIT-sponsored study committee on the promotion and spread of environmentally friendly property; the committee launched in 2008 • Member of Tokyo metro government’s low carbon partnership committee for small and medium-sized buildings; the committee launched in 2012 by the Tokyo Bureau of Environment • Member of Smart Wellness Office Research Committee, sponsored by Japan Sustainable Building Consortium; announced results of a study on economic impact of buildings with CASBEE evaluations in 2015 (see page 75)</p>

Business Lineup for Environmentally Friendly Property

1. Consulting to Support Applications for “CASBEE for Real Estate” Certification

Initiatives related to CASBEE for Real Estate

CASBEE for Real Estate is a system developed in 2012 for the purpose of promoting widespread use of environmental building performance evaluations in the real estate market. While maintaining consistency with CASBEE® certifications for buildings (new construction and existing buildings), CASBEE for Real Estate sharply narrows down evaluation items and takes into account consistency with environmental performance items that are focused on overseas.

CASBEE for Real Estate can be also used for GRESB assessment, so use of this track is spreading, especially

among REITs and real estate companies that are sensitive to sustainability concerns.

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 is a participant in developing CASBEE for Real Estate as an organizer of the subcommittee for CASBEE property appraisal, which is sponsored by the Institute for Building Environment and Energy Conservation.

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

Energy/ Greenhouse gases	<u>Target setting and monitoring/energy saving standards/O&M*3 system</u> , usage and emissions intensity (calculated values), usage and emissions intensity (actual values) , natural energy forms
Water	<u>Target setting and monitoring/O&M system</u> , water usage volume (calculated values), water usage volume (results)
Use of resources/ Safety	<u>Conforms to new earthquake resistance standards</u> , 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	<u>No use of invasive alien species</u> , 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

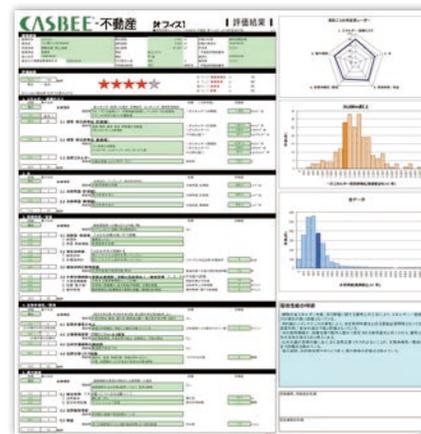
SuMi TRUST Bank engages in consulting services to support applications for the CASBEE for Real Estate certification.

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.

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.

We will continue to provide services that use the CASBEE system in our business promoting environmentally friendly property.



A CASBEE evaluation sheet

TOPIC

Head Office Building of SuMi TRUST Bank Received CASBEE for Real Estate “S” Rank Certification

CASBEE for Real Estate had widen its applicable scope to include commercial properties and logistics facilities from its original focus on office buildings so as to broaden the range of properties eligible for this certification, and since December 2016 this certification has become applicable to sectional owned properties. As the first property evaluated under the broader scope, the head office building of SuMi TRUST Bank (the three floors below ground, and the 13 floors above ground) received a CASBEE for Real Estate “S” rank certification.



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

Owners	Property	Rank	Certification date
Isetan Mitsukoshi Holdings	1 Isetan Shinjuku Main Store	S	2016/3/4
Manulife Life Insurance Company	2 Manulife Place Dojima	S	2019/5/29
Premier Investment Corporation	3 NTT CRED Okayama Building	S	2018/3/28
Japan Retail Fund Investment Corporation	4 Ito-Yokado Yotsukaido	S	2018/2/28
Activia Properties Inc.	5 Tokyu Plaza Omotesando Harajuku	S	2019/3/29
AEON REIT Investment Corporation	6 AEON MALL Kofu Showa	S	2019/3/29
GLP J-REIT	7 GLP Atsugi II	S	2019/6/30
Industrial & Infrastructure Fund Investment Corporation	8 IIF Nishinomiya Logistics Center Extension Building	S	2019/3/28
Mitsubishi Estate Logistics REIT Investment Corporation	9 Logicross Atsugi	S	2019/3/29
Daiwa House REIT Investment Corporation	10 iias Tsukuba	S	2019/9/30
Invesco Office J-REIT, Inc.	11 Kinshicho Prime Tower	S	2019/9/30
Sekisui House REIT, Inc.	12 Garden City Shinagawa Gotenyama	S	2019/3/15
ORIX JREIT Inc.	13 Seafort Square Center Building	S	2019/2/28
Japan Prime Realty Investment Corporation	14 Housing Design Center Kobe	S	2019/6/21



Sumitomo Mitsui Trust Holdings, Inc.



2. Consulting to Support Applications for “CASBEE for Urban Development” Certification

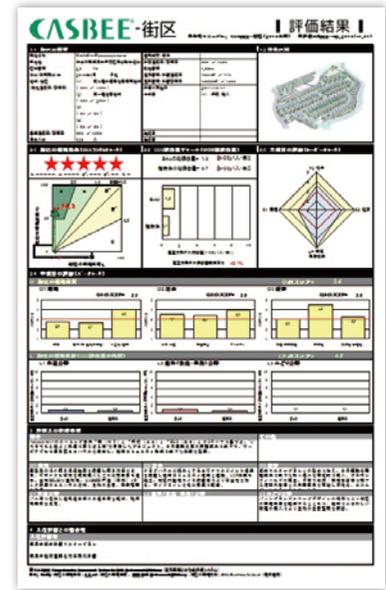
About CASBEE for Urban Development

CASBEE® (Comprehensive Assessment System for Built Environment Efficiency) is a system for evaluating the environmental performance of buildings and urban development, which is being developed and promoted in Japan under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. It is comprised of tools, such as CASBEE for Buildings and CASBEE for Real Estate.

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, as well as provides advice on application procedures for certification and support services, including supports for CASBEE reviews.

Case Study A LIST GARDEN nococo-town

In July 2018, LIST GARDEN nococo-town, a large eco-town in Totsuka, Yokohama City, became the first ever recipient of the highest rank certification (“S” rank) for CASBEE for Urban Development.

CASBEE for Urban Development’s certification results are made public. They are introduced in mediums such as magazines and exhibited in model rooms, and help show that the eco-town offers quality housing, promotes the neighborhood’s vitalization, and proactively contributes to the local community.



CASBEE-WO (Wellness Office)

Given the spread of ESG investment in the real estate market and the needs for health & productivity management and reforms aimed at improving intellectual productivity, a new office model assessment system known as CASBEE-WO (Wellness Office) was launched in June 2019. As part of the CASBEE scheme, this new system focuses on evaluating buildings in terms of health and comfort for office workers.

The SuMi TRUST Group has been involved in the development of CASBEE-WO through an MLIT study group tasked with promoting ESG investment and the Smart Wellness Office (SWO) Research Committee. We

also plan to expand our consulting services up ahead to support 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

3. Construction-Phase Support for Environmental Considerations

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 it provides construction consulting services based on knowhow from such projects.

We offer advice relating to factoring in environmental considerations in our menu of construction consulting services such as on the installation of energy-saving systems in buildings, ways to take into account landscapes and ecosystems, extension of building life spans, and adoption of recycling systems.

Examples: Construction-phase support for environmental considerations

Company Name	Location	Use	Number of Floors	Floor Area	Target Rank
Clarion	Saitama Prefecture	Headquarters office and research center	10 floors above ground, 1 rooftop floor	Approx. 19,000 m ²	A (certification completed)
Chuo Labour Bank	Tokyo	Central branch	1 basement floor, 9 floors above ground, 2 rooftop floors	Approx. 6,000 m ²	A (self-evaluation)
	Kanagawa Prefecture	Office	1 basement floor, 7 floors above ground, 1 rooftop floor	Approx. 10,000 m ²	B+ (notification)
AEON MALL	Tokyo	Commercial facility	5 floors above ground	Approx. 150,000 m ²	A (certification completed)
FUJI	Ehime Prefecture	Commercial facility	3 floors above ground	Approx. 140,000 m ²	B+ (certification completed)
Ito-Yokado	Kanagawa Prefecture	Commercial facility	4 floors above ground	Approx. 29,000 m ²	B+ (notification)
Toyo Seikan Group Holdings	Tokyo	Office* ¹	2 basement floors, 21 floors above ground, 1 rooftop floor	Approx. 72,400 m ²	S (certification completed)
Daikin Industries	Osaka Prefecture	Office, R&D facility* ¹	1 basement floor, 6 floors above ground	Approx. 48,000 m ²	S (self-evaluation)
Hiroshima Mazda	Hiroshima Prefecture	Office, observation deck, product sales and dining facilities* ¹	2 basement floors, 14 floors above ground	Approx. 11,500 m ²	A (notification)
Anritsu	Kanagawa Prefecture	Office* ²	7 floors above ground	Approx. 28,000 m ²	S (self-evaluation)
Shimane Bank	Shimane Prefecture	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" experimental pilot program.

As interest in environmental issues has grown, so has the number of properties applying for CASBEE® certification* or providing notification of self-evaluation in the past several years. In addition, some projects have been selected by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for the "leading projects" program

for sustainable buildings and by the Ministry of Economy, Trade, and Industry (METI) for the "net zero energy building" experimental pilot program.

* 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.



Case Study B

HIROSHIMA ORIZURU TOWER

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.

The ORIZURU TOWER was selected for the MLIT's leading projects program for promoting CO₂ reduction in housing and buildings.

4. 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.

*See METI’s website for details.

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.

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.

Panasonic Corporation, Fujisawa City, and eleven partner companies, including SuMi TRUST Bank, are collaborating to promote the project, which marked the town’s opening in spring 2014.

SuMi TRUST Bank is participating in various ways, such as designing smart town evaluation indicators (environmentally friendly property values) and creating project-specific product plans for environmentally friendly housing loans.

This project is also praised 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).



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.

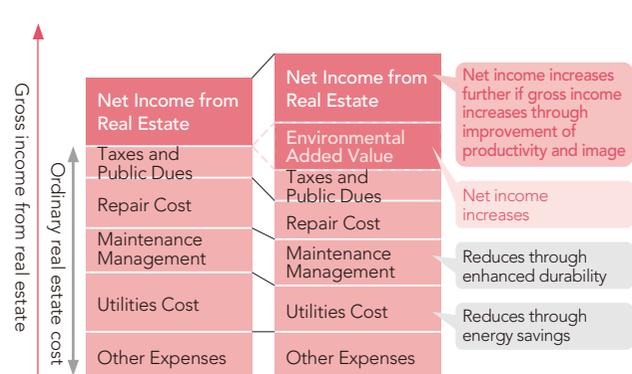
For the reasons above, SuMi TRUST Bank believes that environmentally friendly property will realize added value.

Sumitomo Mitsui Trust Holdings, Inc.

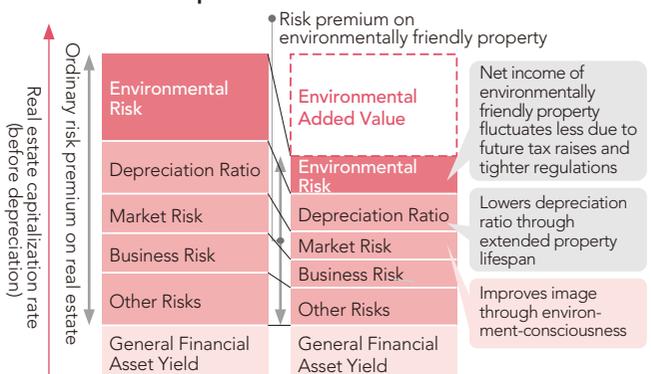
Conceptual diagram of environmental added value (1) Prices focused on the “profitability” of real estate



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

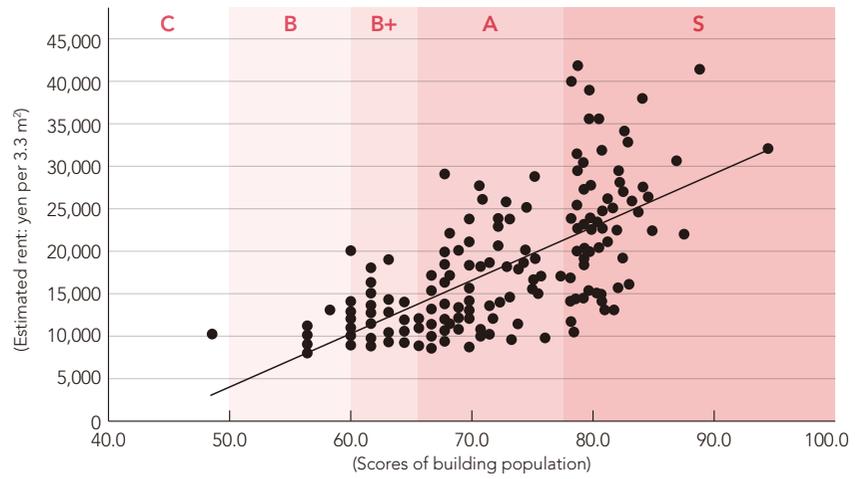
—Helping to Make Added Value Visible

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.

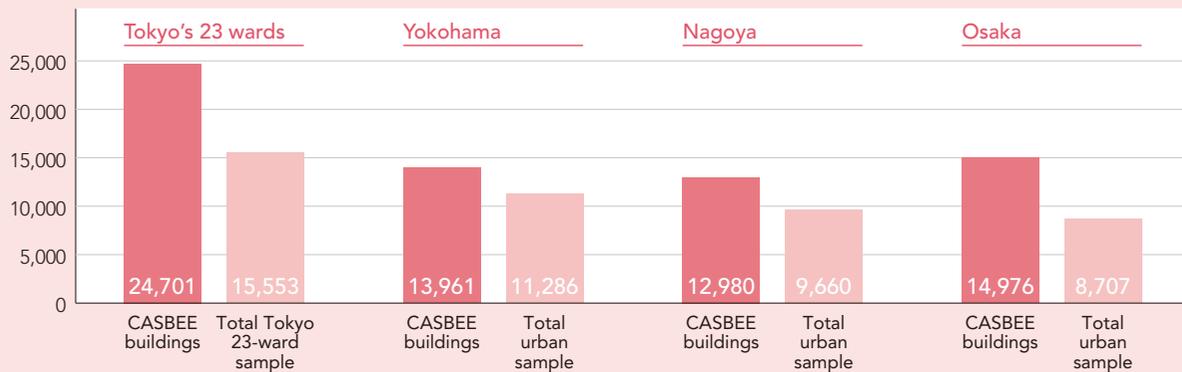
This suggests each point in the CASBEE scoring system (adjusted so 100 points is the maximum score) equates to a market rent 0.5% higher than the average. These results were announced at symposiums, the Architecture Institute of Japan convention, and other events.

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.

Comparison of average rents: Yen per 3.3 m²

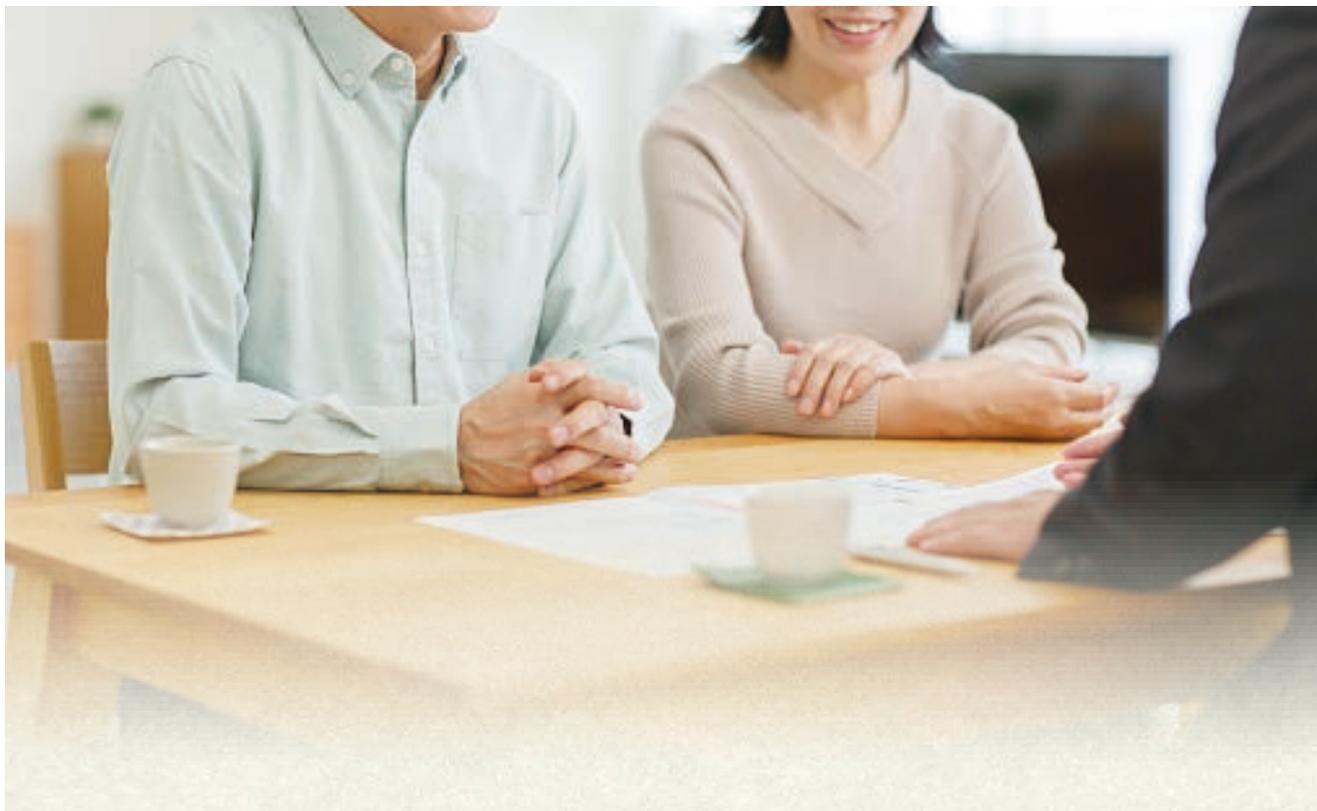


Source: Data is from a fiscal year 2014 report issued by Japan Sustainable Building Consortium's Smart Wellness Office Research Committee.

Summary of multiple regression analysis results for CASBEE buildings

CASBEE evaluations, etc.	Sample size	Coefficients	Differential in average rent
CASBEE flag (whether or not buildings have CASBEE evaluations)	517	564.160	+3.64%
CASBEE rank (five-level evaluation rankings)	517	263.525	+1.70%
CASBEE score (evaluation score with a maximum score of 100)	183	78.974	+0.46%
Service performance (Q2) score	183	1702.667	+9.9%
Intellectual productivity evaluation	180	319.318	+1.86%

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



Financial Inclusion Initiatives

Target 8.10 of the SDGs seeks to “strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.” This kind of concept is known as financial inclusion—it refers to the support extended to people excluded from utilizing financial services because of poverty, discrimination, or other reasons so that they may gain access to such basic financial services in order to alleviate economic instability in their lives.

The Group is working with external partners and harnessing our various trust bank functions in an effort to accelerate our initiatives on financial inclusion with a particular focus on problems unique to Japan.

Challenges in Achieving the Initiatives

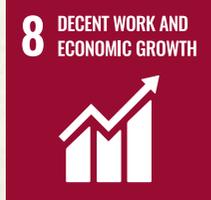
- Spreading awareness (correct perception of the current situation) in society about the growing number of financially vulnerable people in Japan owing mainly to increasing poverty and the rise of dementia patients
- Strengthening collaboration with aid agencies like NPOs and financial institutions
- Developing methods of support at financial institutions that reflect the current situation in Japan

Initiatives for Solving the Challenges

- Grasping an understanding of the situation through collaboration mainly with NPOs
- Identifying the issues unique to Japan (particularly dementia) in a super-aged society
- Enhancing support services in light of the Group's resources
- Supporting the improvement of financial literacy among the financially vulnerable

KPIs for Solving the Challenges

- Reviewing the significance of initiatives carried out within the Group thus far and establishing measures for implementation
- Developing programs for collaboration with NPOs and other entities



Financial Inclusion Initiatives at the SuMi TRUST Group

1. Establishing a financial inclusion promotion framework

Initiatives related to financial inclusion were previously implemented at various Group companies. From November 2019, however, the Corporate Planning Department's Sustainability Management Office assumed control of

these activities across the entire Group and took steps to develop an implementation strategy and expand the scope of initiatives. Its specific policies are outlined below.

1. Improving accessibility mainly through expansion of online transactions
2. Using mainly charitable trusts to provide finance schemes to people with little financial leeway
3. Financial inclusion initiatives for various types of loans
4. Initiatives based on the *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion*
5. Flexible approach to mainly terms of repayment on loan transactions (initiatives for financial facilitation)

2. Improving accessibility mainly through expansion of online transactions

Given that financial infrastructure is already in place in Japan, expanding online transaction platforms in order to improve accessibility to financing would be one way to address financial inclusion.

enhance the convenience of client transactions by providing services through which a number of procedures can be completed online (internet banking) or over the phone (telephone banking) via its Sumitomo Mitsui Trust Direct platform.

For example, SuMi TRUST Bank is endeavoring to

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, Inc. Since its foundation, the bank has endeavored to improve client services by striving to realize its goal of providing 24-hour, 365-day internet banking that offers the most easy-to-use and attractive products and services.

Recently, the bank has been actively rolling out new services that harness cutting-edge information technology. For example, it launched a robo-advisor by integrating the API of a fintech company, introduced an AI screening model for home loans, and started up transaction lending for corporate clients. It will continue to make every effort to further improve its services and user convenience (see page 85 for details).

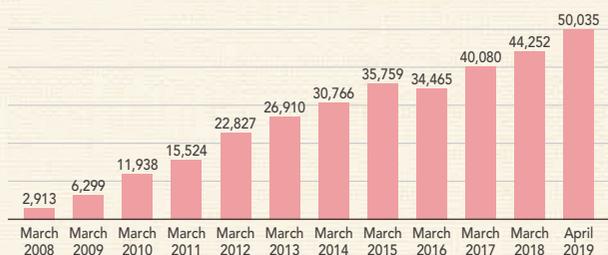
Examples of convenient services of SBI Sumishin Net Bank:

- Online account openings for which personal identification can be completed with one's smartphone
- Debit cards featuring Visa or Mastercard contactless payment function
- Multi-currency (15) pre-paid JAL Global Wallet card for JAL Mileage Bank members (through JAL Payment Port Co., Ltd., a JV established with Japan Airlines Co., Ltd.)

These initiatives have been favorably received by the market; as of April 2019 both total deposits and the cumulative amount of mortgage loans handled had exceeded the ¥5 trillion mark.

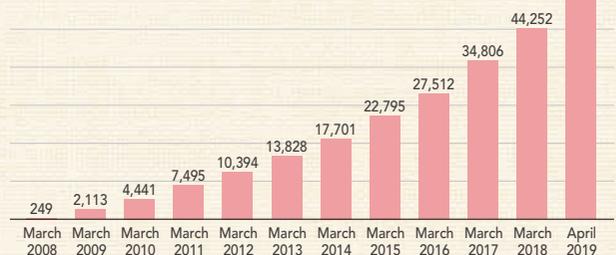
Total balance of bank deposits

(¥100 mn)



Amount of mortgage loans handled

(¥100 mn)



3. Using mainly charitable trusts to provide finance schemes

SuMi TRUST Bank is using mainly charitable trusts to provide finance schemes to people with little financial leeway. As part of this initiative, we provide charitable trusts to benefactor clients with the goal of offering

low-interest or no-interest scholarships to students who do not have the financial means to further their education (see page 21 for details).

Examples of charitable trusts designed to supply scholarships

Name of charitable trust	Eligible persons
MinebeaMitsumi Scholarship Fund for Orphans of the Great East Japan Earthquake	Children and students orphaned in the Great East Japan Earthquake
Junior Chamber International Matsuyama Scholarship Fund for Orphaned Children of Traffic Accidents	High school students living in Matsuyama City and orphaned from a traffic accident
Yoshihiko & Kazuko Yamashita Memorial Scholarship Fund for Orphaned Children of Traffic Accidents	Students attending high school or university in Saga City and orphaned from a traffic accident

Overview of charitable trust designed to supply scholarships (in the case of MinebeaMitsumi Scholarship Fund for Orphans of the Great East Japan Earthquake)

Qualifying conditions for subsidy on school expenses

(1) Children and students orphaned in the Great East Japan Earthquake

(includes children and students with only one parent (owing to death or separation) who died or was unaccounted for as a result of the disaster)

(2) Children and students currently attending elementary or junior high school (including schools of an equivalent nature)

Subsidy amount: ¥100,000 annually

Subsidy period: Until graduation from junior high school

4. Financial inclusion initiatives for various types of loans

(1) Special home loan guarantees against the eight major diseases

Cancer, acute myocardial infarction, stroke, and the five serious chronic diseases of high blood pressure, diabetes, chronic kidney failure, cirrhosis of the liver, and chronic pancreatitis are what are known as "the eight major diseases." The number of people affected by these ailments in Japan is growing as the population ages. For cases where clients with unpaid principal on their home mortgage are diagnosed with one of the eight major diseases and fall under prescribed conditions, SuMi TRUST Bank offers a guarantee service for the remainder of their home mortgage.

This service offers three levels of coverage: full, light, or lump-sum payment upon cancer diagnosis. Clients with a mortgage loan and aged between 20 and 45 or between 46 and 55 can select the breadth of coverage according to their needs.

Clients can also choose to reduce the entirety of their loan to zero (full-benefit type) or by half (half-benefit type) in the event they are diagnosed. In addition, clients aged between 20 and 45 that select full coverage will be guaranteed total hospitalization coverage, including a lump-sum payment, if they are hospitalized as a result of an illness or injury other than the eight major diseases, while clients

aged between 46 and 55 that select lump-sum payment upon cancer diagnosis will be paid one million yen if they are diagnosed with cancer for the first time in their life.

(2) Card loans

SuMi TRUST Bank has two types of card loans available for home loan clients only. These products can meet the various future capital needs of clients because the funds can be used for any purpose other than running a business. Funds can be borrowed with no transaction fee from SuMi TRUST Bank branch ATMs or from the ATMs of Japan Post Bank, Seven Bank, and E-net. Clients can also easily borrow funds via internet banking (Sumitomo Mitsui Trust Direct).

(3) Housing assistance loan for seniors aged 60 and over

SuMi TRUST Bank offers non-recourse mortgage loans to clients aged 60 or older that can be used to purchase a new home or to finance a home renovation. A non-recourse loan means that even if the amount of money from the sale of real-estate collateral is not enough to repay the loan in full after the contract expires as a result of the contracting party's death, their heir will not be requested to make any payments.

5. Initiatives based on the G20 Fukuoka Policy Priorities on Aging and Financial Inclusion

The world's population continues to rapidly age and there are fresh concerns that conventional financial services will be unable to meet their needs. Through much discussion about the topics of aging and financial inclusion, the Global Partnership for Financial Inclusion (GPII)* and the OECD jointly prepared and adopted the *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion* at the G20 plenary meeting of finance ministers

and central bank governors in June 2019. The document sets out eight key priorities to help the international community address the challenges of aging populations.

SuMi TRUST Bank fully supports the priorities and therefore set out and announced the following initiatives to address each of the eight priorities.

* The GPII is an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion, including implementation of the G20 Financial Inclusion Action Plan.

Summary of specific initiatives to address the eight priorities

G20 Fukuoka Policy Priorities	The Group's leading initiatives
Customize —address the diverse needs of older people	100-Year Life Solution Trust (100-Year Passport): An asset management-type trust product that can also help clients with dementia owing to its features for safeguarding, utilizing, and transferring funds Other: Products related to inheritance, endowment, moving home, and donations; Diners Club cards, etc.
Protect —tackle financial abuse and fraud of older people	Mandatory passing of gerontology exam run by the Society for Applied Gerontology Japan: Retail branch managers must acquire necessary knowledge of healthcare, nursing care, and social insurance, as well as issues concerning the physical and mental wellbeing of the elderly, their lifestyles, and communities Other: Trusts designed to prevent fraud; taking part in writing of the Guide for Dementia Friendly Financial Services and placement of this booklet at all branch offices
Support lifetime financial planning	Housing assistance and reverse mortgage loans for seniors aged 60 and older: These products help elderly clients finance a new or refurbished home Other: Use of Lifecycle–Navi simulation tool; investment products and insurance, etc.
Encourage stakeholder engagement —a multi-sectoral approach	Partnership with Daini Tokyo Bar Association to introduce family lawyers: This service introduces family lawyers (personal lawyers) that can address the various needs of clients, such as monitoring to prevent incidents or matters concerning discretionary guardianship Other: Collaboration with community-based comprehensive support centers, COLTEM, International Longevity Center (ILC), Tokyo Metropolitan Government, etc.
Strengthen digital and financial literacy	Seminars on topics like asset management, "second life," DC plans, inheritance, and business succession: Each seminar is designed to address the needs of each generation and held on a nation-wide basis or on a branch basis at different times and for different occupations Other: Silver College seminars for integrated study; establishment of research institutes related to asset building, etc.
Innovate —harness inclusive technologies	Introduction of new system when visiting clients: We have introduced a new system when visiting elderly clients at home so that procedures can be completed more easily; the use of a host DB-linked tablet device reduces the burden of the client having to fill out forms Other: Use of AI in asset management; online-based consulting; monitor-based consultation system between branch and remote locations, etc.
Target key audiences —address vulnerabilities	Guardianship System Support Trust and Discretionary Guardianship System Support Trust: Products that manage and safeguard a ward's estate under the respective legal guardianship and discretionary guardianship systems Other: Special donation trusts; rules on writing/reading on behalf of clients; response quality checks by examiners for disabled persons, etc.
Use data and evidence (priority item mainly for policymakers)	Issuance of research reports: Analyzing and estimating trends in household assets based on official data from public agencies and other organizations Other: Responding to public agency surveys; collecting and analyzing client voices; in-store surveys by external research agencies, etc.

COLUMN

Approach to asset management for clients with dementia

Once a person loses his or her ability to make decisions because of dementia or some other reason, they struggle to manage their deposits and savings or stay on top of various financial agreements. They may also end up signing a contract for a transaction that is not in their best interests or become easy targets for bank-transfer scams or unscrupulous business practices.

In asset management, needless to say, protecting assets must be prioritized before anything else. What is required next is daily living support in order to manage money needed for day-to-day living. And offering support to help them communicate their intentions is also key. Even though someone may have dementia, what they want to do or what they want done remains the same. For this reason, we need to devise a way for them to communicate their intentions and ensure their wishes are fulfilled under a private contract while they are still capable of making decisions.

SuMi TRUST Bank offers various products and services in line with this thinking (see page 46 for details).



6. 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 2019.

Number of Loan Claims Received the Requests for Changes to Borrowing Conditions

► In the case of SMEs

	End of March 2019
Number of loan claims for which restructuring of loan conditions, etc. was requested	4,744
Of which, number of loan claims regarding implementation () is the loan ratio	4,381
Of which, number of loan claims regarding refusal () is the refusal ratio	100
Of which, number of loan claims under examination () is the ratio of claims under examination	7
Of which, number of loan claims regarding withdrawal () is the ratio of claims withdrawn	256

* As of the end of March 2019, the figures include claims regarding trust accounts as follows. Request: 1, Implementation: 1, Refusal: 0, Under examination: 0, Withdrawal: 0
Claims regarding trust accounts refer to loan claims for which SuMi TRUST Bank received requests for restructuring of loan conditions, etc. from clients among those entrusted to SuMi TRUST Bank from other financial institutions, etc. for securitization and other purposes. SuMi TRUST Bank, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

► In the case of housing loan clients

	End of March 2019
Number of loan claims for which restructuring of loan conditions, etc. was requested	6,419
Of which, number of loan claims regarding implementation () is the loan ratio	4,987
Of which, number of loan claims regarding refusal () is the refusal ratio	285
Of which, number of loan claims under examination () is the ratio of claims under examination	40
Of which, number of loan claims regarding withdrawal () is the ratio of claims withdrawn	1,107

* As of the end of March 2019, the figures include claims regarding trust accounts as follows. Request: 511, Implementation: 429, Refusal: 18, Under examination: 0, Withdrawal: 64
Claims regarding trust accounts refer to loan claims for which SuMi TRUST Bank received requests for restructuring of loan conditions, etc. from clients among those entrusted to SuMi TRUST Bank from other financial institutions, etc. for securitization and other purposes. SuMi TRUST Bank, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

Service to Society Aimed at Development and Spread of Trust System

Trust Future Forum

Trust Future Forum, 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 subsidiaries to support outstanding research and activities. Established in July 1987, the Trust Future Forum 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 Future Forum has released 83 research books as of December 2019, 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 Future Forum 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 Future Forum will continue as a public interest incorporated foundation to promote social contribution and activities with a high public interest.

Themes of Self-Directed and Consignment Research (December 2019)

Self-Directed Research	Research on trust banking theory and modern issues
	Research on estate management, investment, and succession, as well as trusts
	Research on legal principles of modern trusts
	Research on trust banking theory and application with a comparison of the UK and Japan
	Research on financial transactions and taxation
	Research on legal issues in trust banking practices
	Research on new proprietary value and trusts in an increasingly digitalized society

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.

Grants Made in Fiscal Year 2019

Nurturing relationships of trust and its cultural devolution in an information-oriented society: Theoretical analysis based on an information design game
Research on consumer recognition and acceptance of information trusts and its systematic issues
Role of the government sector in establishing a trust currency
Research on business and estate succession—a focus on the use of trusts—
Reverse mortgages and trusts
Roles and outlook for international cooperation on fund-raising-type charitable trusts —Infrastructure building and recommendations for international cooperation in which anybody can participate—
Symposium: The roles of trusts, adult guardianship, and finance in an aging society —Joint international research with Singapore regarding trusts and financial functions—
Post-Uniform Trust Code prudent investor rule and case analysis
Financial gerontology and trusts

List of Endowed Courses Established

Kwansei Gakuin University	Graduate School of Law and Politics
Chuo University	Faculty of Law
Tohoku University	Faculty of Law
Doshisha University	Faculty of Law



Sustainability Policy 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.



Initiatives to Earn the Trust of Clients

In recent years, there has been an even more pressing need for financial institutions to put principled customer service at the heart of everything they do. As a financial institution founded on its “Trustee Spirit,” the Group considers improving customer satisfaction and discharging its fiduciary duties to be among its highest materiality themes. We explain our position from three perspectives: “initiatives aimed at serving as our clients’ best partners,” “initiatives concerning fiduciary duty,” and “client protection management.”



Initiatives Aimed at Becoming Our Customer’s Best Partners

1. Providing Value to Clients

The SuMi TRUST Group aims to accurately understand the needs of individual and corporate clients, and to provide total solutions that offer a wide range of highly specialized products and services as the best way to address those needs. In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing. The SuMi TRUST Group, as the only independent financial group specializing in trust banking in Japan, will leverage its comprehensive capabilities that combine trust and banking functions, as well as the various trust functions within the Group, under a stringent conflict of interest management framework, with the aim of being the “Best Partner” for providing the greatest value to clients. The Group formulated and published the Voluntary Declaration of Consumer-Orientation in June 2019 and will take concrete initiatives in order to

become a group trusted by clients and society, and to grow together continuously through constant efforts for improving customer satisfaction and thoroughly implementing a client-oriented approach, as well as contributing to resolving social issues including super-aging society.



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.

2. Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a financial group specialized in trust banking, and put together an extensive lineup of unique and sophisticated products and services that are essential to providing total solutions, the SuMi TRUST Group focuses on promoting group-wide initiatives that combine the expertise of each business and Group company, rather than simply using their strengths and know-how. In this manner, the SuMi TRUST Group is creating a product development system that carries out

medium-term, ongoing research activities on themes that would be difficult to categorize within the domains of individual businesses or Group companies.

Specifically, SuMi TRUST Bank has established a product development department in each business, as well as the Business Research and Development Department, and a product development off-site meeting as its product development organization. The product development departments in each business analyze the client needs that have been collected in the course of business, and engage

in improvement and development, mainly of products for immediate application, including reviews of existing products and design of new products. In addition, the Business Research and Development Department, which was established as a dedicated unit primarily for the development of trust products, serves as the engine that drives product development and provides development support for each business, while carrying out planning, development, and promotion of medium- to long-term development projects across businesses. Furthermore, the product development offsite meeting has been established as a forum for discussion among executive officers and general managers, where regular exchanges of opinion are held regarding product development, not only at a practical working level,

3. Technologies Supporting Total Solutions

As digitalization progresses at a rapid pace, the SuMi TRUST Group regards digital reform initiatives as one of our most important management strategies. We aim to utilize digital technologies to deliver experiences that exceed

Progressing with a Total Solution Model

The Group has a wide range of business domains, and develops highly specialized businesses targeting a broad client base. Each business domain holds "Deep Data": a variety of data accumulated by leveraging the highly specialized know-how unique to a financial group specialized in trust banking. Deep Data accumulates data such as client attributes, assets, transactions, and events, as well as external data such as economic conditions, representing information that is both quantitatively and qualitatively unique to a financial group specialized in trust banking.

We analyze this information and convert it into a form that provides high added value for clients, and utilize the optimal digital technologies to determine the ideal timing to make proposals.

Pursuing Experiences Exceeding Client Expectations and Innovation Using Technology

In 2015, we launched FinTech project teams, and in November 2017, we created Digital Transformation Departments at SuMi TRUST Holdings and SuMi TRUST Bank. The activities of these teams and departments have included verification experiments aimed at using technologies such as blockchain and AI, as well as joint research with external partners.

(1) Consulting with regard to the 100-year life using AI

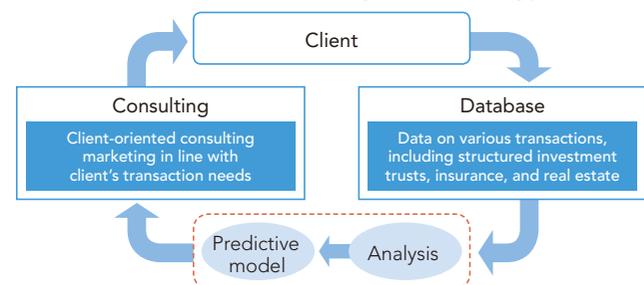
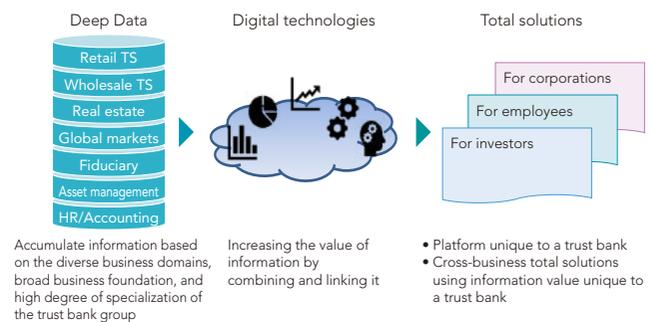
We are working to offer a higher level of consulting based on data analysis through automatic predictive analysis using AI. Given the advent of the age of 100-year life, we will make more accurate, client-oriented proposals, such as consulting that reflects changes in transaction needs according to client life stages.

but also based on management strategy from a medium- to long-term viewpoint.

The SuMi TRUST Group also focuses its efforts on nurturing human resources who are capable of flexible thinking that sustains product development. At SuMi TRUST Bank, product development experience is included in the new employee training curriculum, and human resource development seminars on product development are held twice each year for product development personnel with little experience. At these seminars, groups engage in exhaustive discussions on the topic of new products to satisfy target client needs that are assigned in advance, with the goal of enabling participants to acquire an understanding of breakthrough points and problem-solving methods in product development.

client expectations and to offer total solutions unique to a financial group specialized in trust banking that go beyond our business domains.

Evolution of total solutions through use of digital technologies



(2) Using digital technologies to offer a higher level of consulting

In addition to the above, we will continue to perform verification experiments aimed at improving client experiences, including using AI in the asset management field and AI specialized for text analysis to offer consulting that meets hidden client needs.

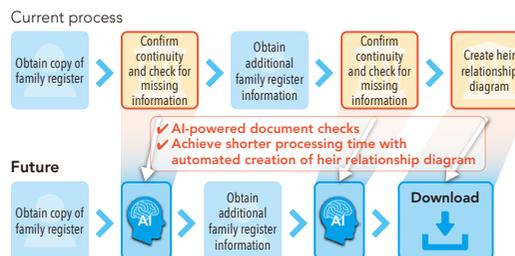
Aiming to Build Trust Business Platforms —Initiatives for automating inheritance procedures (business model patent pending)—

The Group is currently examining various options with the aim of building trust business platforms so that we can provide new added value to clients.

As part of the development of a new service, SuMi TRUST Bank kicked off an initiative in August 2019 that seeks to harness digital technology in order to automate the entire process of organizing family register information and creating heir relationship diagrams. The Bank also filed an application for a business model patent. After an inheritance has occurred, procedures for changing names and other matters at financial institutions require that the legal heir(s) is confirmed with the furnishing of a family register or other official records that show personal information from birth through to death. Currently, this process is quite time consuming and if a family register or other document lacks certain information,

the client may be requested to supply additional records.

This initiative aims to use AI and other digital technology to check whether any key information is missing on the family register and automate the creation of a heir relationship diagram, among other processes. Accordingly, this should lighten the burden on the many inheritance procedure requests from clients and shorten processing time.



Initiatives to Improve Productivity —Promotion of BPR Activities Using Digital Technologies—

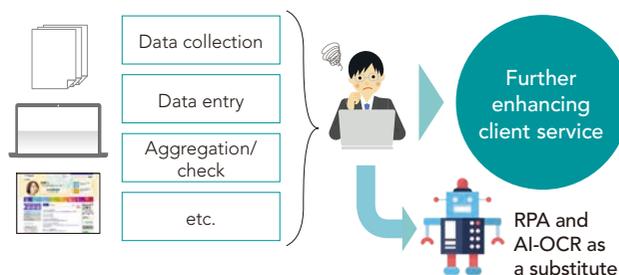
SuMi TRUST Bank has achieved savings of approximately 180,000 person-hours of labor in one year and a half since the full-scale introduction of Robotic Process Automation (RPA) to automate operations that were previously performed by humans.

We are improving both operational efficiency and quality by replacing standard back-office tasks, mainly at the head office, with RPA. At the same time, we are promoting digitalization of back-office tasks and a shift to paperless operations by introducing the AI-Optical Character Reader (AI-OCR) in data entry and other operations that were previously done on paper.

In addition to automating back-office tasks and shifting to paperless operations with the introduction of RPA and AI-OCR, we are also working on Business Process Re-engineering (BPR), which uses digital technologies to redesign operational processes that had previously been

optimized on the assumption that they would be performed by humans.

These BPR activities have a wide range of applications, from banking operations such as mortgage loan-related tasks, to real estate and other trust operations. We aim to further enhance client services through BPR by improving group-wide productivity and shifting personnel from the head office to branch offices.



Initiatives at SBI Sumishin Net Bank, Ltd.

Since its founding in September 2007, SBI Sumishin Net Bank, Ltd. (“SBI Sumishin Net Bank”), a Group company, has worked to achieve “the most user-friendly internet banking, offering attractive products and services 24 hours a day, 365 days a year.” Going forward, SBI Sumishin Net Bank will actively use AI and other leading-edge technologies to develop products and services that help improve client convenience.

(1) Providing AI Screening Services

Hitachi, Ltd. (“Hitachi”) and SBI Sumishin Net Bank have established Dayta Consulting, a joint venture that provides AI screening services by bringing together Hitachi’s high-performance AI and SBI Sumishin Net Bank’s credit know-how.

As its first initiative, Dayta Consulting plans to begin offering AI screening services for mortgage loans at multiple financial institutions, including regional financial

institutions, starting in 2019. The company will steadily expand the scope of applications for AI screening services to include transaction lending that provides loans based on the settlement data, and credit card loans, etc.

(2) Initiatives for the Cashless Market

As of April 1, 2019, SBI Sumishin Net Bank acquired NetMove Corporation (“NetMove”), which provides settlement terminals and systems for credit cards and QR codes and develops security software for financial institutions. This is the first example in Japan of a bank acquiring and making a subsidiary of a FinTech-related company. SBI Sumishin Net Bank will continue to provide new services by combining its banking services with the functions of NetMove, including use in lending based on payment history data in addition to capturing the demands of the cashless market, where continued expansion is expected.

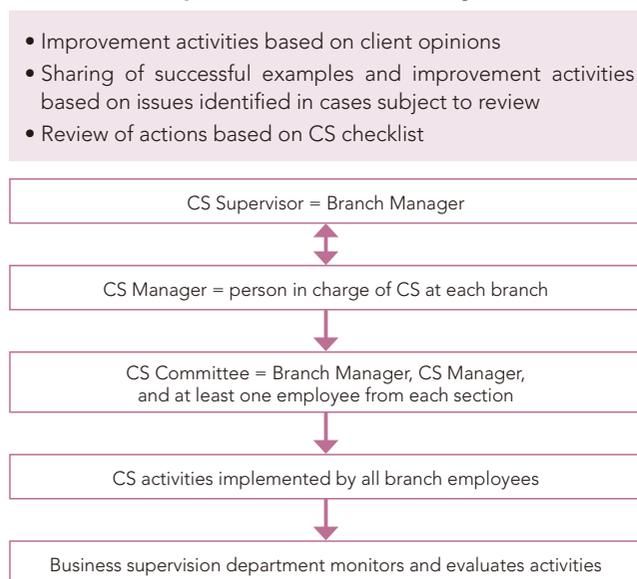
4. Shaping Corporate Culture to Become Our Clients' "Best Partner"

SuMi TRUST Bank has established Customer Satisfaction (CS) Committees at its branch offices and each and every employee is working hard to improve customer satisfaction and deliver client-oriented services by engaging in

Establishment of CS Committees

In order to drive initiatives on improving customer satisfaction (CS), SuMi TRUST Bank has established CS Committees at each branch office to actively implement various CS improvement activities according to the characteristics of each office.

Example of CS Committee system



Hosting of CS lectures

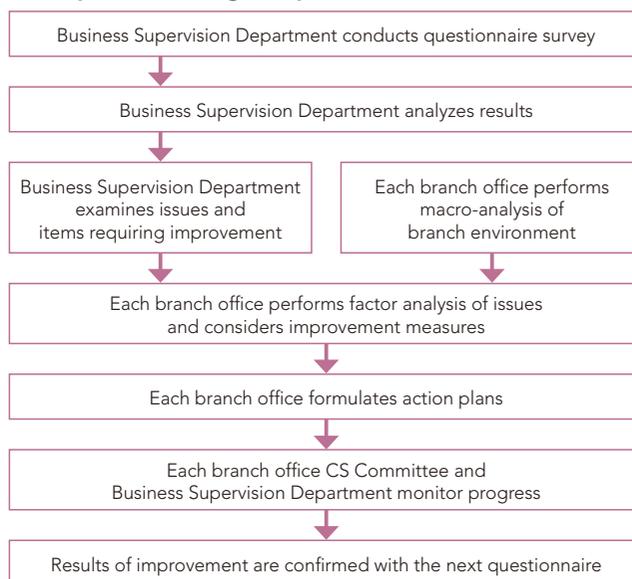
With the aim of learning how to provide high levels of service and hospitality to our clients, we endeavor to enhance the quality of our services and hospitality by hosting lectures for Group employees every year. We invite guest lecturers from

improvement activities based on the opinions of clients, improvement activities to address issues identified in client questionnaires, and by taking part in various training sessions and discussions.

Use of client questionnaires

SuMi TRUST Bank conducts CS questionnaires on both corporate and individual clients for each business. It utilizes the questionnaire results to identify issues in each business and subsequently implements initiatives that reflect activities for improving those issues into measures.

Example of utilizing CS questionnaire at each business



other industries to talk on topics such as the development of organizational and human resources, and communication. In fiscal 2019 we plan to hold lectures about client loyalty and corporate strategy (scheduled for February 2020).

Examples of initiatives to enhance awareness about becoming our clients' "best partner"

No.	Item	Description
1	Study sessions for improving CS awareness	The Customer Satisfaction Promotion Department visits each corporate management department, as well as head office and branches & departments for all businesses, to implement activities aimed at raising awareness about client and employee satisfaction through participation at CS Committee meetings and study sessions.
2	Training sessions	Training sessions for improving CS awareness, sharing complaints and VOC items, and business manners are held for newly appointed branch managers, new recruits, new corporate sales employees, and persons in charge of products or operations. All other employees are required to complete e-learning modules and attend CS lectures in order to enhance their awareness of CS.
3	Improving complaint management	Strengthening monitoring of complaints and improvement activities. Sharing VOC items to generate awareness of complaints and prevent occurrence.
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. Formulation and announcement of Voluntary Declaration of Consumer-Oriented (June 2019).
6	Discussing job satisfaction	Collaboration between Customer Satisfaction Promotion Department and Fiduciary Duties Planning and Promotion Department to organize job satisfaction discussions at branches and departments in order to hear opinions directly from the source.
7	Meetings for holders of concurrent positions	The Customer Satisfaction Promotion Department holds quarterly meetings with employees who manage concurrent CS roles in each business in order to share and discuss successful cases across businesses.

5. Initiatives to Link “Voice of Customers” to Enhanced Customer Satisfaction

SuMi TRUST Bank receives a lot of feedback from clients and many requests via branch offices throughout Japan as well as its telephone centers and the Group’s website, along with the “Customer Services Promotion Office”

“Voice of Customers Questionnaires” “Sumitomo Mitsui Trust Direct”, and uses this feedback to realize practice client-oriented business operations.

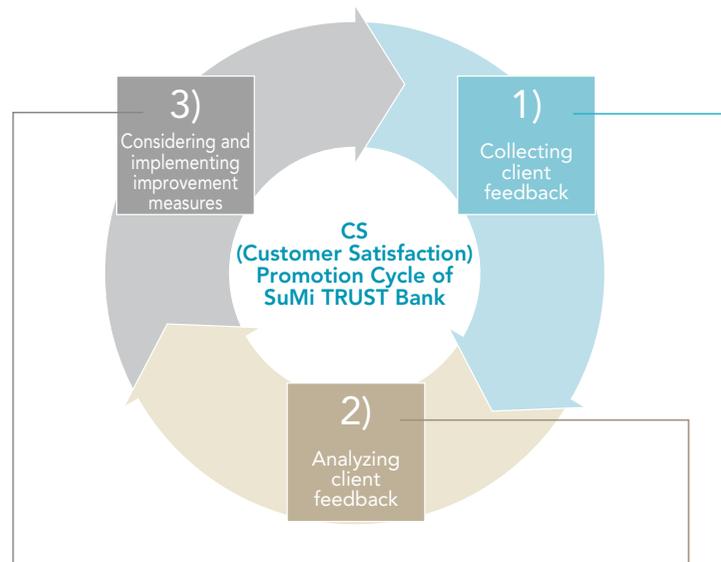
1) Collecting Client Feedback

SuMi TRUST Bank receives a lot of feedback from clients and many requests via branch offices throughout Japan through diverse channels such as telephone centers and the Group’s website as well as the “Voice of Customers Questionnaires” available at every branch. In fiscal year 2018, we appreciated upwards of 370,000 opinions and requests received through these channels.

In addition, we survey our clients’ assessment of satisfaction with SuMi TRUST Bank by conducting “Client Questionnaires” for about 1.5 million clients who have consummated contracts for time deposits, investment trusts, etc. with us, with the aim of further promoting client-oriented activities and improving customer satisfaction.

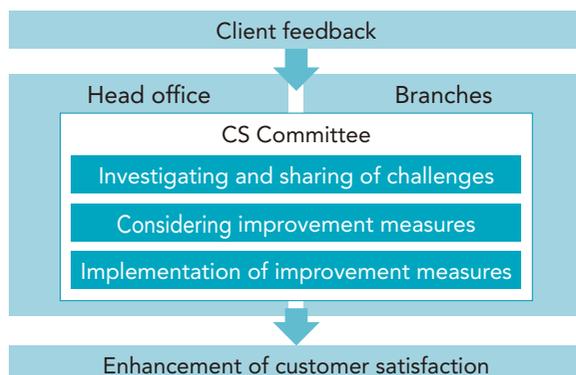
[Main Ways Hear from the Voice of Customers]

- 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



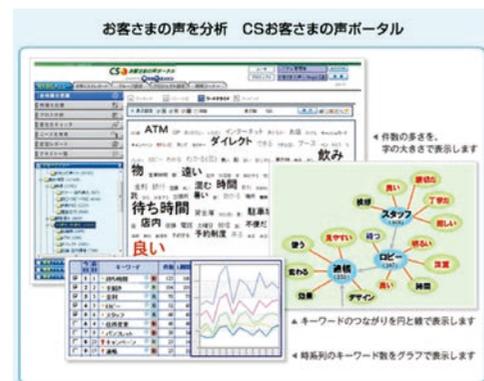
3) Considering and Implementing Improvement Measures

Regarding opinions and requests received from clients, branches and the head office cooperate in investigating and analyzing the causes and identifying problems. Based on the results, we look for improvement measures and strive 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.

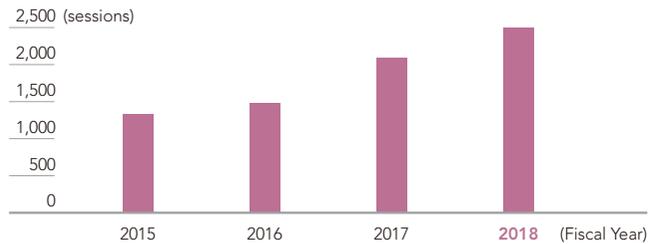


6. KPIs Concerning Initiatives Aimed at Becoming Our Clients' "Best Partner"

The SuMi TRUST Group regularly makes public indicators that allow confirmation of the status of initiatives aimed at becoming our clients' "Best Partner." These indicators are revised periodically as we promote and enhance these activities.

Initiatives for Improving Clients' Financial and Economic Education and Literacy

Number of Seminar Sessions Held



We are making efforts to hold seminars, such as the "Life Planning Seminar on Lifestyle and Money" and the "Inheritance Strategies Seminar," as opportunities to offer clients useful, specialized knowledge in an easy to understand manner.

Assisting Clients with Long-term Asset Formation

Ratio of Dividend Distribution* to Balance of Investment Trusts

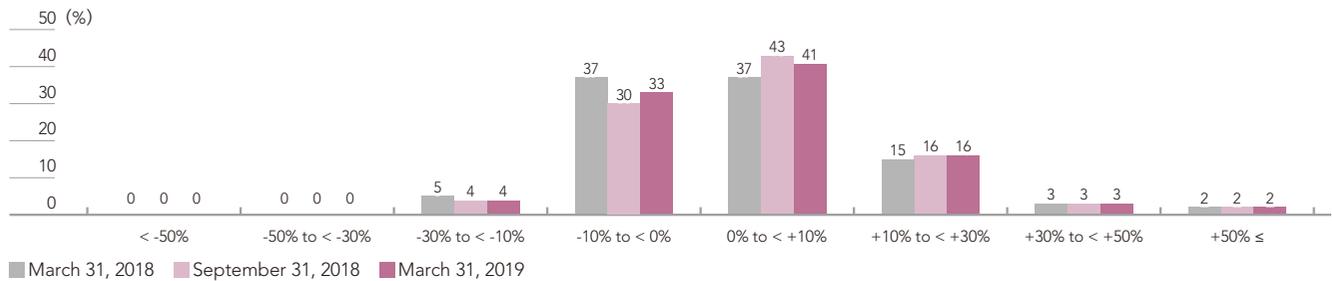


We propose products with low dividend frequency for clients' long-term asset formation needs. As a result, the ratio of dividend distribution to the balance of investment trusts is lower than the market average.

* Dividend distribution refers to dividends distributed by publicly offered investment trusts for which SuMi TRUST Bank is the sales company. The market average is calculated based on statistics published by The Investment Trusts Association, Japan.

Improving Investment Returns for Clients

Spread of Clients with Investment Trust Gains/losses, Including Realized Profit and Loss

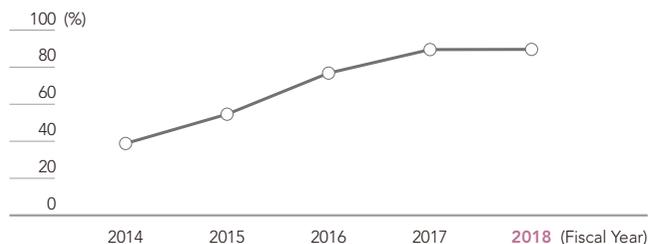


While investment gains/losses fluctuate depending on market trends and other factors, we make every effort to improve returns and realized profits/losses for our clients.

To this end, when proposing investment products to our clients, we emphasize 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 strive to maintain an ongoing dialogue with our clients.

Improvement of Value of Investee Companies

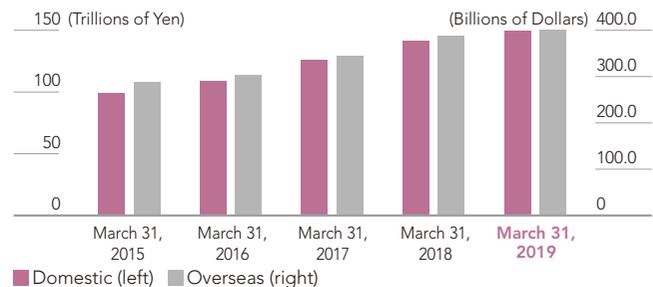
Ratio of Market Capitalization of Companies where Engagement is Implemented Compared to TOPIX Base Market Capitalization



We are enhancing our engagement activities ("purposeful dialogue" with investee companies, conducted to encourage improvement of corporate value and the sustainable growth of the investee company), both in terms of quality and quantity.

Group-wide Development of Asset Management and Asset Administration Business

Group Assets under Custody



Due to the maintenance and improvement of the solidity and swiftness of our asset administration services, as well as the increasing sophistication of our social infrastructure, including administration and systems, Group assets under custody is on an upward trend, both domestically and overseas.

Initiatives Related to Fiduciary Duties

1. Practicing Fiduciary Duties

The aim of the SuMi TRUST Group to be the “best partner” for clients is based on our client-oriented spirit. The Group has hitherto endeavored to be completely client-oriented given that a fiduciary spirit is essentially ingrained into our DNA. To this end, since we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (the “Policies”) in September 2016, we have continued to further strengthen our initiatives by revising the Policies whenever necessary.

We believe that the practice of fiduciary duties depends on “significant expertise” that our clients can rely on, “consulting practice” that offers clients optimal options according to their individual needs, and “stringent conflict of interest

management.” 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 refer to page 91 for enhancement of our conflict of interest management framework.)

The SuMi TRUST Group makes public indicators that allow confirmation of the status of initiatives and Key Performance Indicators (KPIs) aimed at becoming our clients’ “Best Partner,” in order to communicate the results of these initiatives in a simple manner. These indicators are revised each fiscal year, and include the common KPIs, which are common indicators comparable across investment trust distributors.

Promoting/Supervising Structure of the Group

	Organization	Initiatives		
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> Supervise Conflict of Interest management for the group, monitor FD* progress 	
	Executive Committee	Conflict of Interest Management Enhancement Committee	<ul style="list-style-type: none"> Discuss important cases Guide improvement to relevant departments 	
	SuMi TRUST Bank	Department in charge	Fiduciary Duties Planning and Promotion Dept.	<ul style="list-style-type: none"> Promote FD* within organization
			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"> Consult with external experts, Implement within company 	

*FD: Fiduciary duties

History of Promotion of Fiduciary Duties

2016	September	Established “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group”
	October	Established Fiduciary Duties Planning and Promotion Department (also set up at SuMi TRUST Bank)
		Established Fiduciary Duties Discussion Panel
2017	January	Established “Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations” at SuMi TRUST Bank
	April	Established Conflict of Interest Management Enhancement Committee (at both execution side and SuMi TRUST Bank)
	May	Revised Management Policy Concerning Conflicts of Interest
	June	Revised “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group”
		Published “Key Performance Indicators (KPIs) concerning Initiatives Aimed at Becoming Our Clients’ “Best Partner””
	July	Established Conflicts of Interest Committee as advisory body to the Board of Directors
2018	September	Published “Shared KPIs on Investment Trusts and Initiatives of Sumitomo Mitsui Trust Bank”
2019	June	Announcement of Voluntary Declaration of Consumer-Orientation

2. System for Promotion of Fiduciary Duties at the SuMi TRUST Group

The SuMi TRUST Group considers the promotion of client-oriented initiatives at SuMi TRUST Holdings and its subsidiaries based on the Policies to be one of its important management issues, and is putting in place a system to promote the practice and thorough implementation of fiduciary duties at SuMi TRUST Holdings and its subsidiaries, centered on the Fiduciary Duties Planning and Promotion Department that was newly established in October 2016.

Fiduciary Duties Planning and Promotion Department

To promote thorough adoption of practices ensuring fiduciary duties at SuMi TRUST Holdings and its subsidiaries, the Fiduciary Duties Planning and Promotion Department helps gather information and promote practices through the drafting of plans relating to improving conflict of interest management, along with provision of training, advice, and guidance to subsidiaries. The status of specific initiatives based on the Policies at subsidiaries is monitored and summarized regularly, and reported to the Board of Directors.

Subsidiaries

Subsidiaries falling within the scope of application of the Policies study and implement initiatives according to their respective areas of business operation.

Of our subsidiaries, SuMi TRUST Bank, Nikko Asset Management, Sumitomo Mitsui Trust Asset Management, and Japan Trustee Services Bank are engaged in the asset management, product development, sales and asset administration businesses that are the core of fiduciary duties, and have established and made public "specific initiatives" relating to fiduciary duties (hereinafter, the "action plans"). Progress updates on the action plans are reported regularly to their

respective Board of Directors, and the action plans shall be revised as necessary. Furthermore, Nikko Asset Management and Sumitomo Mitsui Trust Asset Management, as asset managers, make their respective KPIs publicly available.

Fiduciary Duties Discussion Panel

In order to further enhance the initiatives at our subsidiaries engaged in the business of asset management, product development, sales, or asset administration, the Group has established a Fiduciary Duties Discussion Panel (the "Discussion Panel") together with Sumitomo Mitsui Trust Bank, Nikko Asset Management, Sumitomo Mitsui Trust Asset Management, Japan Trustee Services Bank, and the Mutual Fund & Insurance Research Institute.

The Discussion Panel is composed of directors and executive officers as well as general managers responsible for promoting fiduciary duties at each of the aforementioned subsidiaries, with the Fiduciary Duties Planning and Promotion Department serving as secretariat. Each subsidiary reports on the matters listed below, shares their successful examples and discusses how to ensure practices that reflect fiduciary duties take root at each Group company.

- Status of compliance with the Policies regarding the Fiduciary Duties
- Successful examples from initiatives
- Initiatives relating to improvement in expertise
- Measures to promote advanced stewardship activities and successful examples
- Measures to promote advanced risk management and successful examples
- Appropriate coordination regarding product composition and sales of each company

Principles of Action Policies on Fiduciary Duties

(1) Implementation of a client-oriented consulting practice

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 position of our clients, which will change with their lifecycle, and their corresponding needs.

(2) Easily understandable provision of information

To assist in our clients' investment decisions, we will strive to provide explanations about product characteristics, risks, and fees, etc. in a manner understandable by clients, 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 cooperation and joint-development of products and services with a broad-range of asset management companies and insurance companies, etc.

(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 decisions and practices that are based on these Policies. Further, we will give thorough effect to our fiduciary duties by developing frameworks for performance evaluation and targets that value initiatives that contribute toward the implementation and penetration of client-oriented actions, and every one of our officers and employees will proceed with the establishment of a corporate culture with the aim of becoming our clients' "Best Partner."

(ii) Improvements to expertise in the area of support for client-oriented consulting, etc.

Through measures such as training of officers 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 quickly and accurately provide optimal and total solutions for our clients, whether they are individuals or corporate entities.

(6) Client comfort 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 comfort 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 formation, we will pursue activities in connection with improvement of financial education and literacy, etc., including life planning, by utilizing our know-how regarding investment education, etc. cultivated by experience with the defined contribution pension business, etc., and through our regular consulting activities and seminars, etc.

3. Enhancements to the Conflict of Interest Management Framework of the Entire Group

The Group makes publicly available an overview of its Management Policy Concerning Conflicts of Interest*1 (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.

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 10 meetings thus far (four annually). Furthermore, the Committee has recently been discussing what needs to be done following the abolishment of the FSA’s Inspection Manual for Trust and Banking Companies, as well as the soundness of conduct centering on conflict of interest management. The Committee publishes summaries of the proceedings*2 of its meetings on a regular basis.

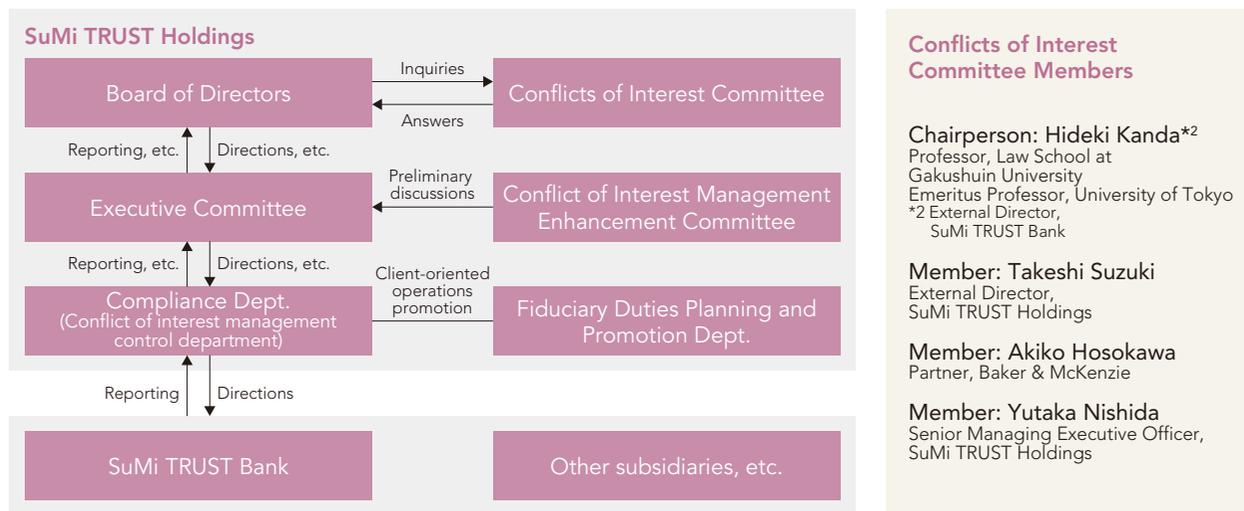
Guided by this framework, we have continued to implement measures*3 aimed at mainly preventing Group companies from wielding their influence over asset management firms and other entities within the Group and enhancing the independence of our asset management operations. As for investment trust and insurance products distributed through SuMi TRUST Bank, we are constantly striving to beef up our initiatives by, for example, establishing the Mutual Fund & Insurance Research Institute to externally evaluate the quality and sales structures of products and services so that clients within and outside the Group can access high-quality products and services that suit their needs.

*1 <https://www.smth.jp/coi/index.html>

*2 https://www.smth.jp/about_us/management/customer/index.html

*3 See our Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations via the link in note 1 above

Conflict of Interest Management System*1



*1 For roles and responsibilities of each management structure and main departments, please refer to page 89.

Conflicts of Interest Committee Members

Chairperson: Hideki Kanda*2
 Professor, Law School at Gakushuin University
 Emeritus Professor, University of Tokyo
 *2 External Director, SuMi TRUST Bank

Member: Takeshi Suzuki
 External Director, SuMi TRUST Holdings

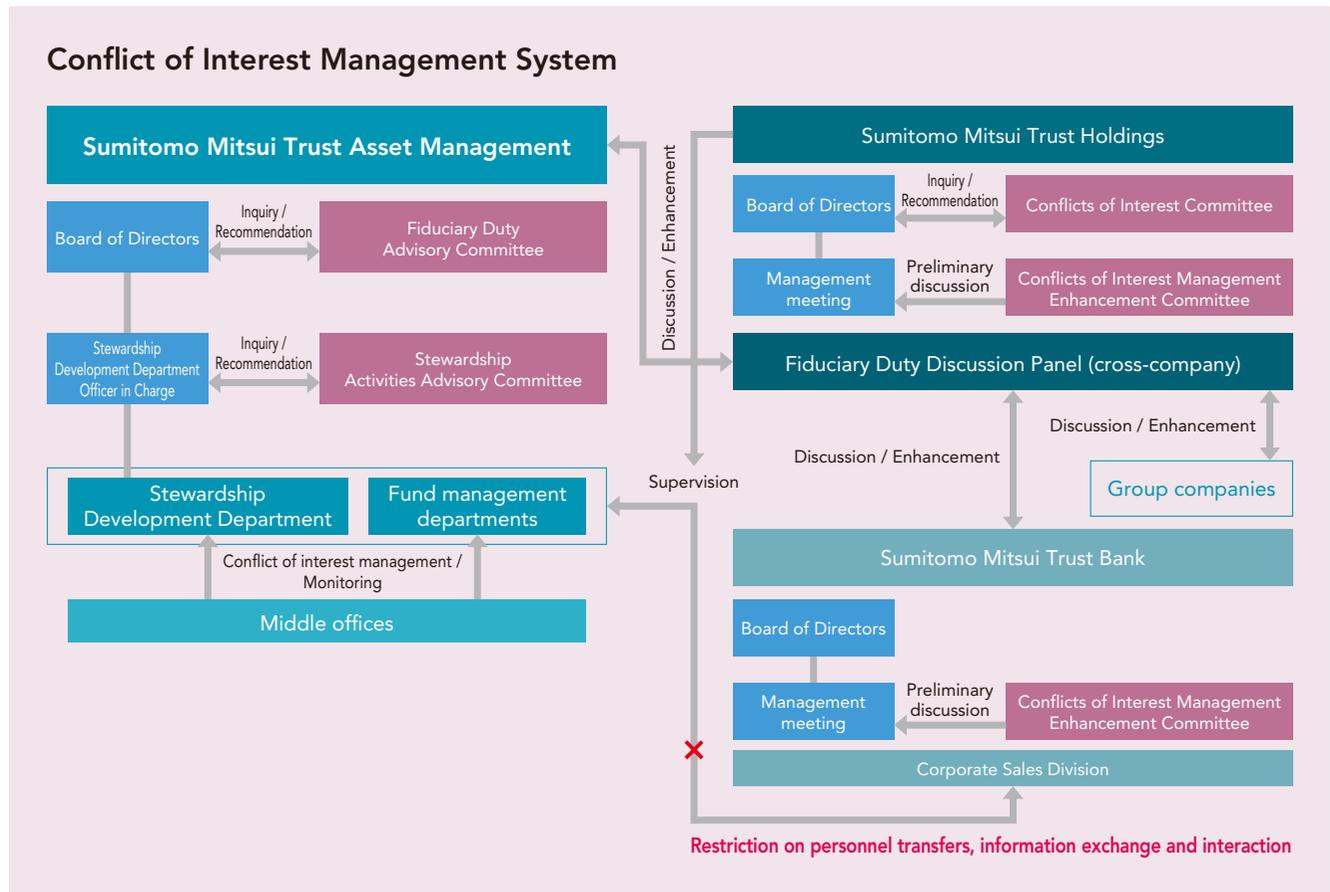
Member: Akiko Hosokawa
 Partner, Baker & McKenzie

Member: Yutaka Nishida
 Senior Managing Executive Officer, SuMi TRUST Holdings

4. Enhancement of Conflict of Interest Management Framework 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.



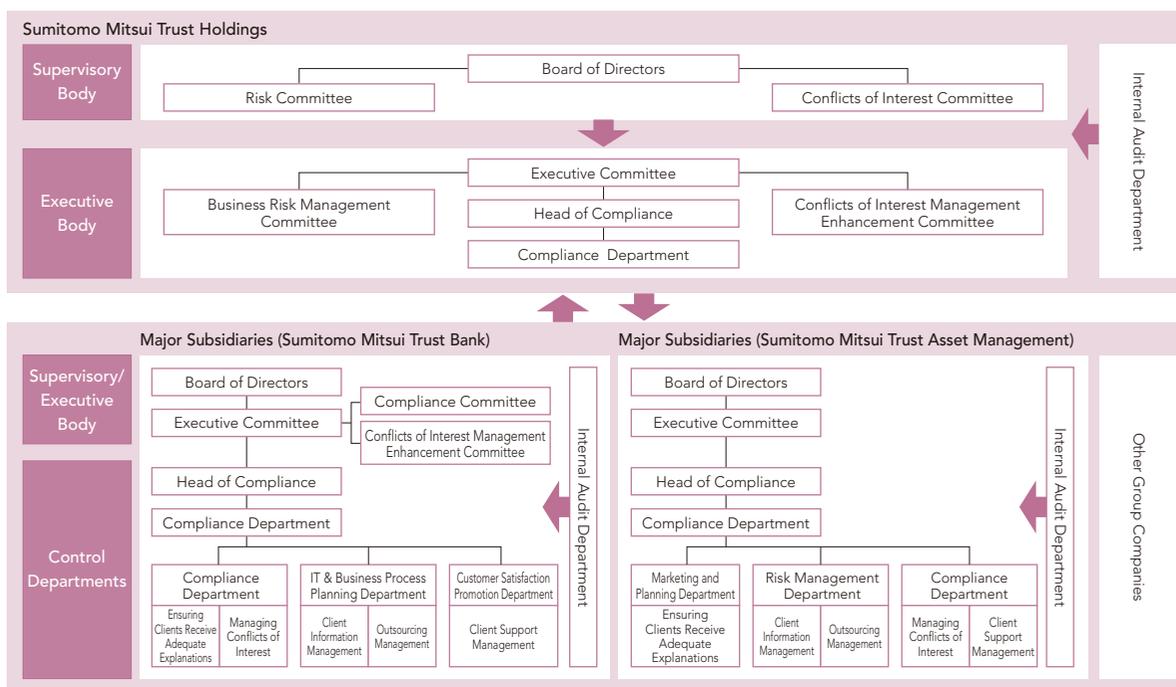
Client Protection Management

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 client protection management regulations (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.



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/about_us/management/customer/fiduciaryduty/

*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.

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 91 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 rules for outsourcing management 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 confirmations 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

The Group has established the Declaration for the Protection of Personal Information as a policy to securely protect the personal information of its clients. Furthermore, the Group manages client information appropriately, and when using client information jointly in the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

At SuMi TRUST Bank, IT & business process planning departments oversee client information management as units tasked with this responsibility based on information

security risk management rules with the aim of properly maintaining and managing the Group's information assets. These departments regularly evaluate the status and effectiveness of client information management execution and provide regular status reports to the Board of Directors, etc. At sales and head office departments, in addition to assigning general managers the responsibility of managing and administering information, general managers require all employees they supervise to submit written affirmation of their duty of confidentiality so all concerned clearly recognize they have a duty to keep important information, including personal data they come across while working, confidential.

Client Support Management

So as to properly respond to client inquiries, consultations, requests, complaints or disputes, we have established a basic policy in our Group's rules for supporting clients in an effort to improve operations and provide better services.

In addition, our Compliance Department and the Customer Satisfaction Promotion Department of our subsidiary bank work together to sincerely and quickly respond to complaints from our 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 reporting system

for complaints, regularly reporting to management, and analyzing the root causes of complaints with the use of our CS Voice of Customers Portal (see page 87). Other initiatives include the improvement of operations and services by trialing the use of the Net Promoter Score (NPS)* calculated from questionnaire results in order to reflect our clients' opinions and evaluations into our products and services.

In fiscal year 2018 SuMi TRUST Bank received a total of 7,929 complaints.

* A marketing metric for gauging customer loyalty.

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 the Group shall comply with the laws pertaining to the protection of personal information, laws concerning the use of numbers to identify a specific individual for public administration procedures (e.g., the "My Numbers Act), and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

The companies in the Group shall obtain personal information from clients, specific personal information, etc. only to the extent necessary for our operations and only through proper and legal means.

3. Purpose of Use

The companies in the Group shall notify or announce how the personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by laws and regulations, and shall not use it for any other purpose. With regards to specific personal information, use shall be limited to the scope stipulated in relevant laws and regulations.

4. Consignment

If the companies in the Group consign the handling of the personal information as well as specific personal information, then the consignee shall be properly supervised to promote safe management of personal information.

5. Offering to Third Parties

The companies in the 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 laws and regulations. However, if the companies in the Group provide a client's personal information consequent to

the succession of business in a merger or otherwise or if 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.

With regards to specific personal information, we shall not provide this to third parties irrespective of whether the person concerned has or has not consented, apart from cases where it is stipulated by laws concerning the use of numbers to identify a specific individual for public administration procedures.

6. Responding to Inquiries from Clients, etc.

The companies in the 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 specific personal information shall be handled quickly and accurately.

7. Safety Measures

The companies in the Group, in their approach to managing personal information and specific personal information, take appropriate safety measures in terms of their organizations, personnel affairs, and systems to manage personal information so as to prevent leaks etc. and have put into place a framework of responsibility necessary to protect personal information.

8. Continuous Improvement

The companies in the Group continually review and strive to improve the compliance program for protecting personal information. All executives and employees are trained to understand the importance of protecting personal information and to appropriately handle personal information and specific personal information.



Sustainability Policy 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.



Corporate Governance

As Japan's only financial group specialized in trust banking, the SuMi TRUST Group is enhancing its corporate governance system in line with its business model.

When changing into a "company with Three Committees" in June 2017, in addition to the statutory committees required by the Companies Act, SuMi TRUST Holdings established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies to the Board of Directors. Furthermore, an external director serves as chairman of the Board of Directors, in order to increase the Group's management transparency.



1. Basic Initiative Policy

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 following basic philosophy, 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 Board of Directors sets out and discloses the SuMi TRUST Group's 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 SuMi TRUST 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.

2. 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, Nikko Asset Management, JTC Holdings, and Sumitomo Mitsui Trust Research Institute, etc. 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. In addition, in order 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 further enhances the SuMi TRUST Group's corporate governance.

3. Board of Directors

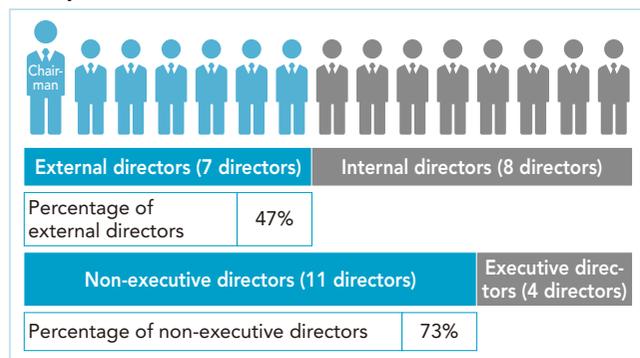
(1) Roles of the Board of Directors

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. Thus, with the exception of matters that are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers, and supervises the execution of business by executive officers, etc. Meanwhile, the Board of Directors provides and improves an environment in which external directors may properly supervise the execution of duties by the Board of Directors and the top management, as well as any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc. from the standpoint of stakeholders, in order to support sustainable growth and the medium-to long-term enhancement of the enterprise value of the SuMi TRUST Group. In light of the importance of environmental and social issues related to sustainability, the Board of Directors prescribes a basic policy regarding 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. Furthermore, the Board of Directors establishes policies regarding the provision of products and services suitable for the true benefit of our clients (the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group"), acts to ensure client comfort and satisfaction by sharing our "client-orientation" policy within the SuMi TRUST Group, and promotes the practice of fiduciary duties in the SuMi TRUST Group by supervising each Group company's commitment to its fiduciary duties.

(2) Composition of the Board of Directors

The Board of Directors of SuMi TRUST Holdings is comprised of no more than 20 directors, which is the number of directors prescribed in the Articles of Incorporation, and includes the number of directors that is necessary and appropriate to provide an effective supervisory system required of a financial holding company that serves the corporate management function of the SuMi TRUST Group. Due

Composition of the Board of Directors



- All seven external directors have been registered as independent officers with the relevant financial instruments exchange.
- Breakdown of 15 directors: 14 men, 1 woman
- The Board of Directors met 16 times from December 1, 2018 to November 30, 2019. Only one director was absent once.



consideration is also given to ensuring the diversity and expertise of the Board of Directors.

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, SuMi TRUST Holdings takes into consideration, among other factors, a balance between individuals who are capable of exerting strength in the management of specific business fields, and individuals who are suitable for corporate management. SuMi TRUST Holdings strives to secure a board that is, as a whole, sufficiently balanced and diverse in terms of knowledge, experience, and capability to properly supervise the wide range of business fields in which SuMi TRUST Holdings has dealings, as a trust bank group.

(3) External Director Serving as Chairman of the Board of Directors

While a "company with Three Committees" is, in principle, able to delegate important business execution decisions to executive officers, the Board of Directors is required to exercise a greater supervisory function. In light of the role expected of the Board of Directors, SuMi TRUST Holdings has appointed Mr. Isao Matsushita, an external director, as chairman of the Board of Directors.

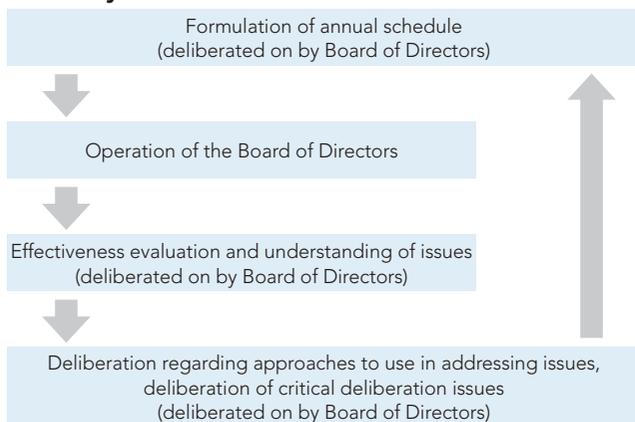
In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization that assists the chairman in fulfilling his duties, thereby providing information for use in the selection of agendas for Board of Directors meetings, and offering assistance regarding matters such as the clarification of points related to the agendas of Board of Directors meetings.



(4) Results of the FY2018 Evaluation of the Board of Directors

SuMi TRUST Holdings conducts an annual evaluation of the effectiveness of the Board of Directors as a whole (the “Evaluation of the Board of Directors”), and reviews and implements remedial measures for the challenges it recognizes, thereby implementing a PDCA cycle to improve the effectiveness of the Board of Directors. The key points of the FY2018 Evaluation of the Board of Directors are as indicated below.

PDCA Cycle



■ FY2018 Key Evaluation Points of the Board of Directors

- (1) Implementation of multifaceted evaluations, including a self-evaluation by the Board of Directors and each committee’s self-evaluation, as well as the Board of Directors’ evaluation of each committee and executive officers’ evaluations of the Board of Directors
- (2) Implementation of third-party evaluations through questionnaires and interviews with directors by external experts
- (3) Confirmation of some degree of effectiveness through self-evaluations based on third-party evaluations; recognition of future issues
- (4) Exchanges of opinions at the external directors’ meeting regarding the results of the evaluation of the Board of Directors

FY2018 Implementation Schedule for the Evaluation of the Board of Directors

Month and Year	Evaluation Process
January-February 2019	Conducted questionnaires on directors, executive officers, and members of each committee (including external committee members other than directors. Same hereinafter)
February-March	External experts conducted interviews with directors
April	The board of directors deliberated the results of the evaluation of the board of directors Exchanges of opinions by external directors at the External Directors Meeting
May	Areas of greater focus for future deliberations were discussed by the board of directors
June	Additional matters for consultation for each committee were prepared An annual deliberation schedule for the board of directors was prepared

■ Measures to Address FY2017 Challenges

Based on the efforts for tackling challenges in fiscal year 2017, described below, the FY2018 Evaluation of the Board of Directors checked the status of improvements for each challenge, and confirmed that the conditions had improved for all challenges, compared with conditions in fiscal year 2017.

- (1) **Refinement of the infrastructure for operation of the Board of Directors to contribute to efficient and enhanced deliberation**
 - With regard to the topics to be deliberated on in greater depth by the Board of Directors, an annual deliberation schedule was formulated, and the topics were discussed by the Board of Directors. Appropriate deliberation opportunities were provided to the Board of Directors and committees.
 - Board of Directors materials were improved with an eye toward monitoring by the Board of Directors.
- (2) **Further demonstration of supervisory functions over management matters important for promotion of the midterm management plan**
 - From a supervisory perspective, management priority issues and medium- to long-term themes were selected as “management themes” and deliberated on in-depth by the Board of Directors.
 - Progress in the deliberation of risk appetite framework ideals, based on the trust bank group business model, was confirmed.
- (3) **Enhancement of coordination between the Board of Directors and each committee with a view toward ensuring the further demonstration of their functions**
 - Through deliberations by the Board of Directors, processes were introduced for clarifying the advisory issues of each committee for fiscal year 2018.

■ Results of the FY2018 Evaluation of the Board of Directors and Future Measures

Through the FY2018 Evaluation of the Board of Directors, SuMi TRUST Holdings concluded that the Board of Directors and each committee had been operated with a sense of their own purpose, in an effort to invigorate deliberation and enhance objectivity and transparency, and that they had maintained a certain level of effectiveness.

On the other hand, through the Evaluation of the Board of Directors, SuMi TRUST Holdings identified the following three challenges as requiring improvement and enhancement by the Board of Directors and each committee, and is working continuously to address these issues.

- (1) **Enrichment of discussions of medium- to long-term management challenges and strategies, including formulation of the next midterm management plan**
- (2) **Enhancement of monitoring aimed at improvement of group governance**
- (3) **Enhancement of framework that supports the operation of the Board of Directors**

In its pursuit of sustainable growth and the medium- to long-term enhancement of enterprise value, SuMi TRUST Holdings is committed to further enhancing the effectiveness of the Board of Directors and each committee, by continuously implementing the PDCA cycle through the Evaluation of the Board of Directors.

4. Committees

In order to ensure the effectiveness of its corporate governance system and further enhance the soundness and reliability of its business model and the transparency of its management of the SuMi TRUST Group, SuMi TRUST Holdings has established the Risk Committee and the Conflicts of Interest Committee as advisory bodies to the Board of Directors, in addition to the Nominating Committee, the Compensation Committee, and the Audit Committee, the establishment of which is required under the Companies Act. Independent external directors participate in the Risk Committee and the Conflicts of Interest Committee.

As a financial group specialized in trust banking, we have established the Conflicts of Interest Committee, which has supervisory functions unparalleled in other financial groups.

(1) Nominating Committee

The Nominating Committee determines the content of proposals regarding the election and dismissal of directors to be submitted to the General Meeting of Shareholders, receives requests for consultation regarding the election and dismissal of executive officers including the President, as well as the succession plan for the management team from the Board of Directors, and deliberates and makes reports on these matters. It also receives requests for consultation regarding the election and dismissal of directors from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui

Trust Asset Management, and deliberates and makes reports regarding these matters. The Nominating Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Nominating Committee is selected from the pool of committee members who are independent external directors.

(2) Compensation Committee

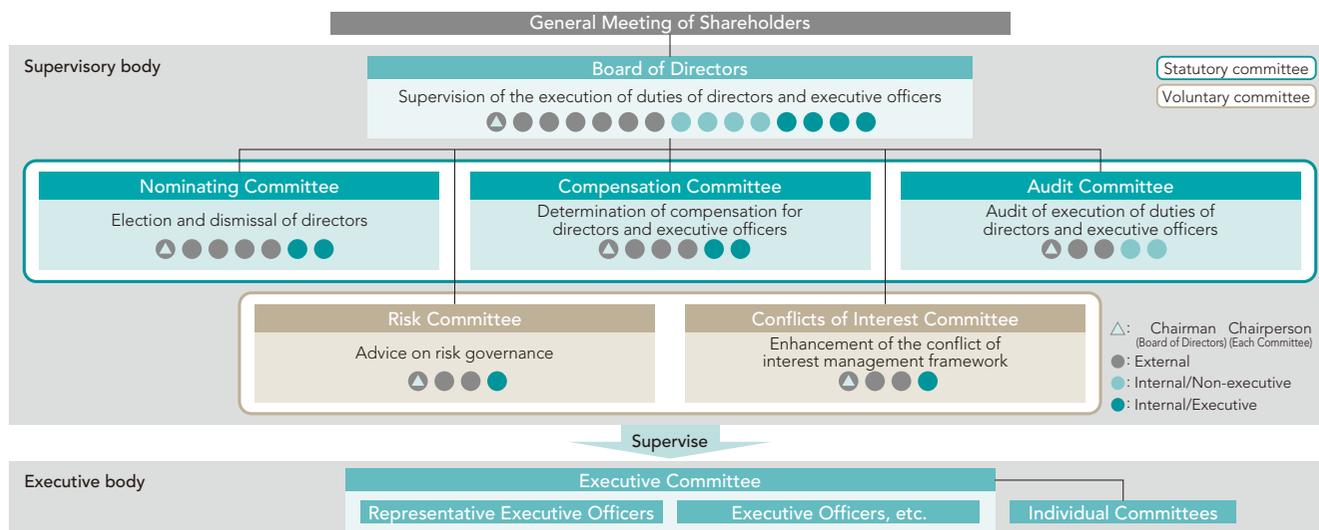
The Compensation Committee prescribes policy regarding decisions on the content of compensation for individual executive officers and directors, and determines the content of compensation for individual executive officers and directors, in accordance with this policy. It receives requests for consultation regarding policies on decisions on the content of compensation for individual directors, etc. from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, and deliberates and makes reports on these matters. The Compensation Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Compensation Committee is selected from the pool of committee members who are independent external directors.

(3) Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors, and prepares audit reports.

Committee Activities	Nominating Committee	Compensation Committee
June 27 to November 30, 2019	Held 5 times 100% attendance	Held 5 times 100% attendance
	<ul style="list-style-type: none"> Partially revised the succession plan (human resource development plan for successors to top management) Confirmed succession plans for major posts (general managers, etc.) Checked implementation of training for newly-appointed executive officers Quarterly report on the Committee's activities to the Board of Directors 	<ul style="list-style-type: none"> Revised stock compensation system (from stock compensation-type stock options to share delivery trust) Considered and discussed issues related to the compensation system for directors and officers Quarterly report on the Committee's activities to the Board of Directors

Corporate Governance System



It determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusals to reappoint a financial auditor that are submitted to the General Meeting of Shareholders.

In order to fulfill its role and responsibilities, the Audit Committee appropriately exercises its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It appropriately utilizes the internal control system of the SuMi TRUST Group, and systematically and efficiently conducts audits by receiving reports from executive officers, directors, and a financial auditor, and through communications with these individuals. The Audit Committee consists of three or more directors who do not concurrently serve as executive officers, and a majority of its members are independent external directors. The chairperson of the Audit Committee is selected from the pool of committee members who are independent external directors.

(4) Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding the SuMi TRUST Group, top risks, and materiality, and (ii) matters concerning the operation of its risk appetite framework, risk management, and monitoring of the effectiveness of the internal control system related to compliance management of the SuMi TRUST Group, and reviews

and reports on their appropriateness. In principle, a majority of the members of the Risk Committee are independent external directors and external experts. The chairperson of the Risk Committee is selected from the pool of committee members who are independent external directors.

(5) Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on (i) matters concerning the validity of the conflict of interest management framework of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of the SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of the SuMi TRUST Group and the action plans, etc. of each Group company, (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and reviews and reports on their appropriateness. In principle, a majority of the members of the Conflicts of Interest Committee are independent external directors and external experts. The chairperson of the Conflicts of Interest Committee is selected from the pool of committee members who are independent external directors or external experts with professional knowledge and expertise in the concerned field.

Audit Committee	Held 8 times 100% attendance	Risk Committee	Held 3 times 100% attendance	Conflicts of Interest Committee	Held 2 times 100% attendance
<ul style="list-style-type: none"> Carried out organization auditing (audits utilizing the internal control system). Conducted systematic and efficient audits through appropriate collaboration with executive officers, directors, the Internal Audit Department, and accounting auditor, etc. Audit activities reported to the Board of Directors quarterly, focusing on important audit matters including audit instructions from the Board 		<ul style="list-style-type: none"> Discussed topics such as the risk appetite framework (RAF), based on business models Evaluated external environment assumptions on which the midterm management plan is based, and the Group's recognition of important risk situations Evaluated and provided guidance on restructuring and liquidation procedure plans formulated as a D-SIB 		<ul style="list-style-type: none"> With the aim of enhancing fiduciary duties, discussed topics such as ways to enhance our communication both internally and externally Discussed improvements to the conflict of interest management framework based on domestic and overseas trends 	

Members of Committees

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

			Nominating	Compensation	Audit	Risk	Conflicts of Interest	
External	Directors	Isao Matsushita	▲	●				
		Takeshi Suzuki	●	●		●	●	
		Mikio Araki	●	●		▲		
		Shinichi Saito	●		▲			
		Takashi Yoshida			●			
		Hiroko Kawamoto	●	▲				
		Mitsuhiro Aso			●			
	Experts	Hideki Kanda*						▲
		Haruyuki Toyama*					●	
Akiko Hosokawa*							●	
Internal		Tetsuo Ohkubo	●	●				
		Masaru Hashimoto	●	●				
		Yutaka Nishida				●	●	
		Kuniyuki Shudo			●			
		Kouji Tanaka			●			

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank. Mr. Haruyuki Toyama and Ms. Akiko Hosokawa are external experts.

5. Compensation System for Directors and Executive Officers

(1) Policy Regarding Decisions on the Content of Compensation

- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and expansion of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, we are building a compensation system with a balance of near-term incentives and medium- to long-term incentives, with rewards based on a comprehensive evaluation that reflects earnings contributions over the medium to long term.
- We accurately assess the roles that directors and executive officers of SuMi TRUST Holdings must perform in corporate management, as well as the results of their efforts, in order for them to adequately discharge their supervisory duties over the Group companies, and determine individual compensation based on highly transparent, fair, and objective evaluations.

- The Compensation Committee forges deeper collaborations with committees in order to build a higher accountability compensation system, and engages in deliberations with the aim of operating a fair and balanced compensation system.
- Neither internal nor external committee members participate in decisions regarding their own compensation.

(2) Overview of the Compensation System

In principle, in fiscal year 2018, a combination of monthly compensation (fixed compensation and individual performance compensation), executive bonuses, and stock-compensation-type stock options was paid.

In fiscal year 2019, a system was introduced that combines a share delivery trust, the content of which includes assessments of ESG related activities and scores from evaluation agencies, as well as assessments of fiduciary duties and customer satisfaction (CS) related activities.

(Please check our website for further details:
https://www.smoth.jp/about_us/management/governance/pdf/191108.pdf)

FY2018 Compensation ratio*1	Approx. 40%	Approx. 30%	Approx. 15%	Approx. 15%
Compensation type	Fixed compensation portion of monthly compensation	Individual performance compensation portion of monthly compensation*2	Company performance-linked bonus	Stock-compensation-type stock options
Payment standard	<ul style="list-style-type: none"> • Paid based on position, etc. 	<ul style="list-style-type: none"> • Evaluation for previous fiscal year • Medium- to long-term performance contributions • Medium- to long-term activity status • Qualitative assessment of capabilities, etc. 	<ul style="list-style-type: none"> • Consolidated net business profit before credit costs • Consolidated net income 	<ul style="list-style-type: none"> • Single fiscal year performance • Stock price • Other management environment, etc.

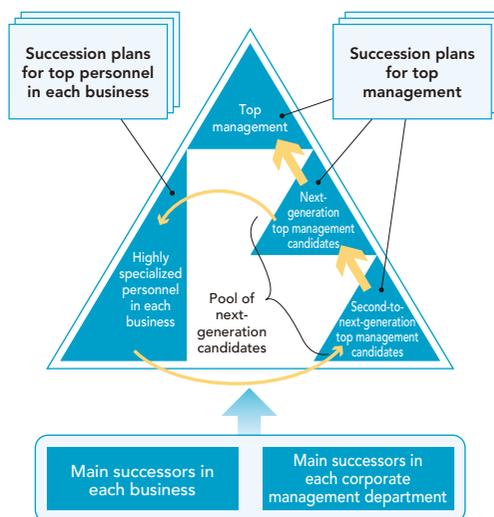
*1 For the President (also applies to table's content)
 *2 Ranging between 70% and 160% of the standard amount

6. Succession Plan

In order to realize the sustainable growth of the Group and enhance its enterprise value, the Group has created succession plans for the top management of SuMi TRUST Holdings and its major subsidiaries, SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management. We have also created management personnel development plans for the personnel that will be responsible for the management of each business and corporate management.

These plans define the ideals and requirements of directors and executive officers, and assist with the management and development of a pool of candidates that meet these ideals and requirements.

The status of the progress of succession plans and management personnel development plans is reported regularly to the Nominating Committee, which reports to the Board of Directors.



7. Changes to the Institutional Design of Group Companies

In order to enhance the SuMi TRUST Group’s corporate governance system, three primary Group companies of SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management, have changed from a “company with a Board of Corporate Auditors” to a Company with an Audit and Supervisory Committee.

Furthermore, Nikko Asset Management has changed from being a directly owned subsidiary of SuMi TRUST Bank to being a directly owned subsidiary of SuMi TRUST Holdings. In doing so, it aims to further promote the Group’s asset management business while enhancing corporate governance, such as efficient and appropriate management of conflicts of interest within the Group.

Changes to the Institutional Design of Group Companies/Transfers within the Group

June 2017	SuMi TRUST Holdings became a “company with Three Committees”
October 2018	Sumitomo Mitsui Trust Asset Management became a Company with an Audit and Supervisory Committee
June 2019	SuMi TRUST Bank and Nikko Asset Management became a Company with an Audit and Supervisory Committee
July 2019	Nikko Asset Management became a directly owned subsidiary of SuMi TRUST Holdings

8. Management Themes for Enriching Agendas at Board of Directors Meetings

The Board of Directors supervises the status of the execution of duties by executive officers, etc., defines basic management policy, and selects business models and makes decisions regarding risk-taking by formulating a management plan.

In order to thoroughly play this role, the Board of Directors of SuMi TRUST Holdings selects management themes, consisting of legal and regulatory requirements, priority management issues, and medium- to long-term themes, and discusses these themes in the Board of Directors meetings.

In addition to directors of SuMi TRUST Holdings, external directors of SuMi TRUST Bank also participate as observers in discussions regarding these management themes. Discussions are conducted freely, without any obligation

to reach conclusions. The perspectives and expertise of external directors are leveraged in order to enrich the agendas at Board of Directors meetings.

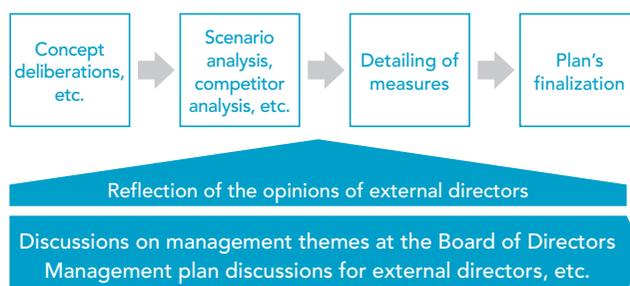
Past Management Themes

December 2018	Utilization of trust functions to address social and economic issues
May 2019	Next midterm management plan
July	(Next midterm management plan)
September	Materiality review (Next midterm management plan)
November	Next midterm management plan

* Items in parentheses were not listed as management themes but were discussed by giving more time following the management theme

9. Early Stage Participation in the Midterm Management Plan Formulation Process

Fiscal year 2019 is the final year of the current midterm management plan. Full-fledged discussions were carried out with the aim of formulating the next midterm management plan, to begin in fiscal year 2020. In formulating the plan, management themes were discussed at the Board of Directors from the early stages of deliberation regarding its concepts. In addition, management plan discussions were carried out by external directors outside of Board of Directors meetings. These discussions leveraged the expertise of external directors.



10. External Directors’ Meetings

In order to further improve the effectiveness of our corporate governance, we regularly hold external directors’ meetings, which are only attended by external directors.

These external directors engage in discussions that

are active and unrestrained, sharing information and awareness from independent and objective positions. These meetings contribute to the greater objectivity and independence of the Board of Directors.

11. Dialog between External Directors and Investors

In December 2018, we held “SuMi TRUST IR Day,” at which external director Mr. Shinichi Saito, who serves as chairperson of Audit Committee, provided an explanation of our corporate governance initiatives and conducted a Q&A session with the investors in attendance.



12. Regarding Cross-Shareholdings

Policies Regarding Cross-Shareholdings

The SuMi TRUST Group shall not acquire and hold the shares, etc. of business counterparties, etc. (the “Cross-Shareholding Shares”), except in the case where it is deemed that such acquisitions and holdings will contribute to medium-to-long term enhancement of the corporate value of the SuMi TRUST Group, from the perspective of, among other things, establishing a stable transactional relationship over the long term or a business alliance, or facilitating or reinforcing collaborative business development with business counterparties, in principle.

Regarding individual Cross-Shareholding Shares, at a Board of Directors meeting, SuMi TRUST Holdings shall examine the relationship between the benefits/risks of holding the shares and capital cost and verify the suitability of holding them, etc., taking into account the aspect of maintaining and enhancing the overall relationship with business counterparties.

In principle, the SuMi TRUST Group shall sell the Cross-Shareholding Shares in cases where the significance and rationality of holding them is not observed, after taking into consideration various factors, including the impact of selling the shares on the stock market.

Standards for Voting on Cross-Shareholding Shares

SuMi TRUST Holdings and SuMi TRUST Bank, which is a core subsidiary of SuMi TRUST Holdings, shall decide to

vote for or against each resolution and exercise voting rights pertaining to the Cross-Shareholding Shares (the “Voting Rights”), after comprehensively taking into consideration the business conditions, etc. of the issuer of the Cross-Shareholding Shares (the “Issuer”), as well as the impact on sustainable growth and medium-to-long term enhancement of the corporate value of the issuer and the SuMi TRUST Group.

In the case where special attention is required in exercising voting rights due to such things as a long-term slump in business performance, organizational restructuring, or the occurrence of significant compliance violations, etc., of the issuer, SuMi TRUST Holdings or SuMi TRUST Bank shall, through a variety of methods including engaging in dialogue with the issuer, collect sufficient information and make a decision in favor for or against each agenda item, paying particular attention to the following: appropriation of retained earnings, appointment of directors and corporate auditors, retirement allowance to corporate auditors, etc., organizational restructuring, and management buyout, etc.

In the case that there is a risk of conflicts of interest upon the exercise of voting rights, SuMi TRUST Holdings and SuMi TRUST Bank shall properly deal with the risk pursuant to the Management Policy Concerning Conflicts of Interest prescribed separately.

13. Measures for Protection of Stakeholders’ Interests

Management System of Related Party Transactions

When SuMi TRUST Group engages in transactions with its officers or major shareholders, etc., the transactions shall be referred to the Board of Directors for prior approval, in order to ensure that such transactions do not harm, among other interests, the interests of SuMi TRUST Group or the common interests of its shareholders, except where the trading terms are obviously equivalent to those of general transactions.

Management System of Transactions Involving Conflict of Interest with Customers in SuMi TRUST Group’s Business Operations

SuMi TRUST Group shall separately prescribe the Management Policy Concerning Conflicts of Interest (the “Management Policy”) pursuant to laws, etc., in order to ensure that none of the various services provided by each group company and its related parties unfairly harm the interests of its customers. Pursuant to the Management Policy, SuMi TRUST Group shall appropriately manage transactions that may give rise to a conflict of interest, and shall properly implement its business operations.

Compliance Hotline System

In order to promptly and appropriately respond to any serious violation of laws/regulations and internal rules or to acts that likely constitute such violation, SuMi TRUST Group has established a compliance hotline system 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. 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 the investigation. In addition, 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.

Furthermore, 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.

The approach taken for the compliance hotline system is also taken for the accounting hotline system for the reporting of the Group's inappropriate accounting, etc. SuMi TRUST Holdings conducts activities to raise the awareness of subsidiaries, etc. as well as discloses the contact points for whistleblowers on its website.

(See our website for more information:

https://www.smth.jp/about_us/management/compliance/index.html)

14. Internal Control

An internal control system is designed to prevent the occurrence of misconduct by putting various mechanisms and rules into place for the purpose of conducting sound management in a company. Basically, there are four objectives: (1) effectiveness and efficiency of operations, (2) reliability of financial reporting, (3) compliance with laws and ordinances concerning business activities, and (4) safeguarding of assets. Through development and operation of its internal control system, a company can attain these objectives.

To attain the aforementioned objectives, the Board of Directors has determined the Basic Policy on the Internal Control System so the Group can attain the aforementioned objectives. The basic policy pertains to the following: (1) the compliance system (ensures compliance with laws, regulations, etc.); (2) the risk management system; (3) the business execution system; (4) the system to ensure management transparency; (5) the management



system to ensure appropriateness of Group operations; (6) the information storage and management system; (7) the internal audit system; and (8) the system for audit committee's audits.

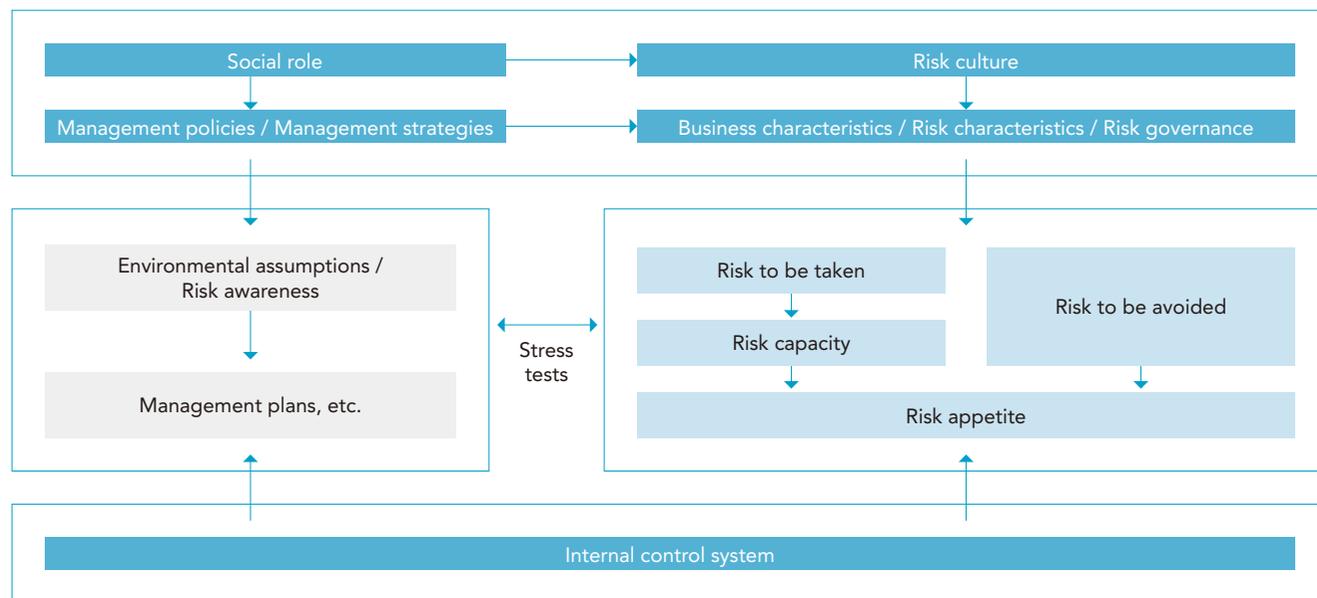
15. Risk Appetite Framework

(1) Positioning of the Risk Appetite Framework

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 the management strategies formulated by management based on the Group's social role and management principles, together with the internal control system underpinning that process.

The Group's RAF aims primarily to strengthen profitability and enhance risk management, and promote the enhancement of the transparency of deliberation and determination process for the overall risk taking policy in capital allocation and profit maximization, etc. through the setting, communication, and oversight of risk appetite, as well as the optimization and speed-up of allocation of management resources and reinforce the monitoring system through the use of RAF as the universal language of the Group.

Outline of the Risk Appetite Framework



(2) Operation of Risk Appetite

Determining Risk Appetite

The Group classifies risks into two categories: (1) risk to be taken (that occurs in relation to activities that generate returns) and (2) risk to be avoided (such as conduct risk that cannot be tolerated by the Group).

Under RAF, the Group establishes a risk-taking policy, which is an overriding management policy based on its Mission, Vision, and Value, and sets risk appetite indicators to be resolved by the Board of Directors. In addition, the Group sets more in-depth risk-taking policy and risk appetite indicators by business within the scope of policy set by the Board of Directors, which will be resolved by the Management Committee.

The risk-taking policy and risk appetite indicators are determined in accordance with the management plan. These are reviewed at any time at least once a year or when necessary.

Monitoring of Risk Appetite

In order to verify that risk taking is carried out appropriately based on its business model, the Group sets separate risk appetite indicators from the perspective of return, risk, and cost, and monitors them regularly. If the indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or revises the levels.

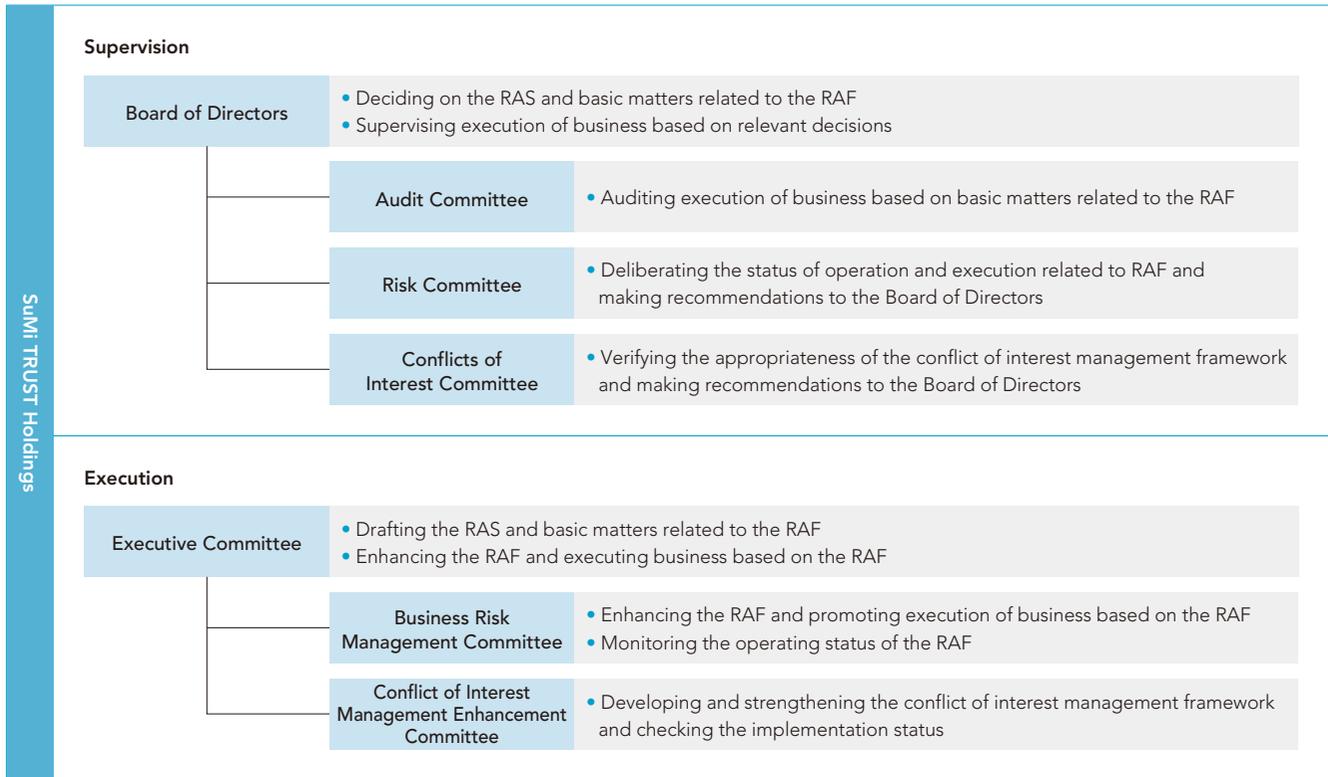
Risk Governance

Risk governance, which forms a part of corporate governance, is a framework for identifying, measuring, managing, and controlling risks, as well as ensuring appropriate risk taking, by clarifying and monitoring risk appetite.

The Group promotes the enhancement of risk governance, with the aim of achieving the sound development of the Group.

SuMi TRUST Holdings strives to enhance the operation of risk appetite through discussions at the Risk Committee and the Conflicts of Interest Committee, etc. as part of its initiatives to enhance corporate governance.

Risk Appetite Framework Operating System



(3) Fostering a Risk Culture that Takes Root across the SuMi TRUST Group

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group’s organizations, as well as its directors, officers and employees, that flexibly carry out 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 that takes root across

the Group, we have formulated risk-taking policies for each business to clarify management strategies, and are endeavoring to have all its employees secure soundness through appropriate risk taking and develop a sustainable business model. In addition, we have formulated a Risk Appetite Statement clearly stating our RAF, which is used as a universal language in lively discussions concerning risk appetite within the Group.

16. Internal Auditing

(1) Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business

execution system and the internal management system, SuMi TRUST Holdings and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

(2) Internal Auditing Implementation System

(1) SuMi TRUST Holdings

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

2) Functions and Roles

The Internal Audit Department formulates an internal audit plan, taking into account the basic policy on internal audits, which dictates the direction to be taken in the development of the SuMi TRUST Group's internal auditing system, as well as significant group-wide risks. After receiving the consent of the Audit Committee, the plan is approved by the Board of Directors. The Internal Audit Department reports the results of the internal audit, without delay to the President and the Audit Committee, while also analyzing the internal audit results, including those for Group companies, and reporting regularly to the Board of Directors.

In addition, the Internal Audit Department, as the department supervising the Group's internal auditing,

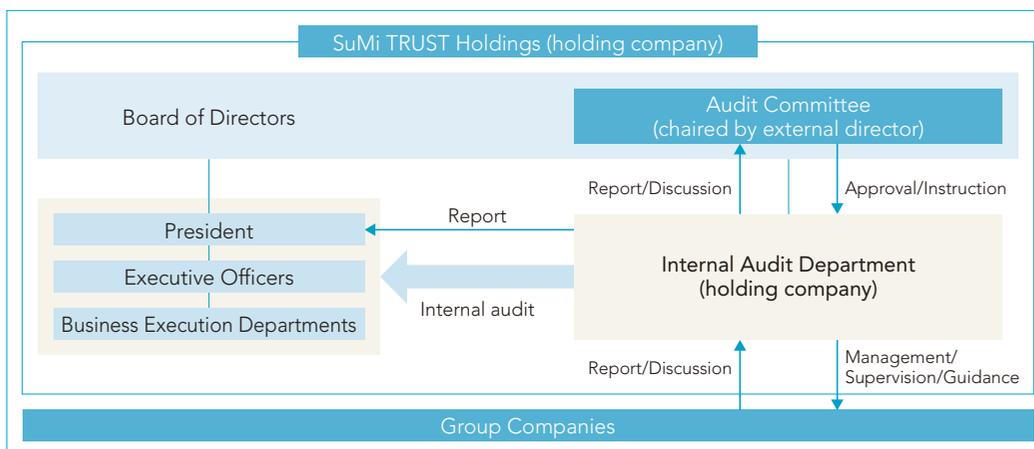
receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits. Each Group company formulates an internal audit plan in line with the basic policy on internal audits set by the holding company, which is approved by the Board of Directors after consultation with the holding company.

Results of internal audits are reported, without delay to the president and to the holding company, and are also reported regularly to the Board of Directors and the holding company.

The SuMi TRUST Group



17. Communication with Shareholders and Investors

(1) Basic Philosophy

SuMi TRUST Holdings aims for highly transparent corporate management by striving for timely and appropriate disclosure of corporate information, as well as through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas.

Specifically, we endeavor to give our shareholders

(2) Activities Carried Out

(1) Activities for Individual Investors

We strive to provide information that will allow individual shareholders and investors to better understand the Group through measures such as organizing information meetings, setting up a dedicated website for individual investors, and distributing a newsletter for shareholders (“The Trust Newsletter – Business Report”).

At an information meeting held in March 2019, we had a dialogue on management issues surrounding the banking industry, including specific initiatives, with Mr. Takashi Mitachi of the Boston Consulting Group as our guest.



For details, please see our website (Japanese only).
https://www.smth.jp/investors/individual_meeting/index.html

(2) Activities for Institutional Investors

Investor meetings on financial results aimed mainly at analysts and institutional investors are held twice a year, for the full-year and interim results. We also conduct briefings on our management strategy and financial position, etc. by participating in conferences organized by securities companies and by holding one-on-one investor meetings in Japan and overseas. At SuMi TRUST IR Day, held in December 2018, frontline leaders described the features and strengths of the Group’s digitalization

(3) General Meeting of Shareholders

In addition to promptly sending out the convocation notice for the General Meeting of Shareholders held in June of each year, we post the notice on stock exchange websites and our own website one week before it is sent out. We are also striving to improve the voting environment by making it possible to exercise voting rights online or by cell phone (including smartphones), and by participating in a platform for the exercise of voting

and investors a deeper understanding of SuMi TRUST Holdings’ performance, business conditions, business strategies, etc., by holding information meetings and other events in addition to disclosing corporate information in a timely, fair, and accurate manner.

strategy and real estate business, as well as our strategic direction. In addition, Mr. Shinichi Saito, an external director and chairperson of the Audit Committee, gave a presentation on our governance.

(3) Received Japan Investor Relations Association “IR Special Award”

At the 2018 IR Awards selected by the Japan Investor Relations Association in November 2018, SuMi TRUST Holdings received the “IR Special Award” for the second time, following its first award in fiscal year 2010. The award recognizes our unique IR practices, which include “consistently improving IR practices,” “taking on a leadership role in IR activities in the industry,” and “being highly regarded for promoting IR to individual investors.”



IR Activities Carried Out in FY2018

Investor meetings on financial results for analysts and institutional investors	2 times
Overseas IR events	9 times
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 391 (including 199 overseas investors)
Information meetings for individual investors	Number of participants: 858

rights. Furthermore, we post an English translation of the convocation notice on our website at the same time as the Japanese version, before it is sent out, in an effort to increase the convenience of overseas investors.

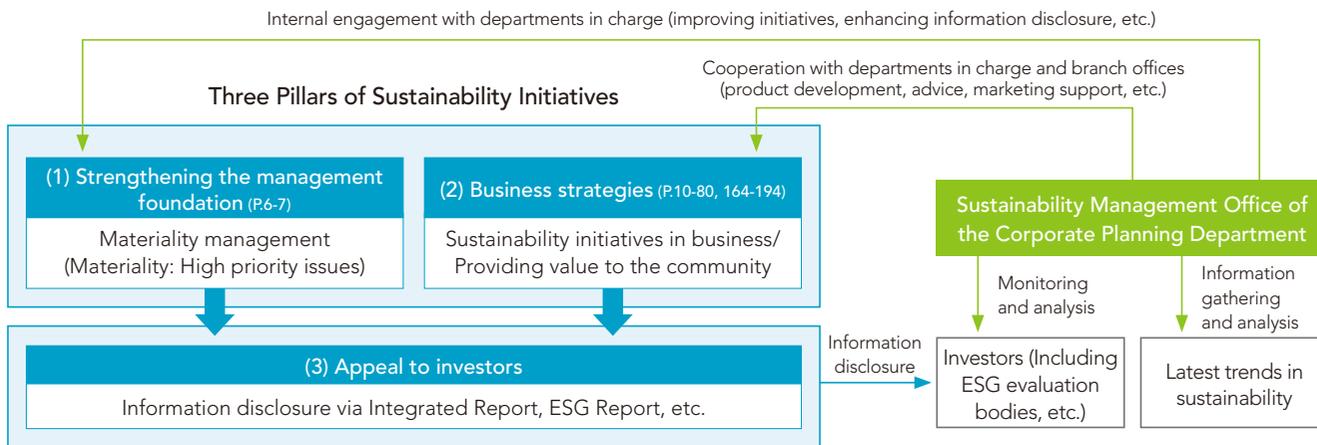
Notices of resolutions and voting results are posted on our website immediately after the conclusion of the General Meeting of Shareholders.

18. Sustainability Initiatives of Sumitomo Mitsui Trust Group

(1) Fundamental Perspectives

SuMi TRUST Group's Basic Policy on Corporate Governance sets out the role of the Board of Directors as working to support the sustainable growth of society and increase the corporate value of SuMi TRUST Group by promoting active efforts to resolve sustainability-linked environmental and social issues while taking into consideration its stakeholders. The Group

views the three pillars of its sustainability initiatives to be "materiality management," as the strengthening of its management foundation, "sustainability initiatives in our business/providing value to the community," as business strategies, and the "appeal to investors" of these two activities.



Sumitomo Mitsui Trust Holdings, Inc.

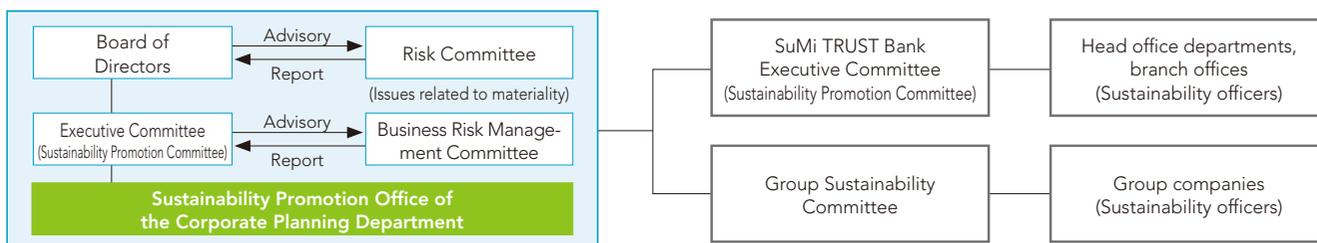
(2) Structure for Promoting Sustainability

- 1) The Board of Directors formulates the Sustainability Policy, while managing sustainability activities as a whole in an effort to enhance the awareness of officers and employees of SuMi TRUST Group. At times the Board of Directors freely discusses sustainability as a management theme in order to leverage the insight and viewpoints of external directors.
- 2) The Sustainability Promotion Committee, which is held as part of the Executive Committee, formulates medium-term policies on sustainability as well as the policies for each fiscal year and manages the sustainability activities of SuMi TRUST Group based on the PDCA cycle.
- 3) With regard to issues related to materiality, the Risk Committee and Business Risk Management Committee function as advisory bodies to the Board of Directors and Executive Committee respectively.
- 4) The Chief Sustainability Officer oversees the Group's overall day-to-day operations related to sustainability,

based on the instructions of the officers in charge. The Sustainability Promotion Office, Corporate Planning Department plays an integral role in the practical operations.

- 5) Sustainability officers and sustainability coordinators have been appointed at each Group company and each branch of SuMi TRUST Bank to play a role in promoting sustainability activities.
- 6) Group affiliates formulate policies based on their respective operational attributes, and have promoted them in sustainability activities. Also, Group Sustainability Meetings are held regularly to exchange information.

Officer in charge of sustainability activities	Kazuya Oyama (Managing Executive Officer)
Chief Sustainability Officer	Tsukasa Kanai (Fellow Officer)



ESG Report 2019/2020

(3) Four Pillars of Sustainability Promotion Office Activities

ESG management that aims to create shared value

- Supervision of sustainability activities (formulate management plans and promote sustainability activities based on the PDCA cycle)
- Promotion of materiality management
Act as secretariat for the Board of Directors and Executive Committee
Implement internal engagement
- Respond to ESG survey firms, engage in dialogue with investors
- Strategic ESG information disclosure through our integrated reports, ESG reports, etc.

Sustainability permeation across the Group, promoting "With You" activities

- Hosting various meetings
Group Sustainability Meetings, Global ESG Meetings, ESG Risk Response Project Team, Human Rights Due Diligence Liaison Committee, LGBT Matters Information Liaison Committee
- "With You" activities promotion at branches, budget grants, points management, and blogs management
- Providing information to individual clients about super-aging society problems, promoting regional collaboration, and responding to issues arising from dementia
(See page 178 regarding "With You" activities)



Developing innovative products and services, rolling out CSV businesses

- Developing innovative financial products and services that contribute to addressing environmental* and social issues



* We have coined the word "Eco-Trustution" to describe initiatives that provide solutions to ecological issues through the use of our trust function, and we are actively promoting such initiatives.

- Collect information on ESG risks for loans and investments related to climate change, natural capital, human rights, etc. which are prioritized by investors; disclose it internally

Building sound relationships with stakeholders

- Exchanging information with NPOs/NGOs in Japan and overseas, government organizations and universities, etc., and understanding the needs of stakeholders
- Actively participating in international initiatives (UNEP FI, United Nations Global Compact, Business and Biodiversity Initiative, Natural Capital Finance Alliance [formerly The Natural Capital Declaration], etc.)
- Actively participating and playing a leading role in financial alliance projects in Japan (Principles for Financial Action for the 21st Century, COLTEM Financial Satellite, etc.)

(See page 135 for details)

(4) Sustainability Medium-term Policies/FY2019 Policies

(1) Sustainability Medium-term Policies (FY2017-2019)

Themes	Medium-term Policies
Promote ESG management directly linked to increasing corporate value	<ul style="list-style-type: none"> • Further sophistication of materiality management • Bolster ESG risk management for loans and investments • Strengthen messaging to investors, elevate sophistication of ESG information disclosure in our ESG/CSR reports and integrated reports
Actively develop CSV businesses to substantially contribute to improving earnings	<ul style="list-style-type: none"> • Actively advance solution-based businesses linked to the five major sustainability themes of climate change, natural capital (biodiversity issues), environmentally friendly real estate, sustainable investment (ESG), and issues in super-aging societies
Pursue social returns	<ul style="list-style-type: none"> • Link CSV businesses and "With You" activities to the 17 SDG themes, build frameworks for specific initiatives and adopt concepts for pursuing not only economic returns but also social returns • Support research on problems arising from dementia, and actively contribute to property management initiatives in particular

(2) Sustainability FY2019 Policies

Themes	FY2019 Policies
Promote ESG management directly linked to increasing corporate value	<ul style="list-style-type: none"> • Establish position as No.1 financial institution for ESG management • Continuously strengthen materiality management (Comprehensive review of materiality in line with the formulation of new midterm management plan, etc.)
Actively develop CSV businesses to substantially contribute to improving earnings	<ul style="list-style-type: none"> • Develop a business framework based on international standards (being a signatory to the Principles for Responsible Banking (PRB)) • Further strengthen initiatives for the five major themes and develop total solution services • Establish policies for specific sectors
Pursue social returns	<ul style="list-style-type: none"> • Pursue social returns through Positive Impact Finance • Improve response to dementia-related issues

Compliance and Conducting Business Activities Fairly

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.

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

Group Compliance System

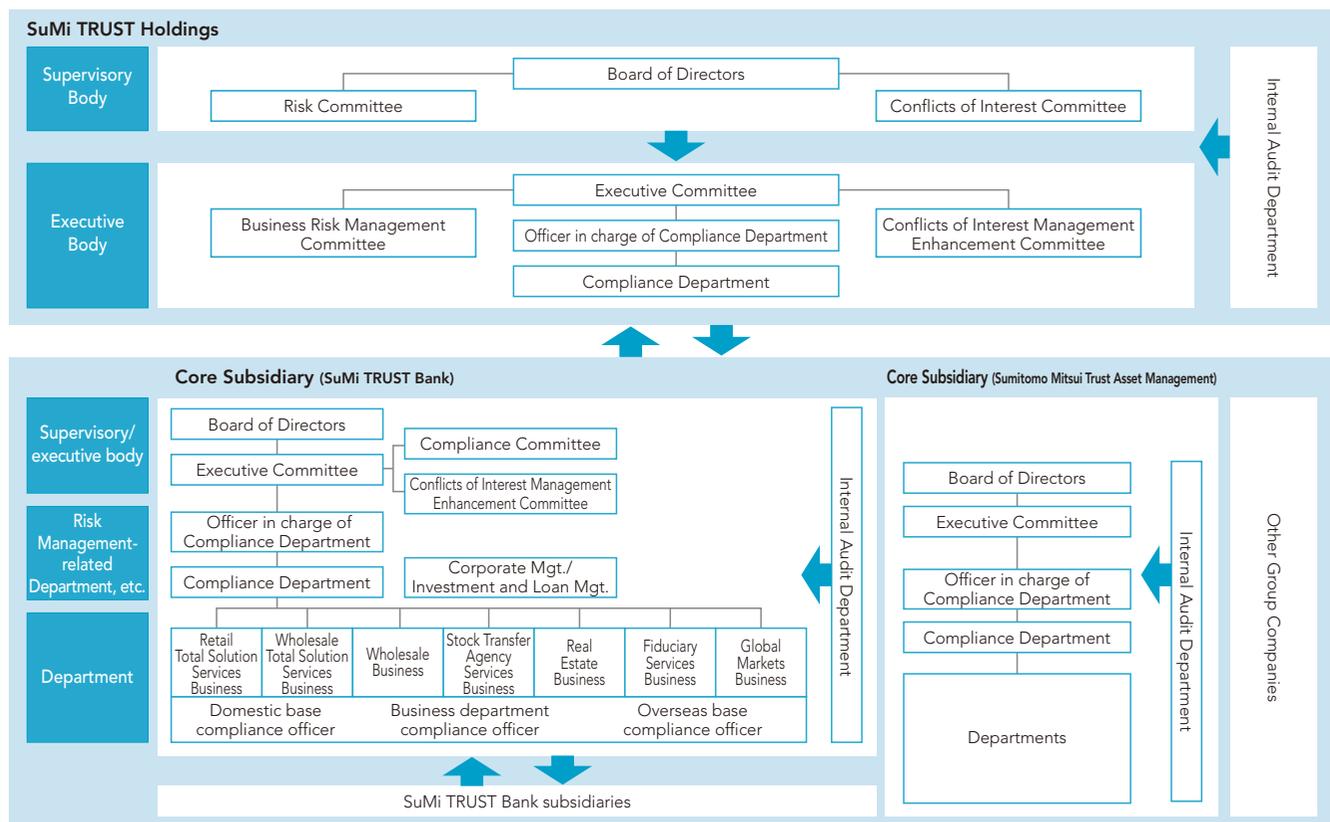
With the approval from the Board of Directors, the Group formulates a compliance program consisting of a detailed implementation plan for compliance each fiscal year, and the Board of Directors regularly monitors and evaluates the program's progress.

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.

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

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, 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/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 is immediately reported to the person in charge who duly notifies the authorities of the suspicious transactions. 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 cases where the counterparty in a transaction is found to be an antisocial force after the commencement of the transaction, 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 fiscal 2018 (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/en/csr/report/2012/2012e_04.pdf

Initiatives to Prevent Bribery

With the approval of the Board of Directors, the Group has published its Anti-Bribery and Corruption Compliance Policy 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.

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. Furthermore, departments that are more likely to face bribery risks receive additional specialized training and must submit a pledge of compliance.

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 gift

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

4. 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.

5. 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.

6. Training

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

7. 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.

8. 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.

9. 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.

Management of Conformity with Legal Revisions

To respond appropriately to legal revisions or the like, the administrative departments of core subsidiary SuMi TRUST Bank lead the collection of information on these revisions, and the Compliance Department plays a central management role while building a framework for instructing affected departments on their response. For

group companies other than SuMi TRUST Bank, SuMi TRUST Holdings shares information it collects on revised laws and regulations so that each company can also respond, thus enabling a proper response to these revisions throughout the Group.

SuMi TRUST Group's Basic Policies on Tax Compliance

The Group has so far properly met its tax obligations in accordance with its basic policy concerning tax compliance amid growing scrutiny on tax issues confronting global companies such as transfer price tax regulation and tax haven countermeasures. In August 2016, we amended this policy by adding documentation relating to transfer pricing as a way of clarifying the appropriateness of our international tax practices as a global company. In addition, large companies with a base in the United Kingdom have been required to devise and publicly disclose a UK tax strategy, and

the Group has responded properly in accordance with this basic policy.

Our response was aimed at further raising awareness about tax among our directors, officers, and employees and thereby ensure compliance with tax laws and appropriate fulfillment of our tax obligations. Through such efforts and the balancing of the interests of various stakeholders such as clients, investors, national governments, and local communities from an overall perspective, the Group conducts its corporate activities in ways that are not contrary to social norms.

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.

Compliance with International Financial Regulations

1. Compliance with Finalized Basel III Reforms

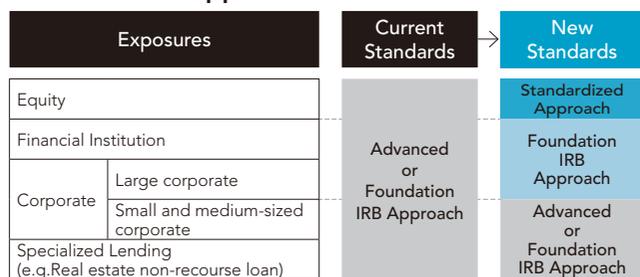
Triggered by the financial crises in 2008, the Basel Committee on Banking Supervision (BCBS) made the agreement to implement new regulations, called "Basel III." Basel III includes the implementation of higher capital requirements, leverage ratio and liquidity requirements. In Japan, Basel III has been implemented in phased manner from the end of March 2013.

Subsequently, in December 2017, an international agreement was reached on "Finalized Basel III," which aims to constrain the use of internally modelled

approaches by banks and to introduce a new capital floor based on the standardized approaches to the risk-weighted assets measurement approach in the calculation of the capital adequacy ratio.

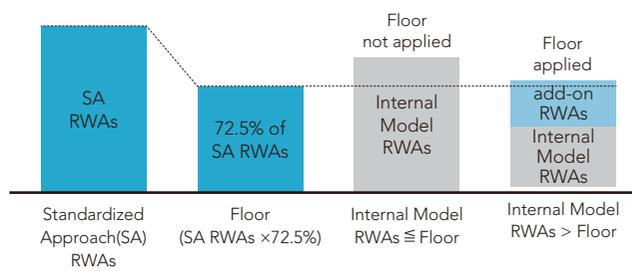
"Finalized Basel III" is required to be implemented from 2022. The Group will work to secure the target level through the future accumulation of capital and other means, and promote appropriate profitability and portfolio management to establish a framework for introducing tighter capital requirements.

Conceptual Diagram of Risk-weighted Assets Measurement Approach for Credit Risk



Standardized Approach: Supervisory risk weight according to external credit ratings
 Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
 Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

Capital Floor Structure



- In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.
- * As for the applicable multiplier of the floor, starting at 50% in 2022, it will be raised by 5% each year to 72.5% in 2027.

2. Strengthening of Regulations on Non-financial Risk Areas

Regarding financial risks, BCBS made the agreement on Basel III as described above, and major frameworks for various liquidity risk regulations and Single Counterparty Credit Limit (SCCL) are close to being determined and although minor modifications of details are still needed, the hardest part is over.

With this background, international organizations and the financial authorities of each country are focusing on tightening and enhancing regulations on non-financial risk areas. Examples of non-financial risk areas include:

- Conduct risk management
- AML/CFT (Anti-Money Laundering and Countering the Financing of Terrorism)
- Cybersecurity
- Subcontractor (third party) management
- Maintenance of important functions/strengthening business continuity framework of financial institutions

These areas are correlated and we are being required to strengthen regulations across areas, not only tightening management of our own conduct risk and cybersecurity, but also checking the management status of those of subcontractors and requiring them to establish a certain level of management framework.

There is no established method in place for the financial authorities or the financial industry to tighten these non-financial risk areas yet, and we are still in a stage where various proposals are being made. Some of the areas, such as cybersecurity, require continuous enhancement of regulations.

The Group, as a trust bank group entrusted with the investment and management of the assets of our clients, is committed to further strengthening and enhancing the framework of asset investment and management, while paying close attention to these global regulatory trends.

Framework for Compliance with International Financial Regulations

Overall supervision	Corporate Planning Dept. (Global Business Management Office)
Capital adequacy ratio/ Liquidity requirements	Risk Management Dept., Financial Planning Dept.
Extra-territorial application of laws Conduct risks	Compliance Dept. (Global Compliance Office)
Support for regulations for overseas bases	Global Business Planning and Coordination Dept.*, Global Markets Business Planning Dept.*, Fiduciary Business Planning Dept.*, Asset Management Business Planning Dept.
Cybersecurity	Risk Management Dept., IT & Business Process Planning Dept.
Overseas Office Recovery & Resolution Planning	Corporate Planning Dept. (Corporate Information Office), Risk Management Dept.

*SuMi TRUST Bank

Risk 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, and integrates it to function organically within the Group.

2. The Group’s Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a financial group specialized in trust banking, 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’s businesses consist of the Retail Total

Solution (TS) Services Business, the Wholesale Total Solution (TS) Services Business, the Wholesale Asset Management (AM) Business, the Stock Transfer Agency Services Business, the Real Estate Business, the Global Markets Business, and the Fiduciary Services Business, etc.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk,

Businesses and Main Risk Characteristics of the Group

Risk Category \ Individual Businesses	Retail TS	Wholesale TS	Wholesale AM	Stock Transfer Agency Services	Real Estate	Global Markets	Fiduciary Services	Asset Management	Corporate Management*
Credit Risk	○	○	○			○			
Market Risk		○				○			○
Funding Liquidity Risk						○			
Operational Risk	○	○	○	○	○	○	○	○	○

* Strategic shareholdings management, etc.

Risk Definition

Risk Category	Definition
Credit Risk	Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, “country risk” in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the country of obligors.
Market Risk	Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, “market liquidity risk” in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk	Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are “risk sub-categories” within Operational Risk)	Risk that the Group may incur losses due to inadequate or failed business processes, the activities of executives or employees, computer systems, or due to external events.
Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

which vary depending on the business characteristics of each of the Group's businesses. With regard to trust business risks, SuMi TRUST Bank provides management primarily 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.

Reporting is regularly performed regarding whether the overall risk of the Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

3. Risk Governance System

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system 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).

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 engages in risk taking within the established range of risk appetite, and, when a risk materializes, promptly implements risk control at the on-site level.

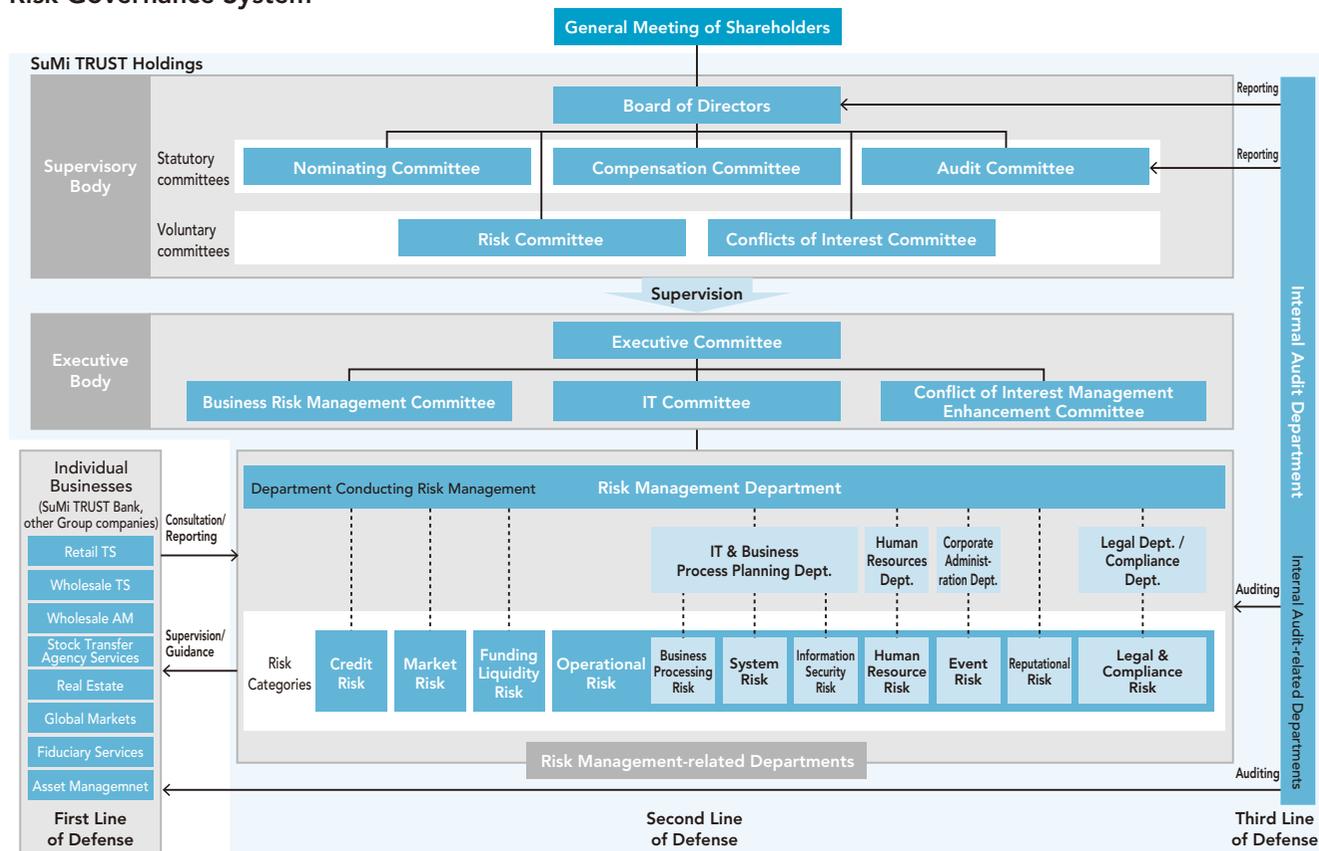
Second Line of Defense

The 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.

The Risk Management Department and risk management-related departments act as a restraint function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system.

The Risk Management Department reports on the status of risk management to the Executive Committee and the Board of Directors.

Risk Governance System



Third Line of Defense

The Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

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.

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.

4. 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.

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.

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.

When risks cannot be quantified, their impact is assessed to the greatest extent possible, and they are managed through measures such as implementing preventive measures based on the nature of the risks.

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 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.

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.

Risk predictor management for top risks, etc.

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the Group's business model and risk characteristics, and these management indicators are monitored. Regarding risks resulting from external factors, the top risks (risks that have a high probability of occurrence and that would have a large impact on the Group) are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for all types of risks.

Our top credit risks include "worsening of credit among major obligors," our top market risks include "falling prices for strategic shareholdings, etc.," and our top operational risks include "cyber-attacks."

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).

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).

(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.

(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.

Stress Tests with Hypothetical Scenarios

We assess capital adequacy level by formulating plausible stress scenarios that are sufficiently strong and realistic to estimate capital adequacy ratio during times of stress.

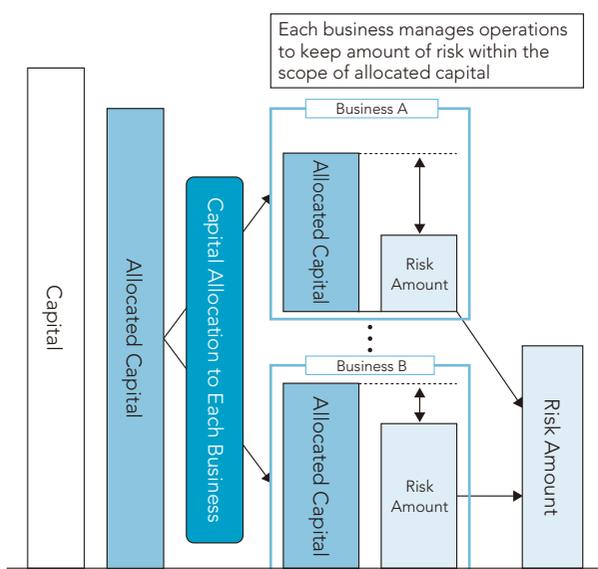
Stress Tests with Historical Scenarios

We also assess capital adequacy level by using parameters from previous times of stress to estimate capital adequacy ratio during times of stress.

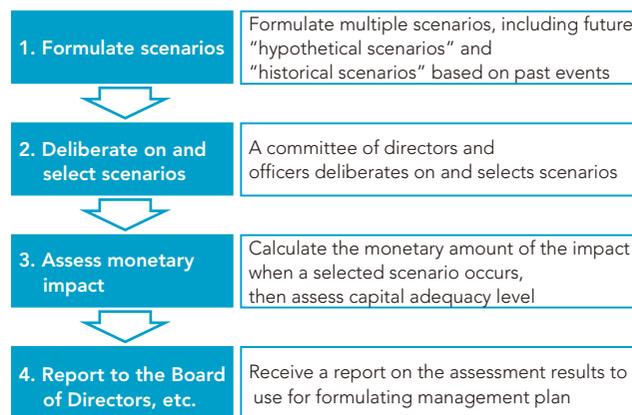
Likelihood Validation

We further assess capital adequacy level by calculating the amount of risk (with a confidence interval of 99.9%) to compare those figures with total capital under capital adequacy regulations.

Capital Allocation Scheme



Stress Test Framework



6. Managing Risk in Each Risk Category

(1) Managing Credit Risk

1) Definition of Credit Risk

Credit risk is “risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor.” Of this, country risk in particular means “risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political, and economic conditions of the country of the obligor.”

2) Characteristics of Credit Risk

Credit risk is the most fundamental risk related to “credit creation,” the primary function of a finance. As the Group manages bank operations, it is also an important risk affecting the Group.

The major credit risk affecting the Group is the risk of sizable bad debt (or the provision of reserves) due to a default or deteriorated credit for a large obligor. To properly control for “concentrated credit risk” arising as the result of concentrated credit at a certain company or company group and “the risk of default chain” reaction arising as the result of concentrated credit to a region or industry, the Group sets credit guideline amounts according to borrower ratings and country ratings and conducts monitoring of loan balances and risk amounts in each industry.

3) Credit Risk Management Policy

The Group’s basic policy on credit risk management consists of two parts: “strict management of individual loans” and “a decentralized credit portfolio.” The first is a meticulous process of managing individual loans by screening and studying deals, self-assessment, internally assigned credit ratings and so forth. The latter involves efforts to mitigate concentrated risk by managing the decentralization of the overall credit portfolio, including large accounts, by industry and country. In addition, we measure credit risk amounts to quantitatively understand the portfolio’s potential for loss.

Furthermore, to set “appropriate risk-return,” we configure earnings levels that include such factors as anticipated losses and expenses for each credit rating, and we strive to

ensure a certain profit margin (i.e. spread) proportionate to the risk by reflecting the terms of each deal.

4) Credit Risk Management System

The Bank supervises group-wide credit risk management while endeavoring to build structures for each group company. SuMi TRUST Bank has built a structure for managing consolidated and global based risk while managing credit risk.

5) Credit Risk Management Method

The Group takes two mutually complementary approaches to properly manage credit risk in our efforts to construct and sustain a sound portfolio. The first is “management of individual loans,” which is done through inspection of new loans and management during the term of a loan. The other approach is “credit portfolio management,” by which we analyze and assess factors such as the state of concentrated risk to particular industries, regions, or company groups via statistical techniques to gain an understanding of all loans as a single portfolio, then manage from a macro perspective.

(2) Managing Market Risk

1) Definition of Market Risk

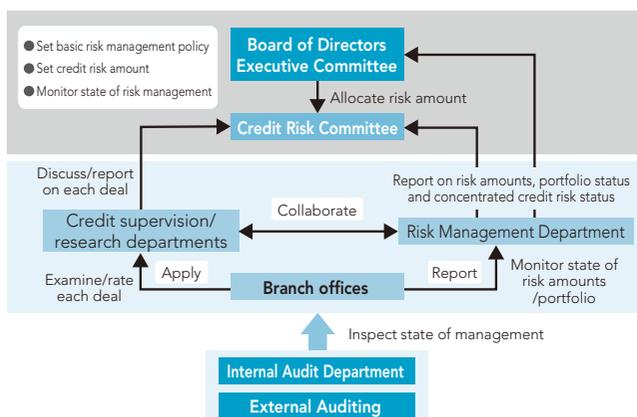
Market risk is “risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads.” Of this, market liquidity risk in particular means “risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices much more disadvantageous than usual due to market turmoil, etc.” In addition, there is interest rate risk in the banking book (IRRBB), which is risk of harm to a bank’s capital or profit/loss, either in the present or future, due to interest rates fluctuating to the disadvantage of banking book positions.

2) Characteristics of Market Risk

SuMi TRUST Bank engages in banking operations to ensure earnings through interest rate risk control on assets and liabilities, while also engaging in trading operations to ensure earnings from transactions such as short-term buying and selling to leverage interest rates and foreign exchange rates. We manage market risk by using VaR and other methods in both types of operations. In trading, we seek to secure steady earnings through market-making operations in foreign exchange rates, derivatives and the like.

The major market risk affecting the Group is the risk of losses from price declines in held assets such as strategic shareholdings. The basic policy for the strategic shareholdings held by SuMi TRUST Bank is to reduce balances while we endeavor to properly control risks through hedging and other means.

Credit Risk Management System



Additionally, IRRBB may arise in banking book positions due to a maturity mismatch (gap risk), interest rate mismatch (basis risk), optionality accompanying interest rate changes (optionality risk) or the like. Interest rate risks at SuMi TRUST Holdings and SuMi TRUST Bank are low.

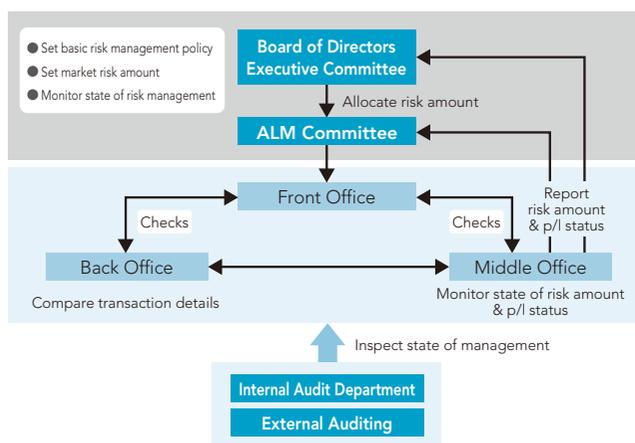
3) Market Risk Management Policy

To manage market risk, we seek to guarantee sound operations by properly controlling the risk, while we work to develop more sophisticated management systems, thus ensuring proper earnings in line with the Group's strategic targets as well as the scale and characteristics of our business. Furthermore, when controlling for interest rate risk, we hedge through interest rate swaps and other means, while applying hedge accounting to transactions that fulfill the requirements for doing so.

4) Market Risk Management System

The Bank supervises group-wide market and funding liquidity risk management while endeavoring to build structures for each group company. SuMi TRUST Bank has built a structure for managing consolidated and global based risk while managing market and funding liquidity risk.

Market Risk and Funding Liquidity Risk Management System



5) Market Risk Management Method

The Bank formulates capital allocation plans to allocate capital to group companies within the amount of capital available. SuMi TRUST Bank sets limits based on allocated capital and also sets loss limits, thereby managing to keep amounts of risk and losses within a certain range.

In addition, for interest rate risks we set alarm points to monitor changes in the economic value of positions.

(3) Managing Funding Liquidity Risk

1) Definition of Funding Liquidity Risk

Funding liquidity risk is "risk that the Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual."

2) Characteristics of Funding Liquidity Risk

The major funding liquidity risk affecting the Group is an intensified risk pertaining to the procurement of foreign currency if credit ratings for Japan or for Japan's financial institutions are lowered. SuMi TRUST Bank formulates medium- to long-term procurement policies tailored to the characteristics of each currency, such as market liquidity and the state of assets and liabilities, to manage stable foreign currency liquidity that can withstand market tumult and financial outflows like those that have occurred in the past.

3) Funding Liquidity Risk Management Policy

In the course of managing funding liquidity risk, our basic policy is to execute proper funding liquidity risk management based on two principles, as we have a thorough understanding that, when a risk manifests itself, the threat could directly ruin the Group's business. One of the two principles is "to seek a balance between procurement costs and stability" by various means of procurement. The other is "to prepare for emergencies" by examining procurement capabilities in a stressed environment and reviewing countermeasures in advance.

We are continuously enhancing our funding liquidity risk management system by adapting to Basel III and other international standards pertaining to bank capital and liquidity.

4) Funding Liquidity Risk Management System

Our funding liquidity risk management system operates under the same framework as the "market risk management system."

5) Funding Liquidity Risk Management Method

Limits on funding liquidity mismatches for the entire group, individual offices, and each currency act as indicators for funding liquidity risk management. We pre-define our response to when a limit is reached and conduct daily monitoring on the state of compliance. In addition, we perform stress tests for multiple scenarios, including dramatic changes in the market environment and changes in the procurement environment specific to the Group, so that we understand the amount of funds we must procure when a funding liquidity risk arises.

(4) Operational Risk Management

1) Definition of Operational Risk

Operational risk is "risk that the Group incurs losses resulting from an inadequate operational process, action of a director, officer, or employee, or system, or from an external event." The Group manages the risk by separating it into the following categories: business processing risk, system risk, information security risk, legal/compliance risk, human resource risk, event risk, and reputational risk.

2) Characteristics of Operational Risk

One of the major operational risks to the Group is impaired business operations caused by a cyberattack (ransomware or a DDoS attack*), followed by the attackers stealing and publicly releasing client information or other data belonging to the Group. By ensuring the safety of information systems, the Group takes countermeasures to prevent unauthorized access or use via cyberattacks.

* DDoS attack: Refers to a distributed denial-of-service attack. This is a method of forcing a service to cease functioning by using multiple machines to impose a massive computing load on targeted computers.

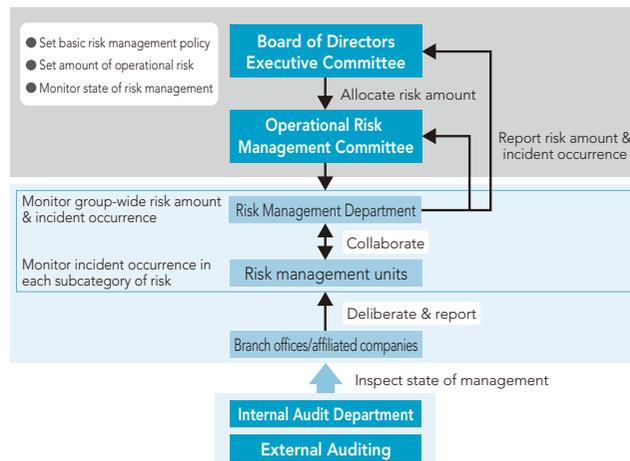
Additionally, due to inadequate measures against money laundering and terrorist financing, there are risks which include administrative penalties such as business suspension orders, payments of very large fines, and a tarnishing of the Group's reputation. The Group promotes improvements to measures for eliminating money laundering, etc. based on a gap analysis with the regulations (including overseas regulations) and a clarification of the issues involved, limits and controls risks using a risk-based approach.

3) Operational Risk Management Policy

When building the operational risk management system, the Group recognizes that some operational risk will inevitably accompany business operations. Therefore, our basic policy is to properly manage risk according to the scale and nature of the operations and particular risk, thus working to ensure that operations are sound and proper.

The Group is further upgrading our operational risk management system in preparation for the improvement of our operations and the products and services we offer, as well as the manifestation of new risks accompanying changes in society and the business environment, such as advances in information technology and diversifying client needs.

Operational Risk Management System



4) Operational Risk Management System

The Group works hard to build systems for operational risk management at group companies in line with the basic policy on group-wide operational risk management.

SuMi TRUST Bank has created a risk management department for operational risk in general, as well as risk management units for each subcategory of operational risk. The general risk management department collaborates with each operational risk management unit to form and upgrade our operational risk management system.

5) Operational Risk Management Method

The Group works to curtail operational risk by managing operational risk in all our business operations, including those of contractors, and properly assessing and identifying risk in both qualitative and quantitative terms, while also taking preventive measures against risks and formulating response, causal analysis procedures, and measures to prevent recurrence in the event a risk does manifest itself.

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 response headquarters 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.

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.

As for company-wide response, in order to enhance the effectiveness of the functions of the emergency response headquarters, 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.

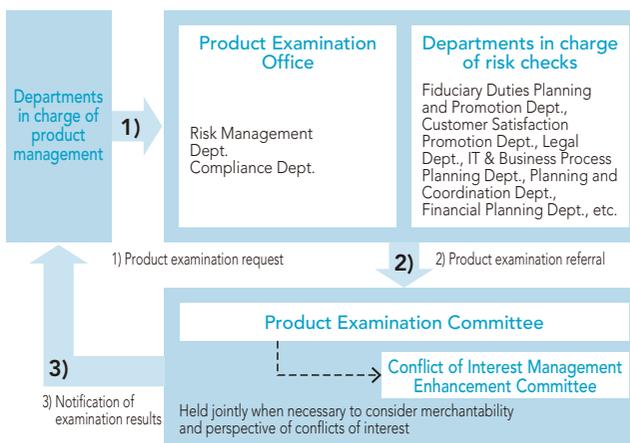
(2) Response to Threat of Cyberattack

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 page 128 for details).

8. Examination System in Introducing New Products and New Operations

When introducing new products or new operations, it is necessary to develop various systems in order to continue offering products and services, including determining in advance whether there are any inherent risks and identifying their type, evaluating and managing such risks, providing explanatory materials to clients, and determining a way to explain. To that end, we have in place a system for examining the introduction of new products and new operations. In the product examination process, multiple departments carry out verification from various angles, with emphasis on introducing products and operations that will earn the trust of clients. We also conduct verification through regular monitoring after new products or new operations have been introduced.

Product Examination Process



Information Security Risk Management

Information assets are one of the most important management resources and pose risks that may undermine the foundation of corporate management. The Group, therefore, appropriately maintains and manages all information assets it holds.

Information Security Responsibilities

SuMi TRUST Holdings clearly states, in the Information Security Management Rules under the Risk Management Rules on which directors have the authority to amend and approve, that the head of overall information security risk management is the officer in charge of the IT & Business Process Planning Department, and that the supervising department conducting overall information security risk management is the IT & Business Process Planning Department.

Security Audit

For the Group's overall systems, self-evaluations are carried out every year using the System Risk Evaluation Table of the System Risk Management Guidelines established in line with the Center for Financial Industry Information Systems' (FISC) security measures, and the results are reported to the officer in charge. Furthermore, with regard to cyber security, third-party assessments are regularly made by the Deloitte Tohmatsu Group in Japan and overseas.

Client Information Management

The Group regards client protection as a top management priority, and has established an appropriate client protection management framework that reflects the business attributes of each Group company. In particular, regarding client information management, the Group has published its Declaration for the Protection of Personal Information which is a policy to securely protect the personal information, and specific personal information, of its clients and shareholders (see page 95 for details).

Response to Threat of Cyberattack

The threat of cyberattacks and the damage they can inflict are growing both in Japan and overseas. Under such circumstances, SuMi TRUST Holdings is engaged in the following activities to protect the precious assets of its clients from the attacks.

* See page 119 for the framework towards international financial regulations, including cyber security

Improvement of Internal Response Systems in Preparation for Cyberattacks

The Group has formulated its Cyber Security Management Declaration against cyberattacks, working to strengthen security measures led by management.

* For details of the Cyber Security Management Declaration please see: https://www.smth.jp/en/about_us/management/risk/pdf/CSMD.pdf

To respond to cyberattacks, SuMi TRUST Holdings monitors computer systems of SuMi TRUST Bank around the clock. In addition, SuMi TRUST Holdings has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis, and implementing measures relating to cyberattacks, and coordinates with outside expert organizations to strengthen its management system.

Enhancement of Internet Banking Transaction Security

In terms of internet banking, SuMi TRUST Bank offers "Rapport," a type of security software specifically for internet banking, free of charge to help shield clients' precious deposits and other assets from fraudulent transactions.

Furthermore, the Bank has introduced a telephone authentication service*. It is strongly recommended that all internet banking clients register for telephone authentication in order to prevent any unauthorized payments.

SuMi TRUST Holdings will continue to keep abreast of other companies' moves and new technologies and implement thoroughgoing security measures so that clients' transactions remain safe. The measures include the early detection and prevention of unauthorized remittances.

* An authentication service using a client's mobile phone, smart phone, or home phone number in addition to the Sumitomo Mitsui Trust Direct card's confirmation number when making first transfer to a new account

Employee Training

The Group conducts the following training every year to educate and raise awareness of information security risk management across the whole Group.

e-learning	Information security training (once every six months)
	Countermeasures training on e-mail cyberattacks (targeted attacks) (twice a year)
Training	Response to suspicious e-mails that simulate targeted e-mail attacks on random people (monthly)

* Training is available not only for full-time employees but also for some employees of outsourcing contractors.

Consideration for Borrowers' Environmental and Social Impact

Basic Policy on Environmental and Social Considerations

The SuMi TRUST Group identifies “consideration of environmental and social impact of investment and financing targets” as one of its most important (materiality) issues from the standpoints of both the impact on the Group’s corporate value and the Group’s impact on society.



Please refer to the SuMi TRUST Holdings’ website for further details, etc. of each of the above policies.

Under the “Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group,” the Group provides products and services that contribute to solving environmental problems through its business. The Group has also established the “Environmental Policy” to reduce the environmental burden arising from its business activities. Furthermore, it has established the “Action Guidelines for Mitigating Climate Change” and the “Action Guidelines for Preserving Biodiversity” to promote initiatives to address the two globally important environmental issues, and has been making efforts to engage in dialogue and cooperation with various stakeholders. In terms of social

issues, with the aim of respecting each individual’s human rights and diverse values and rejecting unjustifiable acts of discrimination, the Group has established the “Human Rights Policy” and gathers information regarding how the investment and financing targets negatively impact human rights. In addition, the Policy provides that the Group takes necessary countermeasures in cases where legal norms, etc. are violated.

Environmental and Social Considerations in Asset Management

As a “responsible institutional investor,” Sumitomo Mitsui Trust Asset Management institutes the ESG Guidelines. The contents of the guidelines are based on the UN Global Compact, an international corporate code of conduct. The guidelines clearly spell out expectations on investee companies to minimize their environmental impact, uphold international labor rights, ban discriminatory hiring practices, prohibit child labor, stamp out forced labor, prevent every form of corruption, including extortion and bribery, and more.

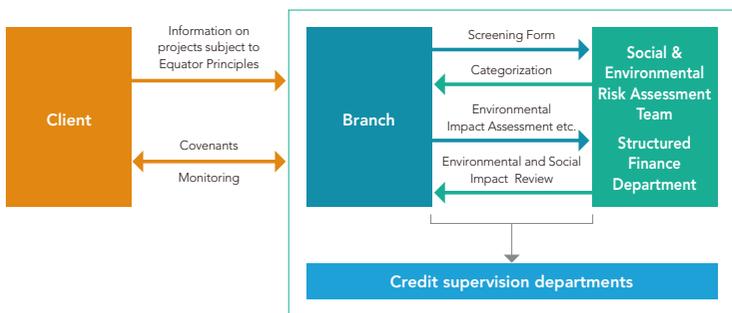
SuMi TRUST Holdings follows the ESG Guidelines to practice various forms of engagement (dialog) with investee companies on ESG issues. In addition to the work performed by analysts and specialists in the Stewardship Development Department, our engagement involves collaboration with organizations in Japan and abroad on specific topics such as palm oil and forest resources (see page 59 for details).

Initiatives as an Equator Principles Signatory

SuMi TRUST Bank is a signatory to the Equator Principles. These international guidelines for private-sector financial institutions in approving loans for project finance etc. are to ensure project implementers give sufficient consideration to impacts on the natural environment and

regional communities. In the decision-making process for lending, banks review the environmental and social risks of projects, the country where projects are located, and impacts on the environment and society according to sector in arriving at a comprehensive risk assessment.

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.

The Equator Principles

The Equator Principles are standards that enable private-sector financial institutions approving loans for a large-scale project to confirm the project pays sufficient care to impacts on the natural environment and regional communities. Regardless of the country where the project is sited or industry, the Principles apply to project finance, project-related corporate loans (PRCL), and bridge loans that are intended to be re-financed by a project finance or PRCL.

The Equator Principles are based on guidelines and standards concerning environmental and social risk management established by International Finance Corporation, a member of the World Bank Group. These standards and guidelines span many fields from implementation processes for assessing environmental and social risks and/or impacts, pollution prevention, and consideration for regional communities to environmental protections.

The Equator Principles Association Annual Meeting in

November 2019 adopted EP4, the fourth version of the Equator Principles. Other than stronger consideration of indigenous peoples in developed countries and partial expansion of applicable transactions to include refinancing and the like, EP4 reinforced action on climate change by adding to the due diligence items. The added items were implementation of physical risk analysis in cases likely to cause substantial or greater impact, and, for projects with annual greenhouse gas emissions in excess of 100,000t-CO₂, the implementation of transition risk analysis in TCFD in addition to consideration of alternative proposals.

As of December 2019, 101 banks (including export credit agencies) from around the world have signed the Equator Principles. Signatories require project proponents to comply with the Equator Principles. The signatories can refrain from providing financing if requirements are not met, particularly in the case of large-scale projects in developing countries.

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.

<http://www.equator-principles.com/index.php/ep3/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

22 projects were subject to the Equator Principles in fiscal 2018. Projects featuring the mark have received third-party certification from PwC Sustainability LLC.

Project Finance Cases

	FY2018			
	A	B	C	Total
	4 ✓	17 ✓	0 ✓	21 ✓
Sector	A	B	C	Total
Mining	0 ✓	0 ✓	0 ✓	0 ✓
Infrastructure	0 ✓	3 ✓	0 ✓	3 ✓
Oil & Gas	0 ✓	0 ✓	0 ✓	0 ✓
Power	4 ✓	14 ✓	0 ✓	18 ✓
Petrochemical	0 ✓	0 ✓	0 ✓	0 ✓
Others	0 ✓	0 ✓	0 ✓	0 ✓
Region	A	B	C	Total
Americas	0 ✓	2 ✓	0 ✓	2 ✓
Europe, Middle East, and Africa	0 ✓	4 ✓	0 ✓	4 ✓
Asia and Pacific	4 ✓	11 ✓	0 ✓	15 ✓
Country classification	A	B	C	Total
Designated Country	3	16	0	19
Non-Designated Country	1	1	0	2
Independent Review	A	B	C	Total
Implemented	4	16	0	20
Not implemented	0	1	0	1

Corporate Loans Tied to Projects

	FY2018			
	A	B	C	Total
	0 ✓	0 ✓	1 ✓	1 ✓
Sector	A	B	C	Total
Mining	0 ✓	0 ✓	0 ✓	0 ✓
Infrastructure	0 ✓	0 ✓	1 ✓	1 ✓
Oil & Gas	0 ✓	0 ✓	0 ✓	0 ✓
Power	0 ✓	0 ✓	0 ✓	0 ✓
Petrochemical	0 ✓	0 ✓	0 ✓	0 ✓
Others	0 ✓	0 ✓	0 ✓	0 ✓
Region	A	B	C	Total
Americas	0 ✓	0 ✓	0 ✓	0 ✓
Europe, Middle East, and Africa	0 ✓	0 ✓	0 ✓	0 ✓
Asia and Pacific	0 ✓	0 ✓	1 ✓	1 ✓
Country classification	A	B	C	Total
Designated Country	0	0	1	1
Non-Designated Country	0	0	0	0
Independent Review	A	B	C	Total
Implemented	0	0	0	0
Not implemented	0	0	1	1

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 CO₂, 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 CO₂ 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.

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.





Sustainability Policy 4

Address Environmental Issues

- We intend to ramp up the pace of our initiatives with the aim of achieving the SDGs and the goals of the Paris Agreement.
- In aiming to build a carbon-free, recycling-oriented, cohesive society in harmony with nature that nurtures biodiversity, we will work together with various stakeholders through our core business to solve the problems that currently prevent this goal from being realized.
- We work on energy and resource conservation to reduce the direct environmental burden caused by our own activities.



Environmental Burden Reduction Measures

The Group limits negative impacts from business activities in ways that relate to SDG themes through the operation of environmental management systems (EMS).



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 lendeer 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 lendeer 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 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.

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 15) and the Action Guidelines for Preserving Biodiversity (see page 41) are specific guidelines that were drawn up based on this Environmental Policy.

1. Initiatives to Reduce Environment Impacts from Business Activities

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 costs	Effects from lower eco-burden
Paperless meetings	Lighter work load (e.g. preparing copies, replacing materials) and fewer work hours; prevent information leaks	Spend less on purchasing paper, reduce waste disposal costs	Conserve environment on lower paper use, less waste disposal
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	Less overtime trims personnel costs and lowers electricity costs (reduced use of lighting and air-conditioning)	Help mitigate global warming via reduced electricity use

Reducing environmental burdens at our large office buildings (2018 results)

	Paper consumption		Electricity consumption		Waste volume		Green procurement ratio
	Thousand sheets	YoY	Thousand kWh	YoY	t	YoY	
Head office	59,237	Down 6%	6,123	Down 1%	551	Up 4%	Up 86%
Fuchu	13,667	Up 3%	20,135	Down 1%	91	Down 6%	
Senri	7,458	Up 6%	7,248	±0%	158	Up 1%	
Shiba	18,401	Down 5%	5,074	Down 1%	188	Down 2%	

Initiatives to Reduce Energy Use and CO₂ Emissions Related to Business Activities



The Group is striving to reduce its environmental impacts in the form of both inputs such as electricity and gas used for business activities and outputs like CO₂ emitted as a result of those activities. As SuMi TRUST Bank is subject to the Act on Rationalizing Energy Use, we calculate the volume of energy consumption and CO₂ emissions at all of our offices across Japan using a common system. In fiscal 2018, total electricity consumption at all sites in Japan came to 56 million kWh, down 7.3% from 60 million kWh the previous year. City gas consumption declined 6.4% year on year to 1.8 million m³. Since fiscal 2014 our total energy consumption for business activities has steadily declined every year, representing a 24.5% reduction over the last five years. These results owe to the promotion of energy saving at our large office buildings and the impact of branch mergers. Energy consumption at the Group's facilities is at its highest during after hours, but we achieved significant results by diligently switching off air conditioners when employees left the building and by raising awareness about such efforts by providing feedback to each department in the form of data on electricity use.

As for CO₂ emissions—the driver of global warming—we

succeeded in lowering our annual emissions to 33,504t-CO₂ in fiscal 2018, a 33.8% reduction compared to the peak of 50,605t-CO₂ recorded in fiscal 2013. Both scope 1 and scope 2 emissions have decreased significantly, declining 21.8% and 32.8%, respectively, from fiscal 2014. Even though total floor area has decreased due to the discontinued use of some large buildings and the merger of branches, emissions intensity per floor space in fiscal 2018 came to 0.090t-CO₂/m², which represents an 18.9% reduction compared to fiscal 2014.

The large buildings in the Tokyo metropolitan area that house SuMi TRUST Bank offices are subject to the mandatory reductions in CO₂ emissions prescribed under the Tokyo Metropolitan Government's Environmental Preservation Ordinance. We continue to steadily reduce our emissions at these buildings on a single fiscal year basis. In the five years of the first plan period (FY2010–2014), our reductions far exceeded mandatory levels, which meant we received emission credits worth 47,540t-CO₂. We carried forward these emission credits into the second plan period (FY2015–2019), during which we expect to be able to achieve our targets again without the use of credits.

Energy Usage and CO₂ Emissions (Domestic Bases)

Energy usage		FY2014	FY2015	FY2016	FY2017	FY2018
Total volume of energy usage (heating value)	GJ	913,437	846,829	801,370	736,011	688,949
Total volume of energy usage (converted to crude oil)	kl	23,566	21,848	20,675	18,989	17,774
Energy usage intensity	kl/m ²	0.053	0.051	0.049	0.047	0.048
Electrical power	thousand kWh	76,768	71,206	66,742	60,444	56,003
City gas	thousand m ³	2,398	2,153	2,107	1,996	1,869
CO ₂ emissions		FY2014	FY2015	FY2016	FY2017	FY2018
Greenhouse gas emissions volume	t-CO ₂	48,918	43,816	40,833	37,068	33,504
Greenhouse gas emissions after adjustment	t-CO ₂	48,426	43,470	40,393	36,240	32,864
Emissions intensity	t-CO ₂ /m ²	0.111	0.103	0.098	0.093	0.090
Emissions intensity (after adjustment)	t-CO ₂ /m ²	0.110	0.102	0.097	0.091	0.088
Scope 1 emissions volume	t-CO ₂	5,577	5,002	4,907	4,575	4,362
Scope 2 emissions volume	t-CO ₂	43,340	38,813	35,925	32,493	29,142

Scope of calculations: SuMi Trust Bank facilities in Japan subject to the Act on the Rational Use of Energy; Group companies, including Sumitomo Mitsui Trust Asset Management, are tenants in some facilities. Calculation method: Calculations conform to the method in the Act on the Rational Use of Energy; our disclosed figures have been revised following adjustments made to data for past fiscal years. Some subtotals may not add up to totals due to rounding.

CO₂ Emissions at Bases Subject to the Tokyo Metropolitan Ordinance on Environmental Preservation

		No. 2 plan period			
		FY2015	FY2016	FY2017	FY2018
Standard emissions	t-CO ₂	51,733	52,511	41,123	41,123
Maximum emissions limit	t-CO ₂	44,402	45,048	35,595	35,595
Mandatory reduction	t-CO ₂	7,331	7,463	5,528	5,528
CO ₂ emissions	t-CO ₂	31,735	30,550	24,926	24,806
Emissions reduction	t-CO ₂	19,998	21,961	16,197	16,317
Excess reduction	t-CO ₂	12,667	14,498	10,669	10,789

The figures in the table show emission reductions at SuMi TRUST Bank's four office buildings (Fuchu Building, Shiba Building, Chofu Building, and Meguro Building), along with the head office building, all of which are subject to mandatory emission reductions under the greenhouse gas emission obligations and emissions trading scheme prescribed in the Tokyo Metropolitan Ordinance on Environmental Preservation. Since fiscal 2017, the Chofu Building and Meguro Building have not been subject to the mandatory reductions due to discontinued use. The mandatory reduction ratio is 6% for the head office and 17% for other buildings. The head office is a multi-tenant building and reduction ratios for each tenant have not been set. The Group carried over emission credits worth 47,540t-CO₂ to the second plan period acquired as a result of excess emission reductions in the first plan period (FY2010–2014). Emissions have been verified by a third-party assessment body.

Other Initiatives to Reduce Our Environmental Impacts

We reduced the amount of paper we used in fiscal 2018 by 32 tons year on year (–4.3%) to 706 tons. We will continue to work on reducing our paper usage by promoting activities that improve operational efficiency. The volume of waste paper output remained flat year on year and we continue to maintain a 100% waste paper recycling rate. Other waste output rose slightly year on year to 289 tons, but the recycling rate increased to 47%, the highest level

in the last five years. Up ahead, we will make every effort to reduce our total waste output and make efficient use of recycling. We will also endeavor to carry out proper management and disposal of equipment and chemical substances imposed on business operators under laws such as 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

		FY2014	FY2015	FY2016	FY2017	FY2018
Paper use	t	861	726	712	738	706
Recycled paper	t	508	526	596	566	568
Water use	thousand m ³	178	166	166	139	127
Total waste output	t	1,646	1,347	1,756	1,332	1,304
Paper output	t	1,057	946	1,280	1,050	1,025
Recycled volume	t	1,018	930	1,280	1,050	1,025
Recycled rate	%	96	98	100	100	100
Other waste output	t	589	401	477	282	289
Recycled volume	t	142	124	132	115	137
Recycle rate	%	24	31	28	41	47

Tabulation scope: Base buildings (excludes some branches in the case of water use)



2. Initiatives to Reduce Environmental Impacts at Group Companies

Nikko Asset Management Co., Ltd. (Nikko AM) has offered its clients investment trusts that factor in environmental considerations since it launched Japan's first eco-fund in 1999, and at the same time, it has actively supported activities to care for the environment and encouraged its employees to participate in social contribution activities. With regard to reducing its environmental load, Nikko AM works to reduce copier paper use, electricity use, reduce CO₂ emissions, and implement green procurement policies.

In fiscal 2018, Nikko AM achieved carbon neutrality in terms of its CO₂ emissions. By calculating its CO₂ emissions from financial and travel data for its offices in Japan, Singapore, Sydney, Melbourne, Auckland, New York, and London, and participating in a carbon offset program, the company was able to achieve a net zero carbon footprint by removing an equivalent amount of emissions from its corporate activities. The project's offsets will be used to fund the installation of renewable solar PV cells into the Indian National Grid for diversification of energy sources and sustainable growth and help Nikko AM make good on its commitment to goal 13 of the SDGs: "Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy."

Going carbon neutral also contributes to various other targets of the SDGs by contributing to sustained employment and improved healthcare, sanitation, and education in local communities.

In fiscal 2018, Nikko AM's electricity consumption rose 35,000kWh owing to an increase in air conditioner use mainly in summer during overtime hours. In an effort to strengthen its own initiatives on work style reforms, the company set up a cross-organizational working group in September 2018 and one thing it did was install monitors in meeting rooms so that materials could be shown on the screen instead of being printed on paper. This initiative helped significantly reduce the amount of copier paper purchased per person by 9.5% year on year.

Meanwhile, Sumitomo Mitsui Trust Panasonic Finance is taking steps to reduce power usage, copier paper, and gasoline. The company has achieved a more compact office by introducing open-plan workspaces where computers and projects are all networked and is reducing electricity consumption and copier paper volume by drawing on the benefits of paperless meetings, online approval forms for workflow, and less overtime work. Electricity consumption and copier paper used in fiscal 2018 increased year on year, albeit slightly, by 0.2% and 0.3%, respectively. The company will continue to implement initiatives to further reduce its consumption.

Sumitomo Mitsui Trust Panasonic Finance has also been working to reduce its CO₂ emissions from sales activities by encouraging its employees to switch from private company cars to public transport. In April 2018 it drafted internal guidelines on using vehicles for work with the aim of managing the health of its employees, ensuring safety, and streamlining sales activities. Not only does this initiative make effective use of traveling time, it aims to simultaneously achieve the social (health, safety) and environmental objectives of reducing CO₂ emissions from cars used for sales by alleviating driver fatigue and preventing traffic accidents as a result of cutting out long-distance driving. By strictly observing a rail & rent-a-car policy, the company was able to slash its company car gasoline consumption by 27,700kℓ (-23.7%) year on year. This equates to an CO₂ emissions reduction of roughly 64.2t-CO₂.



Nikko Asset Management's Three Environmental Policies

Increase green investors

As flows of funds through socially responsible funds (SRIs) are very significant for preservation of the environment, Nikko Asset Management strives to increase green investors.

Promote office activities such as energy and resource conservation

Nikko Asset Management strives to promote energy and resource conservation and recycling of waste and expand green procurement in offices. Nikko Asset Management also strives to prevent environmental pollution by complying with laws, regulations and other requirements related to the environment.

Develop information disclosure

Based on the recognition that it is extremely important from the perspective of the preservation of the environment that information disclosure related to the environment takes hold and develops as a social system, Nikko Asset Management develops information disclosure by actively disclosing information concerning its environment-related initiatives, including the environmental policies.

Environmental Performance of Nikko Asset Management

		FY2014	FY2015	FY2016	FY2017	FY2018	YoY Change
Electricity consumption	thousand kWh	1,026	1,071	1,029	1,057	1,092	Up 3.3%
Total energy consumption	GJ	13,317	14,022	13,441	13,807	15,191	Up 10.0%
CO ₂ emissions	t-CO ₂	508	510	537	530	517	Down 2.5%
Copy paper procurement amount per employee	Piece	627	672	614	548	496	Down 9.5%
Stationery goods green procurement ratio	%	59.6	50.6	65.0	58.8	54.5	Down 7.3%

Facilities covered by the above data: Head office building (Midtown)

CO₂ emissions: calculated based on the method of specified greenhouse gas emissions in the Tokyo Metropolitan Ordinance on Environmental Preservation (same emission coefficients as in fiscal year 2014).

Environmental Performance of Sumitomo Mitsui Trust Panasonic Finance

		FY2014	FY2015	FY2016	FY2017	FY2018	YoY Change
Electricity consumption	thousand kWh	1,219	1,007	1,008	982	984	Up 0.2%
Gasoline consumption	kℓ	140	127	118	117	89	Down 23.7%
Copier paper consumption	thousand sheets	16,788	16,590	17,464	17,508	17,567	Up 0.3%



3. Medium- to Long-Term Targets

We set medium- to long-term environmental management targets for reducing CO₂ emissions and creating a recycling-oriented society with a view to stepping up initiatives across the entire Group. As for the reduction target for electricity use per total floor area called for by the Japanese Bankers Association, as of fiscal 2018 we had achieved a considerable decrease of 29.1% compared to fiscal 2009. We will continue to work on lowering

the amount of power we use. SuMi TRUST Bank plans to take into consideration the Japanese government's Basic Energy Plan and set its own long-term goal for fiscal 2030 and beyond with the aim of achieving the objectives of the Paris Agreement. The Bank will also endeavor to continue purchasing 100% recycled paper for its copier machines in order to promote the establishment of a recycling-oriented society.

Medium- to Long-Term Environmental Targets for SuMi TRUST Bank

CO ₂ reduction (reduction of electricity consumption)	Reduce electricity consumption rate (electricity consumption/total floor area) in fiscal year 2020 by 10.5% compared to fiscal year 2009. (Sumitomo Mitsui Trust Bank)
Creation of circular society (waste disposal)	Raise purchase rates of recycled paper and environmentally friendly paper to 75% or more in fiscal year 2020. (Sites consisting of the head office, Shiba, Fuchu, and Senri)

Attainment Status of Medium- to Long-Term Environmental Targets Related to Electricity Use Intensity

		FY2009	FY2015	FY2016	FY2017	FY2018
Electricity use intensity	kWh/m ²	213.31	168.14	161.06	152.60	151.32
	Compared to FY2009	—	Down 21.2%	Down 24.5%	Down 28.5%	Down 29.1%
CO ₂ emissions intensity	t-CO ₂ /m ²	0.087	0.086	0.081	0.076	0.072
	Compared to FY2009	—	Down 1.1%	Down 6.9%	Down 12.7%	Down 17.1%

Fiscal year 2009 figures were calculated from each intensity's pre-merger total.

4. Strengthening Supply Chain Initiatives and Establishing a Financial Ecosystem



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 132 for details about our CSR Procurement Policy. When purchasing stationery, equipment, and other office supplies, SuMi TRUST Bank prioritizes designated green procurement items and environmentally-friendly products, including those designed to conserve energy. The Bank also promotes initiatives from the viewpoint of combatting the depletion of resources, halting illegally logged timber in tropical rainforests, and preventing

pollution in the world's oceans and waterways.

In addition to simply purchasing products and services, we also need to extend greater financial support to suppliers of environmentally-friendly and socially-acceptable goods and services if we are to achieve marked growth in CSR procurement in society. We intend to accelerate our efforts on providing financing to and forming partnerships with power companies and electricity retailers in order to switch the Group's power consumption to renewable energy sources. We also aim to build a financial ecosystem through which the entire supply chain is jointly supported by financial institutions. To this end, we continue to exchange opinions aimed at collaboration on this issue with regional banks, Shinkin banks, credit unions, labor banks, and other financial institutions.



Sustainability Policy 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.



Enhancing Human Capital to Increase Corporate Value

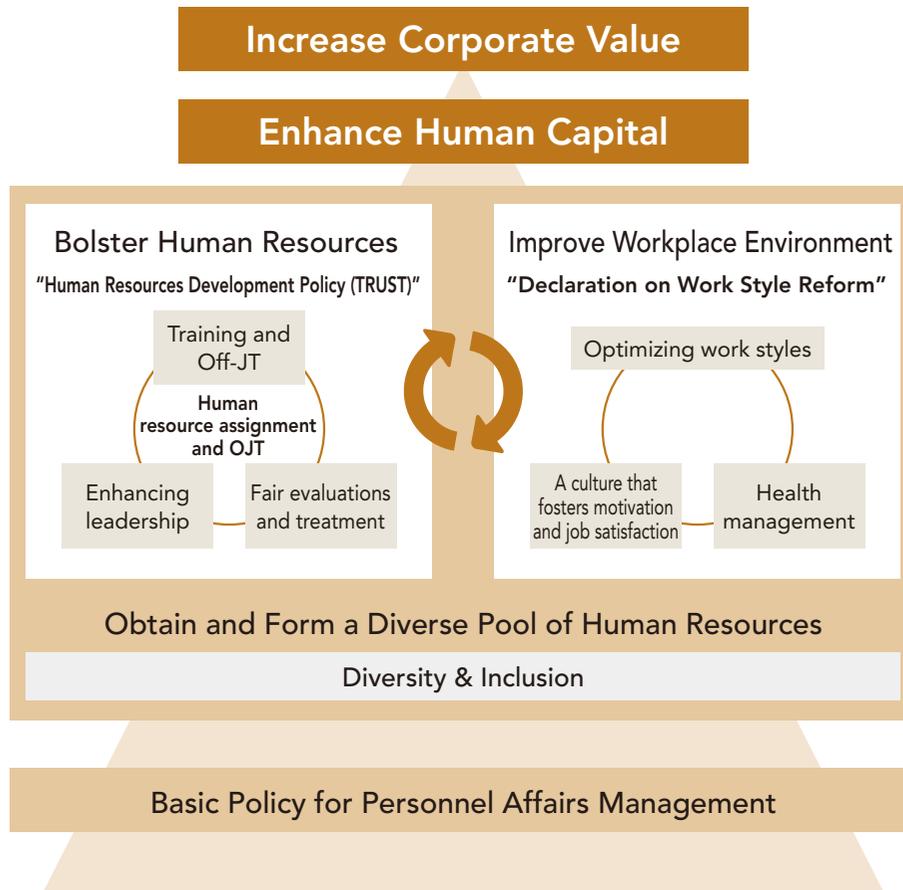
Human Resources Strategy

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.

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.

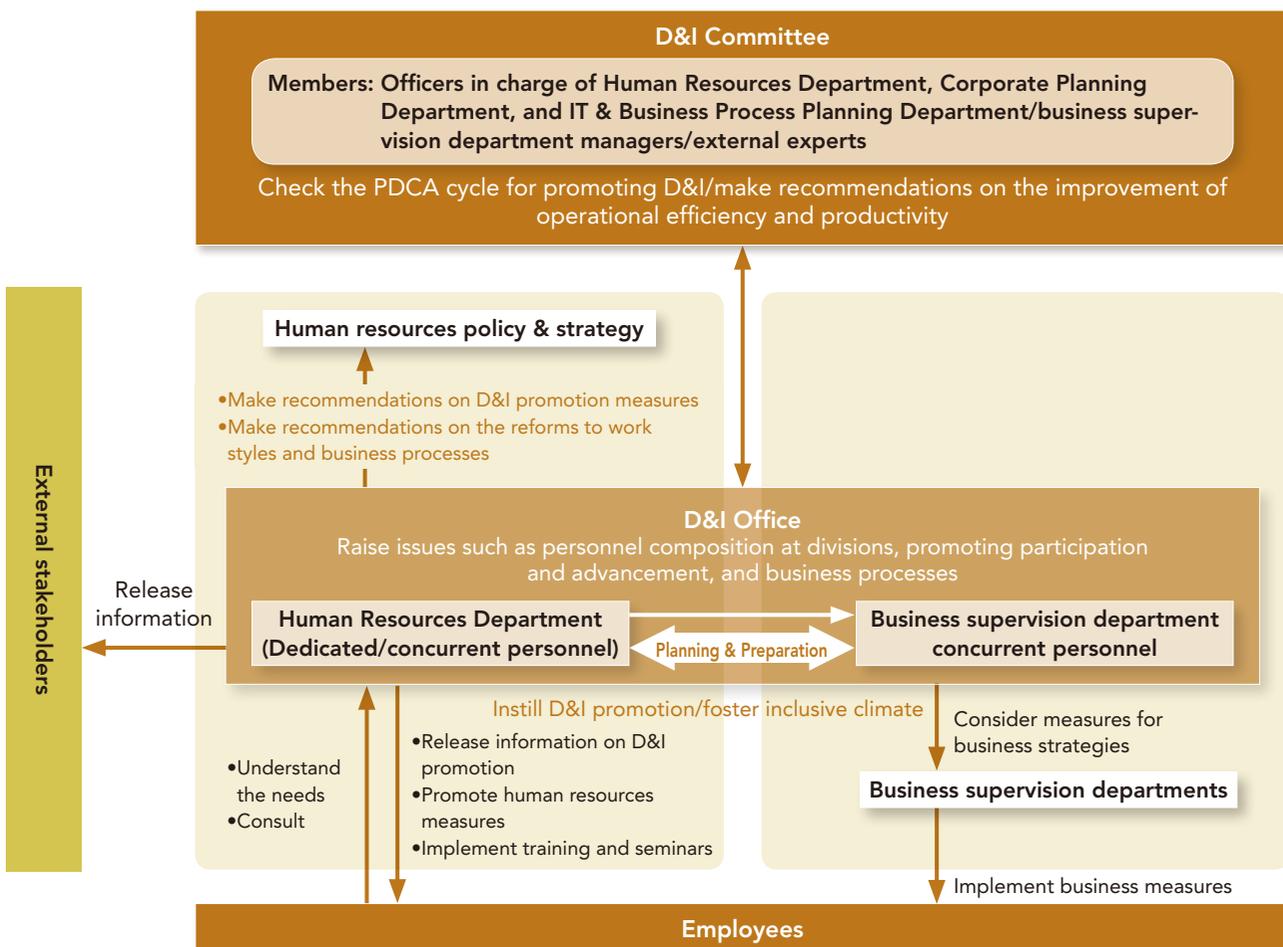
In addition, promoting diversity has become a major business trend and long-term investors emphasizing ESG are taking a greater interest. In response, SuMi TRUST Holdings also established the D&I Office within its Human Resources Department in October 2017 to promote diversity and inclusion throughout the Group.

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 LGBT community.

Organizational Chart for D&I Promotion at SuMi TRUST Bank



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 set a goal to "place 300 female employees in managerial positions at the level of section manager or higher" by March 31, 2020* as part of our general employer action plan commitment under Japan's Act of Promotion of Women's Participation and Advancement in the Workplace. In our aspiration to be "No. 1 in human resource development," we provide a wide range of trainings and positions and offer growth opportunities with an eye toward providing women a gateway to management.

* Achieved ahead of schedule on October 1, 2019, with 357 female employees in managerial positions at the level of section manager or higher (including directors and officers). As of October 1, 2019, SuMi TRUST Holdings has one female director and SuMi TRUST Bank has two female directors and two female executive officers.

Number of Female Employees in Management Positions at SuMi TRUST Bank

	End of March 2017	End of March 2018	End of March 2019	End of September 2019
Directors	1	0 (0%)	0 (0%)	2 (10.0%)
Executive Officers	0	2 (4.3%)	2 (4.2%)	2 (3.8%)
Level of General Manager	14	16 (2.6%)	21 (3.3%)	21 (3.3%)
Level of Section Manager	232	245 (11.9%)	261 (13.2%)	264 (13.5%)
Level of Assistant Manager	1,069	1,108 (32.7%)	1,141 (34.1%)	1,138 (34.5%)

*The number inside the parenthesis is the female employee ratio.

**As of September 30, 2019, there was one female external director at SuMi TRUST Holdings.

Human Resource Development in consideration of Placing Female Employees in Managerial Positions

Support for Women's Solid Career Formation

SuMi TRUST Bank conducts meticulously detailed training at three stages so that female employees can build their own career path and network: before becoming an assistant manager, upon reaching the level of an assistant manager, and before becoming a section manager. The training is timed to match important turning points in the career development of female employees. In fiscal 2019, the Bank revamped the training for those about to reach the level of an assistant manager in order to expand career support for A-course employees, who are never assigned to a different workplace requiring relocation. The training curriculum, which is based on lectures by outside instructors and senior employees, encourages employees to think about their own medium- and long-term career goals in a self-directed manner. We endeavor to stay present to the concerns of female employees who are easily affected by the life events and provide early opportunities so they can design careers as part of their life plans. (see page 149 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. Directors and officers are also actively involved in the development of female employees. We hold seminars where female employees are able to speak directly with officers to learn management viewpoints and what is expected of female employees. These executive seminars offer a variety of opportunities that help female employees in their career growth. We strive to make the seminars as accessible as possible to female employees who are raising children, for example by holding them at lunchtime and other convenient times.



Training for Directors, Officers, and Management

To help create a workplace environment where women can thrive, SuMi TRUST Bank holds a lecture on the subject of unconscious bias at its nationwide meeting of deputy general managers as part of its efforts to inspire changes in the consciousness of management, which are important in order for female employees to thrive. The Diversity & Inclusion (D&I) Committee, which includes executive officers of the Corporate Planning, Human Resources, and IT

& Business Process Planning Departments, is working to deepen the understanding of directors and officers about diversity and inclusion by providing opportunities to hear recommendations related to women's advancement from a variety of perspectives, for example from young employees and female managers of Group companies and from external experts who have experience promoting diversity at other companies.

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) 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

Work-Life Balance

One theme of the Declaration on Work Style Reform (see page 154) is an initiative for "achieving diverse work style and work-life balance." As a part of that effort, SuMi TRUST Bank has set a target of 100% for the acquisition ratio of childcare leave among male employees. In fiscal 2017, the Bank achieved a 100% acquisition ratio in a company-wide drive to foster a culture to think natural for male employees to play a role in the family, and to encourage them to notice afresh what is happening in the world outside the company and sense the changes happening in society.



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.

Even after hitting the target, we continue to promote activities to establish a corporate culture of work-life balance.

Together, SuMi TRUST Bank and the employees' union held a nursing care webinar to deepen understanding among employees about the anticipated growing need to balance between job and nursing care obligations. The online webinar format made it easier for employees all over Japan to participate and allowed them to share their nursing care experiences through the chat function. Another seminar was organized for management to learn how to communicate smoothly with employees who are caring for family members.

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, to encourage smooth communication with newly hired overseas recruits assigned to Japan, we've conducted cross-cultural communication training for managers in departments where those new employees are placed. By comparing the difference in culture and custom between Japan and other countries, trainees learn about cultural diversity, such as values and customs. This is an initiative to spread an approach to communication that avoids the intercultural misunderstandings and trouble that may occur on the job.

5. Promoting Advancement of Disabled Persons

At the SuMi TRUST Group, we strive to create a workplace for disabled persons to gain fulfillment in their jobs as members of the workplace. There is an increasing number of workplaces at SuMi TRUST Bank where disabled persons are working. For example, at branch offices they serve clients and at the head office they are involved in the clerical work. In addition, SuMi TRUST Bank makes a good amount of effort to implement individual meetings with newly hired disabled persons to address their concerns and requests emerged after joining the company. The insights obtained

from the meetings are utilized to make the workplace more comfortable in both tangible and intangible ways. As of September 1, 2019, our employment ratio of disabled persons is 2.24%.

Employment Ratio of Disabled Persons

As of September 30, 2019

2.24%

Branches with Disabled Persons

As of September 30, 2019

103 branches

Gaining & Shaping a Population of Diverse Human Resources

Bolstering 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.

- T**alent Talent (individuality) can blossom
- R**espect Respect each individual
- U**niqueness Develop true professionals
- S**upport Make mutual teaching and support our motto
- T**ry Praise 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 p. 145). 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.

Course name	Residence and workplace relocation	Eligible business operations	Primary role
G Course (General and 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*	Retail operation <ul style="list-style-type: none"> Leaders of retail-related department- and branch-level organizations, or High-level professionals regarding retail operation
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)

Skill-raising 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 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.”

* 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.

Communication tool among new employees, development personnel, and branch managers



Recruiting Highly Capable Human Resources

It is indisputable that employing capable 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 visitors an idea of what working at a Group company is really like with features such as employee interviews. In addition, human resources likely to demonstrate expertise as trust bank employees are strategically acquired 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 at the initial stage of job assignment.

More than 29,000 recent graduates applied via the website during the recruitment period for new entrants to join the Group in April 2020. We will go through a rigorous selection process to make hiring decisions.



Internship program

Respect for Employees' Will in Job Assignment

SuMi TRUST Bank determines new hires' job assignments after examining their aptitude through interviews with each of them before they formally join the Bank. On the other hand, SuMi TRUST Bank attaches importance to new hires' will and motivation and provides them with opportunities to try acquiring qualifications new hires themselves desire (pension actuary, real estate appraiser) and to challenge work at their first assignment (Global business, digital transformation, asset management and administration, market-related operations, etc.). SuMi TRUST Bank makes an effort to encourage an early acquirement of the expertise trust bank employees should have, as well as to continuously bring out specialized talent.

Number of New Recruits

	Total (total of male and female)	Male	Female
FY2016	412	168	244
FY2017	433	179	254
FY2018	402	178	224
FY2019	396	153	243

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.

Internal Job Posting System Users

FY2017 **445** → FY2018 **494**

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 on temporary assignments. To ensure smooth human resource exchanges, Sumitomo Mitsui Trust Career Partners offers training to Group companies.

Enhanced Off-JT*, Including Training Programs

While human resource training and skill development in the Group are generally provided on an OJT basis, we provide various options for group training which aims to improve employees' operational skills and management abilities, and for self-development which encourages employees to continue improving their skills.

For example, we operate SuMiTRUST University. This company-wide program is aimed at realizing distinct added value that is "unique to a trust bank" and "distinctive of Sumitomo Mitsui Trust Bank" and developing human resources who can swiftly provide comprehensive solutions to clients. Under the operation principle of "building a culture of learning and developing human resources who can help themselves and be independent," we are developing a system to support employees improving their skills.

SuMi TRUST Bank's president serves as SuMiTRUST University's president, while SuMi TRUST Bank's officer in charge of the Human Resources Development and an external expert serve as the university's vice presidents. The SuMiTRUST University receives advice regarding its operation from Hitotsubashi University's Graduate School.

In addition, we organized the SuMiTRUST Academy, a program to provide various training in order to support employees willing to actively learn in a challenging

environment from the perspective of fostering a culture of proactive learning. The Academy is provided as a learning opportunity for all Group employees regardless of company or employment type.

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

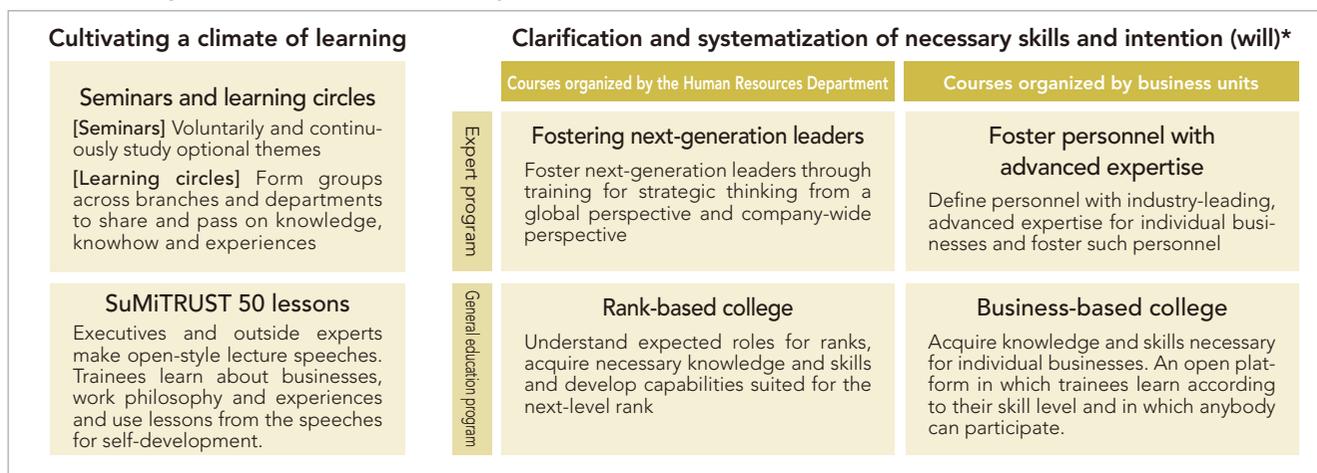
- Financial assistance to cover the cost of various qualification and certification tests, grants to support obtaining credentials, provision of books for the disabled

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.)

* Off-JT: Off-the-Job Training. Through programs such as lectures and training sessions, Off-JT provides knowledge and skills employees cannot obtain in OJT.

Concept Image of SuMiTRUST University



* The two core components are "rank-based college" managed mainly by the Human Resources Department and "business-based college" managed mainly by individual business units. In addition, the curriculum is enhanced by systematizing and classifying the courses into "general education program" in which all trainees participate and "expert program" in which trainees acquire advanced skills and expert knowledge.

Strengthening Leadership

Developing Next-Generation Leaders

In cooperation with Hitotsubashi University's Graduate School, SuMi TRUST Bank offers GL training to nurture the next generation of executive Global Leaders (deputy general managers, associate general managers, and equivalents) and SL training to nurture the next generation of Strategic Leaders (section managers, operational chiefs, and equivalents). 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, to develop leaders among our female employees and provide them a path to management, we run training for them at the three career stages where the role of female employees changes most dramatically (see page 147).

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 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 231 as of March 31, 2019, up from 115 as of March 31, 2012. We have also increased the number of employees with foreign citizenship working in Japan to 49 as of March 31, 2019, 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.

Rank-based Training Enhancement

In addition to training to develop next-generation leaders to aggressively pursue strategic business development, SuMi TRUST Bank conducts rank-based training to maintain its talent pipeline and further strengthen its trust services as a social infrastructure. Young employees are provided with a variety of training aimed at acquiring business skills as well as a mindset that embraces autonomy in their domain of responsibility. 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). Human resources development requires not only classroom learning but also practical training through hands-on experience. Therefore, in order to build a more balanced talent pipeline, 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 the human resource development through our efforts which include recurrent education that looks ahead to an age of 100-year-life and, starting in fiscal 2019, the training provided to newly appointed executive officers inviting external instructors (former managers, university professors, etc.).

The training is based on a flexible management approach suited to a variety of work styles and is intended to promote human resource growth.



Data concerning Training for Human Resources Development (FY2018)

Total number of trainees	Number of selected and nominated trainees	Total training hours	Training cost
10,631	91	5,670	¥540 million

Bolstering Digital Human Resources

Sumi TRUST Bank aims to bolster digital human resources in order to provide value to our clients and employees through technology-based business transformation. We offer a wide variety of ways and opportunities to learn. We sponsor a “Digital Academy” that invites external experts and prominent figures in the digital field for in-house presentations and lectures, and we introduced a system that allows students to take university courses to learn advanced technologies such

as AI and blockchain and analytical methods based on probability and statistics. In another example of bolstering digital human resources, SuMi TRUST Bank partnered with an IT-related company to introduce joint training on business model analysis. Through these digital learning activities, we are taking up the challenge of creating innovation.

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 multifaceted 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 an employee stock ownership plan that regularly purchases shares of SuMi TRUST Holdings.

Employees to be evaluated

9,868 employees in career formation courses
(as of end of March 2019)

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

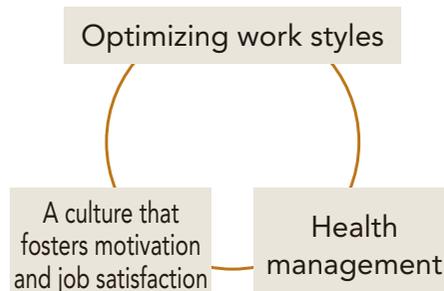
Upholding Positive Workplace Environments

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 145), 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.

Initiatives based on the declaration have generally improved HR strategy indicators in the annual survey of employee awareness at SuMi TRUST Bank.

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.

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.

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
- Ban smoking in all buildings
- Shift to business casual attire year-round

Status of paid holiday use among SuMi TRUST Bank career-course employees (FY2018 results)

Average number of days of paid holiday use	14.9days
Average paid holiday usage rate	55%

Status of overtime hours among SuMi TRUST Bank career-course employees (FY2018 results)

Average overtime hours per month (outside of mandatory work hours)	20hours
Ratio of career-course employees exceeding 60 hours of overtime per month (outside of mandatory work hours)	0%

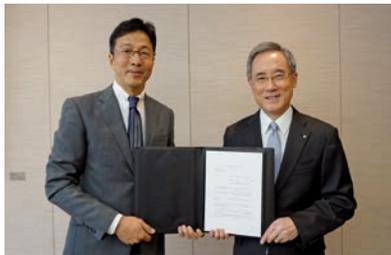
*As for career-course employees, see page 149

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

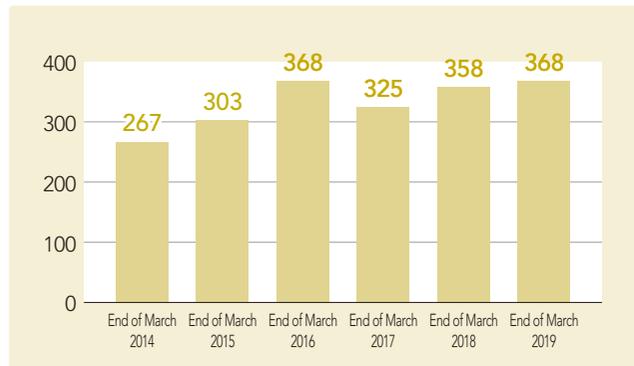
children with peace of mind by implementing a variety of measures. For example, in addition to offering childcare leave until children reach the age of two, SuMi TRUST Bank promotes childcare leave for male employees, and has established a nursing care leave system where employees with two or more children 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 March 31, 2019, 368 employees are on childcare leave via these systems. SuMi TRUST Bank has also produced a childcare handbook as a guide for employees who plan to have a child and their managers on



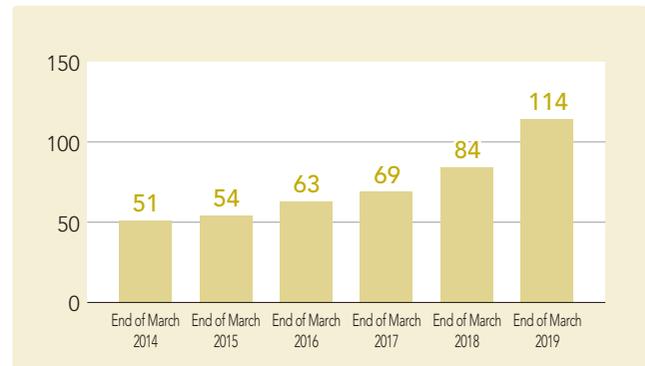
Usage status of flexible employment system (fiscal year 2018 results)

Number of employees using shorter working hours system for childcare or nursing care	573
Number of employees using staggered work starts, overtime work exemptions for childcare or nursing care	202
Number of employees telecommuting	250

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 2019)

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				✓	✓	✓	

system concepts, procedures, and points to be considered. We also provide application forms and company information supporting work-life balance through a website that employees can access while on childcare leave and a regular email newsletter for employees on childcare leave. In an effort to ensure a smooth return to the workplace, we hold seminars for returning employees led by external instructors and support network-building to allow female employees to share their concerns about work-life balance.

With respect to nursing care, SuMi TRUST Bank created a handbook and organized regular seminars to disseminate basic knowledge about nursing care. We also established a nursing care leave system where employees can apply for up to 10 days of leave per year (for those with two or more family members requiring care), a leave-of-absence system that provides leaves for one year at longest for nursing care, and a system of shorter working hours that can be extended for up to three years (per eligible family member).

Moreover, in addition to encouraging telecommuting, SuMi TRUST Bank holds “Family Visit Days” to provide employees and family members with an opportunity to deepen bonds and communication between them and consider what it means to “work as part of society.”

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

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 arrange influenza vaccination at the head office building, the Shiba Building and some branches, and we call for attention to prevent the spread of influenza, norovirus and other infectious diseases.
- 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.

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

In fiscal 2018, SuMi TRUST Bank initiated trials of telework and working from home with the goal of improving productivity and supporting work-life balance. Starting in fiscal 2019, we initiated trials of working in satellite offices with the goal of using branch offices more effectively and reducing the commuting burden. Going forward, we hope to boost participation by making these opportunities easier to take advantage of, for example by increasing the number of eligible branch offices and expanding the facilities.

Starting in fiscal 2019, we transitioned to business casual attire year-round. The goal of this change is to reinforce the autonomy of our employees, who are expected to choose work attire appropriate to their particular job and client interactions, and also to help create a productive work environment that remains comfortable in different seasons and temperatures.

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 recognition of its good health management initiatives, the Group was recognized by the Ministry of Economy, Trade and Industry in 2018 and 2019 as a Certified Health and Productivity Management Organization in the “White 500” large enterprise category.

Physical Health

Obligatory health examinations are provided every year to all employees. The Human Resources Department or other responsible department takes an individual measure to ensure that all employees who require medical treatment receive a checkup. We also support health examinations such as complete medical checkups for employees’ family members through health insurance associations.

Mental Health

In addition to conducting stress checks for all employees once per year accompanied by individual feedback, the Group has developed a counseling system that is easy for employees to use. For example, industrial physicians provide education for line managers to implement care, mental counseling sessions are available at health promotion centers within the Company, and health insurance associations offer free health advice over the phone. When we conduct annual stress checks, we provide the aggregate results to the employees’ union, discuss ways to “improve the workplace environment,” and take action to do so.

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.

Dialogue with Employees

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.” SuMi TRUST Bank recognizes freedom of association, respects the rights of workers to organize and bargain collectively,



Next-generation leaders discuss the Group’s mission during training

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.



Business briefing held prior to open recruitment

and guarantees the right of employees to communicate openly with management. The SuMi TRUST Bank labor union has 11,424 members, equivalent to 77.6% of all employees, as of the end of September 2019. The number of employees in the union in March 2017 was 8,537, however, the addition of associate employees as new labor union members in July 2018 vastly raised the ratio of union organized employees. 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, are periodically held to discuss working condition for union members and how to maintain the working environment, as well as to reflect employees’ views in management.

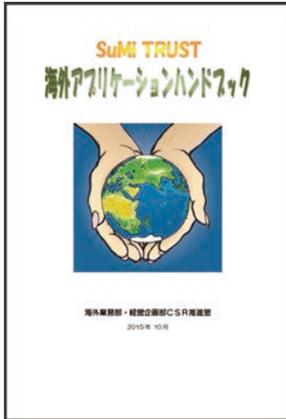
At other Group companies as well, there are initiatives to ensure smooth business operation and maintain and improve the workplace environment through dialogue between the company and the union or representatives of employees.

Encouraging Senior Employees to Thrive

SuMi TRUST Bank has a program that continuously reemploys retirees who meet certain criteria until they reach the age of 65 if they request employment (the Elder Partner Program). In recent years, approximately 90% of employees who have reached retirement age use this program. In addition, we introduced a system that certifies employees with significant expertise as Fellows and adjusts their benefit levels accordingly.

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 enable our employees to obtain a deeper understanding of the behavior and sentiments of people in other countries and thus build 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.

Preparation and Distribution of Harassment Prevention Handbook

In response to matters brought to the Consultation Desk and increased public interest, we have prepared a common handbook used throughout the Group to prevent harassment before it happens and from being aggravated, as well as to foster a correct understanding of harassment and encourage all Group employees to act appropriately as a person in an organization. This booklet is handed out to all Group employees. It is our hope that a correct understanding through the booklet will stamp out harassment and cultivate a friendly and motivating workplace environment that is characterized by mutual respect.

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 (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 practices, 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 157).

Number of Consultations Concerning Labor Practices, etc. at SuMi TRUST Bank

Fiscal Year	Number of Consultations
FY2013	39
FY2014	46
FY2015	42
FY2016	78
FY2017	65
FY2018	76

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. Note that due to a review of the timing of the survey it was not conducted in fiscal 2018.

Indicator	FY2014	FY2015	FY2016	FY2017	FY2019
Vitality level	62.1	61.5	60.9	62.1	59.1
Satisfaction level	61.4	61.1	60.8	59.8	60.4

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 2018	As of end of March 2019
Number of employees	13,659 (6,145 men) (7,514 women)	13,469 (5,956 men) (7,513 women)
Hong Kong	59	62
Japan	12,961	12,744
China	141	131
Korea	3	4
Singapore	140	144
Indonesia	6	8
UK	157	176
USA	192	200
Average age	42.7 (Male: 43.5) (Female: 42.0)	42.4 (Male: 43.5) (Female: 41.4)
Average continuous years of employment	13.2 (Male: 16.0) (Female: 10.8)	13.4 (Male: 16.0) (Female: 11.0)
Average annual salary	6,960 thousand yen	7,198 thousand yen
Number of temporary staff	467	402
Number of part-timers	62	45
Number of disabled persons employed	276 (Disabled person employment ratio: 2.09%)	289 (Disabled person employment ratio: 2.21%)
Number of employees using the Elder Partner Program	395	424
Number of employee turnover (annual)	282 (131 men) (151 women)	301 (134 men) (167 women)
Number of work-related accidents (annual)	110 (accidents during work: 59; accidents during commuting: 51)	93 (accidents during work: 45; accidents during commuting: 48)

Initiatives concerning 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 LGBT 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 identify, 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 (LBGT 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.

Outline of the Human Rights Management System

The Human Rights Due Diligence Liaison Committee chaired by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, was established in December 2013 as a joint organization by Sumitomo Mitsui Trust Holdings (“SuMi TRUST Holdings”) and Sumitomo Mitsui Trust Bank (“SuMi TRUST Bank”). The roles of the concerned units are as follows.

Human Rights Due Diligence Liaison Committee

- Chaired by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, this committee engages in investigating the status in addressing human rights at all Group companies including overseas entities, derives tasks to be addressed, and discusses 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.

Departments Forming Human Rights Due Diligence Liaison Committee

Sumitomo Mitsui Trust Holdings
Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department
Sumitomo Mitsui Trust Bank
Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department, Customer Satisfaction Promotion Department, Global Business Planning and Coordination Department, Fiduciary Business Planning Department, and Wholesale Business Planning Department

Corporate Planning 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

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

<input checked="" type="checkbox"/>	Consideration for Human Rights Issues in Management
<input checked="" type="checkbox"/>	System to Promote Human Rights Awareness (system administration, response when human rights issues occur, etc.)
<input checked="" type="checkbox"/>	Human Rights Education (implementation of human rights awareness training, etc.)
<input checked="" type="checkbox"/>	Response to Human Rights Issues by Category
<input checked="" type="checkbox"/>	Understanding and awareness of the Dowry Issue
<input checked="" type="checkbox"/>	Whether recruitment and hiring are implemented fairly
<input checked="" type="checkbox"/>	Companies and society (ending discriminatory expressions, understanding of universal design, etc.)
<input checked="" type="checkbox"/>	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 LGBT community)
<input checked="" type="checkbox"/>	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.)
<input checked="" type="checkbox"/>	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.)
<input checked="" type="checkbox"/>	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 LGBT, and ex-convicts, etc.)
<input checked="" type="checkbox"/>	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.)
<input checked="" type="checkbox"/>	Activities of those responsible for human rights awareness in Human Resources Department

Personnel Consultation Desk (LGBT 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.

The Personnel Consultation Desk received 76 cases in fiscal 2018, of which 35 were cases potentially infringing upon human rights including harassment.

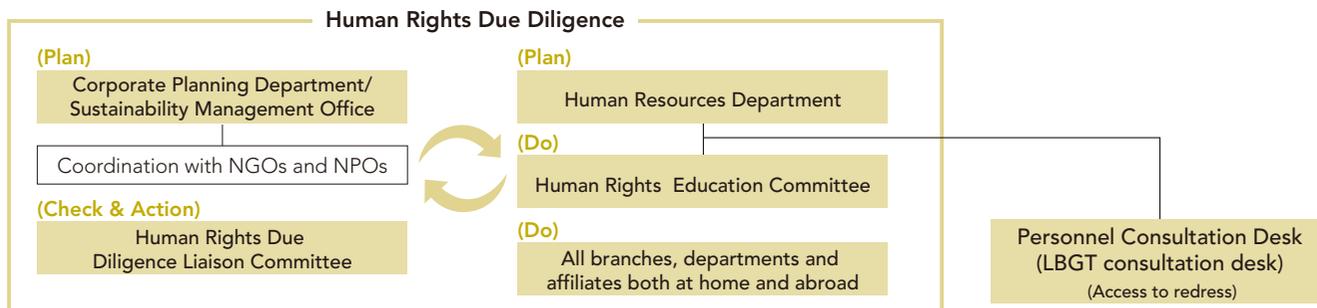
If requested by the employee bringing the case, the Personnel Consultation Desk may approach the workplace, conduct interviews with parties involved and other relevant third parties, and recognize the fact. Furthermore, the Personnel Consultation Desk may take action to transfer parties involved so as to improve the working environment of the consulter, or may discipline the perpetrator in accordance with company rules. All cases the Personnel Consultation Desk received in fiscal 2018 have been resolved, with the exception of 5 cases.

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 dispatches a “Human Rights Awareness Tool” by e-mail to all employees on a monthly basis, which cites outstanding examples that illustrate respect for human rights. The Committee also organizes workplace-based human rights training for an average of about 0.5 hour per year for each employee at all branches, departments, and affiliates across the Group. In fiscal 2018, the Committee spent a total of about 401 hours to provide training to 23,000 employees out of the 24,854 at 267 departments covered by this program (training participation ratio: 92.5%).

The potential issues recognized as requiring further training as a result of human rights due diligence can be

raised as themes of the once-a-year workplace-based human rights training.

In addition, human rights topics are taken up in collective training such as ranked-based training, as well as in divisional meetings, in an effort to enhance human rights awareness among employees. In fiscal 2018, 24 sessions of rank-based training were held for a total of about 12 hours, with 1,099 employees participated in total.

FY2018 Human Rights Training

	Number of trainees	Hours spent for training
Workplace-based human rights training	23,000	401 hours
Rank-based training	1,099	12 hours

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 particular, we strictly prohibit sexual harassment. 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. 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

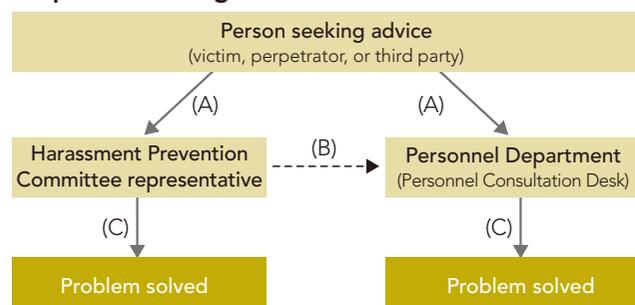
response of the victim, etc. Either stringent corrective measures or punishment—or both—are implemented against the perpetrators.

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.

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.

4. Factoring Human Rights Issues into Lending and Investment Decisions

Basic Policy

The Group collects information on whether the business activities of the companies in our loan and investment portfolios, including those based overseas, negatively impact human rights. In cases where relevant laws, standards, and policies are violated, necessary measures are taken as appropriate.

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.

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

LGBT Initiatives

As described earlier, the Group added text prohibiting discrimination against LGBT people when it amended its human rights policy in November 2016. As part of its continuing commitment to a workplace environment where LGBT and other sexual minorities can demonstrate their abilities in their own way, SuMi TRUST Bank has established a Consultation Desk, revised its benefits system, and continues to work on the initiatives such as awareness-raising through training. We have expressed our commitment to supporting LGBT rights externally and internally, for example by launching a mortgage loan that treats same-sex partners as spouses and by sponsoring “Tokyo Rainbow Pride 2019” as the SuMi TRUST Group. These initiatives were well-received, and the private organization “work with Pride” (wwP), which supports and promotes LGBT-related diversity management, awarded the highest rating of “Gold” in its PRIDE INDEX to SuMi TRUST Bank in fiscal 2017 and 2018, and to the SuMi TRUST Group as a group in fiscal 2019 for the LGBT and sexual minority initiatives of SuMi TRUST Holdings and two Group companies*.



* The two Group companies are: Sumitomo Mitsui Trust Bank, Ltd. and Sumitomo Mitsui Trust Asset Management Co., Ltd. Nikko Asset Management Co., Ltd. was also awarded “Gold” separately.

As an example of engagement related to human rights issues, we engaged with an Israeli military and defense company over concerns about the production of cluster bombs. Manufacturers of cluster bombs expose themselves to reputational risk from a humanitarian perspective, since international treaties such as the Oslo Convention have declared these weapons inhumane and banned their production and use. SMTAM advised the company that it should not start manufacturing cluster bombs, and should at least clarify and disclose the risks and future policies related to the production of cluster bombs. As a result, the company responded promptly and disclosed its policy not to engage in business activities that contravene international treaties.

rights, give consideration to industrial safety and health, and avoid violations of human rights, such as unjust discrimination, forced labor and child labor (Page 132).



Sustainability Policy 6

Participate in and Contribute to the Community

- 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.





Meaning of Providing Value to Communities

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 2019 summer school ran from July 21 to August 3 and accepted 81 junior high school students from 34 countries around the world.

*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 83 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

A Thank-You Letter from Hemant

My hobbies are soccer, watching movies, music, and getting along with many types of people. Thanks to your support, my life has become full of possibilities. I am deeply grateful for the fact that I am here now thanks to your support. Thank you very much.

Hemant is a 13-year-old boy who joined the summer school from Shanti Bhavan in India. He got to know all the students who the Group had supported in the past and said, "I'm really happy to be here this year, and I appreciate your continued support."

In the "Finding Purpose" group discussion we visited, Hemant demonstrated leadership that inspired everyone in the room.

"If you know how the economy works, you should be able to support yourself, your family and your country," he said confidently about his dream of becoming a certified public accountant. We hope that Hemant's dream comes true in the near future.



Commemorative photo with the Sustainability Management Office representative at the summer school

©Jun Toyosaki



Founder Lin Kobayashi

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 Shanti Bhavan. 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."



Display in the lobby of the Kawasaki branch

TOPIC 02

Support for the Children in Shanti Bhavan

The Shanti Bhavan school was established for the purpose of educating children who are the most socially and economically disadvantaged under the caste system, which has persisted for 2,000 years in India. All the summer school students from India that we support with scholarships are from Shanti Bhavan. They are highly interested in issues such as discrimination, poverty, and the human rights of women, and they strongly hope to improve their homeland. We will continue to watch after these future changemakers as they take action to abolish the caste system.



A vicious cycle of despair for children living in slums who don't have an opportunity to receive an education

SUMI TRUST GROUP INITIATIVES 02

Education for Sustainable Development (ESD) Projects



Education for Sustainable Development (ESD) is an educational program the United Nations promotes to cultivate the leaders of a sustainable society. In order to achieve a sustainable society, each one of us has to change our day-to-day behavior out of a recognition that the environment we live in is irreplaceable.

However, we will never achieve a truly sustainable society by simply “protecting the precious nature left.” SuMi TRUST Bank therefore advocates the

forward-looking idea of “educating people who understand nature’s value.” In 2012, this idea led to the startup of the ESD Project to provide an environmental education for children, who will lead the next generation.

The fourth SDG is about education. Through the ESD Project, SuMi TRUST Bank hopes for children, who will lead the next generation, to learn about “what a sustainable society will require.”

SuMi TRUST Bank ESD Project

This project, which started up in 2012, provides original outreach classes for children, who will lead the next generation, in a collaboration between the SuMi TRUST Group and Green TV Japan, an internet broadcaster specializing in the environment.

For the classes, we produce and use original video teaching materials. The video teaching materials are expected to have the effect of directing children’s interests towards the object of learning, spurring interest in real society, and embodying issues because they

can instantly communicate a large amount of information by appealing to the eyes and ears.

When conducting the classes, we select instructors by leveraging the SuMi TRUST Group network, which develops businesses focused on the environment, including natural capital. In addition, for the project, one necessary condition for the selection of a hosting site is that it be a field in close proximity to a branch. Each branch is working to build their own local brand through public relations activities in connection with government bodies.

SDGs seminar for teachers (Kamakura Mirai Lab, August 2019)

We conducted a seminar for 22 teachers and staff at Kanagawa Prefectural High School and Junior High School on the topic of how teachers can incorporate the SDGs for “building a sustainable society.” This was our first attempt at an ESD project for teachers.

In the workshop, each team decided on the vision they wanted to achieve under the theme of “Integrated Solutions for Society, Economy, and the Environment.” The teams considered the specific SDG actions required to achieve their vision and their impacts (positive and negative) on society, the economy, and the environment, and then presented the results.



Discussion presentation

Evolution of ESG project themes



Initiatives over the Past Years

Nov. 2012 **Wakayama Prefecture**

 Nature and biodiversity in Tenjinzaki

Sept. 2013 **Kanagawa Prefecture**

 Koajiro Forest where the red-clawed crab lives

Sept. 2014 **Okayama Prefecture**

 Learning about the source of water in Okayama

Jan. 2015 **Kanagawa Prefecture**

 Studying Oyatsu Forest, the birthplace of the National Trust

June 2015 **Osaka Prefecture**

 Nature of Yao City, where the Japanese rosy bitterling fish lives

Jan. 2016 **Fukui Prefecture**

 Studying the Nakaikemi Wetlands

July 2016 **Aichi Prefecture**

 Lessons about local life and the future from the deepbody bitterling, an endangered fish

Feb. 2017 **Chiba Prefecture**

 Lessons about the "web of life" from the Shibayama Wetlands

July 2017 **Niigata Prefecture**

 Lessons about building communities that coexist with nature from Sakata Lagoon, a wetlands registered under the Ramsar Convention

Feb. 2018 **Shiga Prefecture**

 Water source forest: Lessons for community and living from Lake Biwa and the SDGs

Aug. 2018 **Ibaraki Prefecture**

 Lessons for sustainable societies/SDGs from Japan's forests

Mar. 2019 **Hokkaido Prefecture**

 How SDGs and tourism make Sapporo a sustainable city

Aug. 2019 **Kanagawa Prefecture**

 SDGs seminar for teachers

入賞

SuMi TRUST Bank received an award from the Biodiversity Action Award 2015 (sponsored by the United Nations Decade on Biodiversity 2011-2020).

Please scan these QR codes to see these specific examples.

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.



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.



Utasai Bog, Hokkaido's Oldest



SuMi TRUST Bank joined a campaign led by the Association of National Trusts in Japan to protect the Utasai 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 Utasai Bog is commensurate to the sum needed to purchase 1,500 m² of the site.

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.

Panel Exhibits in Branch Lobbies Nationwide

In fiscal 2018, 49 branches nationwide displayed panel exhibits on the theme of the activities of the National Trust, a natural conservation movement that traces its origins to England.

"Mori-no-boen" (forest cemetery) was opened by the Ecosystem Conservation Society-Japan in February 2016 in the town of Chonan, Chiba Prefecture. In order to revive the nature on this land that has lost its forest due to sand mining, the National Trust approach is used to turn the land into a cemetery and plant and grow locally sourced tree saplings to serve as grave markers. No man-made items such as gravestones are placed at the site, so it is attracting attention as a new type of cemetery business where a natural forest will take root on the burial grounds in the future. Since fiscal 2017, started with six branches in Chiba Prefecture where the cemetery is located, panel exhibits featuring the business has been circulating among our branch lobbies. In fiscal 2018, the exhibit was circulated among 37 branches.



Display in the lobby of the Chiba Branch & Chiba-Ekimae Branch

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 Utasai 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 2019, they had donated funds equating to the acquisition cost of 2,850 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.

The Group is working to promote understanding of the SDGs by ensuring that each and every employee is able to understand and practice the SDGs and can help spread awareness of them to others. We put an SDGs feature in the October 2018 of the in-house newsletter (printed as a booklet) to explain the significance of the Group’s SDG initiatives and how the SDGs relate to each business unit. In addition, we ran an e-learning program for all directors, officers, and employees in December 2018 and December 2019 to further elevate their understanding. These e-learning classes were also made available at our overseas offices in our efforts to encourage our personnel there to engage in even more activities.

In May 2019, all employees of SuMi TRUST Bank began wearing SDGs badges.

Starting in fiscal 2019, these initiatives were expanded to include other Group companies.



“Future Bloom” in-house newsletter published in October 2018



E-learning session held in December 2019



Integrated Report (Employee Version) issued in May 2018

The Bank’s Retail Total Solution Services Business conducted “in-house SDG workshops” at branch offices all over Japan that were attended by total of 3,112 employees. The goal of the workshops is to enable implementation of “With You” sustainability activities to help achieve the SDGs.

In addition, we are sharing successful examples of “With You” activities related to the SDGs in an attempt to raise the level of activities at all branches.

Feel free to read the continual postings at the “With You” branch blogs about SDG activities at our branches nationwide.



Introduction of successful “With You” activities



SDG workshop at the Omori Branch



SDG workshop at the Koganei Branch

Zero Plastic Waste Declaration

Challenge for SDGs!

We aim to eliminate unrecycled plastic waste by 2030!



There are concerns about marine pollution on a global scale from “marine plastic waste,” which flows from rivers and other sources into the ocean, where it remains for a long time. The vast quantity of marine plastic waste that is generated worldwide is putting marine life at risk. Today we all need to “get smart about plastic.”

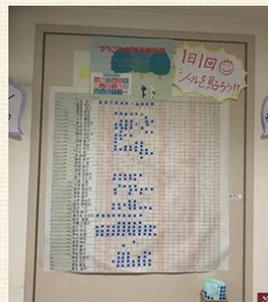
As a specific action to address this global marine pollution problem, the Group has issued a “Zero Plastic Waste Declaration,” which is a commitment to reducing the use of plastic products and the generation of non-recyclable plastic waste by each and every employee.

Based on the Declaration, we are taking concrete steps to help prevent the generation of plastic waste by both employees and clients.



Efforts to prevent plastic waste from employees

We put up posters in each building and branch and are developing specific initiatives based on the Declaration. The Kichijoji Branch independently declared August “Plastic waste reduction activity month” and conducted activities to make each employee more conscious of the goal of “zero plastic waste.” A poster with the names of all the employees at the branch was posted, and every time an employee took an action to reduce plastic waste (such as bringing their own bottle or declining a plastic bag), they would get a sticker next to their name for that day. Employees who earned stickers every day were awarded a commendation in the branch office.



Efforts to prevent plastic waste from clients

The Group strives to use environmentally friendly materials instead of plastic as much as possible for the items it provides to its clients. Starting in 2019, we decided to switch the window material of postal items (windowed envelopes) sent to clients to the pulp material “Graphan,” which can be discarded without sorting. We are also preparing to switch the gifts we give to our clients to environmentally friendly products such as eco-bags.



SDGs Declarations

Challenge for SDGs!

SuMi TRUST Bank is committed to working as an organization to achieve the SDGs, but we also want each and every one of our employees to think about what they can do.

In August 2019, 134 branches across the country decided on their own “SDGs Declarations” in order to spread the SDGs into their respective communities and stimulate action at the local level.

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.



Hokkaido and Tohoku

Sapporo Branch/Sapporo-Chuo Branch



- Engage in conservation activities and provide information about the natural environment of Hokkaido

Sendai Branch/Sendai-Aoba Branch



- Organize events to ensure that everyone in the Tohoku region has access to financial services

Kanto

Omiya Branch/Omiya-Ekimae Branch



- Provide information, workshops, and lobby displays for community-based comprehensive support centers

Urawa Branch



- Organize seminars for clients and raise awareness within the branch

Koshigaya Branch



- Contribute to the great city of Koshigaya through activities in collaboration with the local community

Tokorozawa Branch/Tokorozawa-Ekimae Branch



- Organize seminars for clients aimed at providing information on preparing for old age in “an age of 100-year-life”

Sugido Branch



- Organize workshops, seminars, and lobby displays in collaboration with local police

Funabashi Branch



- Hold seminars aimed at providing clients with information on leading second lives as seniors and similar topics

Matsudo Branch



- Organize workshops and lobby displays in collaboration with community-based comprehensive support centers

Chiba Branch/Chiba-Ekimae Branch



- Attend course on building relationships with community-based comprehensive support centers and dementia supporter training lectures

Ichikawa Branch



- Contribute to the community through a Book Donation Project which collects and donates books

Tsudanuma Branch



- Provide information on crime prevention measures at various seminars to reduce the risk of bank-transfer scams

Kashiwa Branch



- Provide and distribute information to local communities, including seniors

Yachiyo Branch



- Implement workshops for employees and seminars for clients in collaboration with community-based comprehensive support centers

Yokohama Branch/ Yokohama Station Nishiguchi Branch



- Build collaborations with regional SDG organizations
- Strengthen collaboration and links with Kanagawa area colleagues

Futamatagawa Branch



- Contribute to the community by providing information to seniors

Konandai Branch



- Provide information and seminars for clients of senior generation in Konan Ward

Kawasaki Branch



- Conduct awareness-raising activities to protect clients from fraud in cooperation with the police

Yokosuka Branch



- Promote traffic safety in collaboration with the local town council

Shin Yurigaoka Branch



- As a branch office rooted in Shin Yurigaoka, work with the community to create a happy city

Tama Plaza Branch



- Promote partnerships with local companies and organizations and contribute to local development as a member of the community

Aobadai Branch



- Endeavor to prevent special scams!

Odawara Branch



- Participate in local social welfare meetings and provide information to help prevent harm from special scams

Fujisawa Branch/Fujisawa-Chuo Branch



- Promote activities to reduce marine pollution and protect the Shonan sea

Sagami Ono Branch



- Collaborate with the Sagami-hara Minami Police Station to eradicate scams through awareness-raising activities at seminars, workshops, and lobby displays

Maebashi Branch



- Organize seminars and lobby displays related to health, nursing care, and medical care

Utsunomiya Branch



- Participate in environmental and cultural conservation activities in Tochigi Prefecture, such as weed control of *Lotus japonicus*

Kamioka Branch



- Strengthen collaboration with local residents through activities related to Konan Ward's "Himawari" flower

Tokyo

Nihonbashi Sales Department/ Tokyo-Chuo Branch



- Actively participate in collaborative activities (sponsorship events, cleanups, etc.) with communities in the Nihonbashi region to promote urban development activities, and work with police stations to proactively alert clients and disseminate information to prevent harm from special scams as part of creating an environment where the elderly can live in safety and security

Tokyo Business Department



- Organize seminars and events that contribute to the health and well-being of clients of senior generation

Ueno Branch/Ueno-Chuo Branch



- Hold seminars for clients of senior generation aimed at disseminating information on leading a second life and similar topics

Shibuya Branch/Shibuya-Chuo Branch



- Collaborate with companies and organizations in the Shibuya area to promote Shibuya's urban development and transformation

Nakano Branch



- Organize regular lobby displays in collaboration with the Community Disability Support Center

Shakujii Branch



- Organize seminars and events that contribute to the health and well-being of clients of senior generation

Kichijoji Branch/Kichijoji-Chuo Branch



- Conduct joint activities with local residents to preserve the nature and environment of the Musashino area

Tachikawa Branch/Tachikawa-Kitaguchi Branch



- Provide seniors with information on how to live a rich life in an age of 100-year-life

Hachioji Branch/Hachioji-Ekimae Branch



- Hold seminars aimed at providing clients with information on medical care, leading a second life, and similar topics

Machida Branch



- Provide clients of senior generation with information in preparation for an age of 100-year-life

Atsugi Branch



- In cooperation with the Atsugi Police Department, distribute crime prevention fliers to protect clients from scams

Tama Sakuragaoka Branch



- Share information and hold workshops with community-based comprehensive support centers in Tama City

Sangenjaya Branch



- Make steady progress on what we can do for the next generation of children

Ogikubo Branch



- Hold seminars and events that provide local audiences with mental enrichment and helpful information

Shinjuku Branch/Shinjuku Nishiguchi Branch



- Hold seminars for seniors dedicated to "preparedness"

Shiba Business Department



- Hold seminars to make every day healthy and enjoyable so that we can become the "Best Partner" for our clients

Meguro Branch



- Conduct workshops to deepen understanding of dementia in an aging society in order to become the "branch of choice" for more people

Omori Branch



- Hold seminars for clients with information on leading second lives as seniors and similar topics

Ikebukuro Branch/ Ikebukuro-Higashiguchi Branch



- Collaborate with community-based comprehensive support centers, hold Silver College Seminars, and organize lobby displays about the problems of dementia

Toranomon Consulting Office



- Hold seminars, individual consultation meetings, etc. to provide employees of other companies with life planning information

Jiyugaoka Branch



- Actively participate in locally sponsored events such as community cleanups and Bon Festival dance events to deepen engagement with the community and contribute to urban improvement
- Hold seminars on dementia prevention

Futako Tamagawa Branch



- Create “my SDGs” for each employee while holding seminars and workshops that are useful to our clients

Koganei Branch



- Continue to disseminate information and organize opportunities for employee participation through seminars and lobby displays

Koshinetsu and Hokuriku

Kofu Branch



- Promote reduction in the use of plastic and generation of plastic waste in-house based on the Zero Plastic Waste Declaration

Niigata Branch/Niigata-Chuo Branch



- Continue to work on regional revitalization activities in cooperation with external organizations

Kanazawa Branch/Kanazawa-Chuo Branch



- Collaborate with various organizations, including Kanazawa City, to revitalize the region

Toyama Branch



- Spread awareness in the community of the important role of biodiversity in nurturing the local natural environment

Fukui Branch



- Promote activities that showcase the beauty of the prefecture's coasts and connect them to the next generation

Tokai

Shizuoka Branch/Shizuoka-Chuo Branch



- Hold events for a wide range of clients to provide information on leading second lives as seniors and similar topics

Numazu Branch



- Organize events to contribute to local welfare in cooperation with community-based comprehensive support centers

Nagoya Corporate Banking Division/ Nagoya Sakae Branch



- Provide information useful to seniors leading a second life through lobby displays and seminars

Kanayamabashi Branch



- Regularly provide information to contribute to the health and welfare of the community

Nagoya-Ekimae Branch/Meiekinami Branch



- Promote prevention of special scams in cooperation with police department

Okazaki Branch



- Collaborate with the Okazaki City Council for Social Welfare to implement regional contribution activities such as holding regular visiting lectures

Toyohashi Branch



- Conduct financial education activities at nearby elementary and secondary schools

Ichinomiya Branch



- Breed the deepbody bitterling, an endangered fish, and inform the community about it

Gifu Branch



- Hold local cross-generational investment education seminars (on asset formation and investing for women and children)

Hoshigaoka Branch



- Set up lobby displays and in-house workshops in collaboration with community-based comprehensive support centers, and hold seminars and disseminate information in cooperation with the Hoshigaoka community

Yokkaichi Branch



- Participate regularly in activities such as special scam prevention, community cleanups, etc.

Kinki

Osaka Business Department/ Osaka-Chuo Branch



- Hold seminars and provide information for clients of senior generation

Abeno Branch/Abenobashi Branch



- Plan and host events that contribute to local health and wellbeing in collaboration with local institutions such as the Center for Support for Persons with Disabilities

Umeda Branch/Hankyu Umeda Branch



- Provide activities and information in collaboration with local communities, community-based comprehensive support centers, etc.

Ikeda Branch



- Provide information and hold seminars and joint workshops for community-based comprehensive support centers

Hirakata Branch/Keihan Hirakata Branch



- Organize public awareness workshops in cooperation with external organizations such as community-based comprehensive support centers

Nanba Branch/Nanba-Chuo Branch



- Promote activities to help children by eliminating hunger and poverty from the world

Toyonaka Branch



- Plan and host events aimed at achieving safety and security for seniors

Senri-Chuo Branch



- Hold branch-specific mini-seminars for clients for the purpose of disseminating information on leading second lives as seniors and similar topics

Ibaraki Branch



- Implement disaster prevention lobby displays and initiatives to prevent special scams

Takatsuki Branch



- Collaborate with local organizations to hold events for “Sustainable Cities and Communities”

Sakai Branch



- Hold seminars aimed at providing clients with information on leading second lives as seniors and similar topics

Yao Branch



- Protect the Japanese rosy bitterling, an endangered fish, and raise awareness of our efforts

Kyoto Branch/Kyoto Shijo Branch



- Protect the traditions and history of Kyoto, which is our home, through community collaboration activities

Kobe Branch/Kobe Sannomiya Branch



- Hold seminars aimed at providing clients with information on leading second lives as seniors and similar topics

Tsukaguchi Branch



- Collaborate with local organizations to organize events and other activities to support preparation for an age of 100-year-life

Otsu Branch



- Actively participate in local activities and contribute to local revitalization and environmental activities

Akashi Branch



- Collaborate with local organizations to plan and host events to provide useful information to clients and contribute to “lifelong education”

Kawanishi Branch



- Organize workshops and exchanges to eliminate work style and life-style inequality and coexist with diverse people

Himeji Branch



- Contribute to local educational activities through company-external events such as the Summer Vacation One Day Work Experience

Ashiya Branch



- Collaborate with local organizations to plan and host events to deepen understanding of senior housing

Nishinomiya Branch



- Participate in local events to provide information on the environment, health, and leading second lives as seniors

Nara Saidaiji Branch



- Collaborate with local organizations to provide information to customers of every generation about preparing for an age of 100-year-life

Wakayama Branch



- Collaborate with local organizations to plan and host events for senior generations

Chugoku and Shikoku

Hiroshima Branch/Hiroshima-Chuo Branch



- Collaborate with local organizations to plan and host company-internal and external events related to dementia problems

Fukuyama Branch



- Collaborate with regional comprehensive centers and police to deepen understanding of dementia

Okayama Branch/Okayama-Chuo Branch



- Hold seminars for senior generations to realize a rich second life
- Create a workplace where diverse people can play an active role by promoting childcare leave, etc.

Tottori Branch



- Plan and hold events in collaboration with government and welfare organizations

Yamaguchi Hofu Branch



- Regularly disseminate health and nursing care information through seminars

Takamatsu Branch



- Plan and host events aimed at achieving safety and security for seniors

Matsuyama Branch



- Help people prepare for an age of 100-year-life with peace of mind

Kyushu

Fukuoka Branch/Fukuoka Tenjin Branch



- Hold seminars aimed at providing clients with information on leading second lives as seniors and similar topics

Kitakyushu Branch



- Make our branch a place of learning by holding seminars for clients to provide information on local culture and history and holding workshops where we learn too

Saga Branch



- Hold regular events such as Silver College seminars and mixers with other industries and strengthen cooperation with schools and other community organizations

Oita Branch



- Organize joint workshops in collaboration with community-based comprehensive support centers
- Hold various seminars for leading a second life

Kumamoto Branch/Kumamoto-Chuo Branch



- Continue to work on regional revitalization activities in cooperation with external organizations
- Actively participate in local cleanup activities and events

Kagoshima Branch



- Contribute to local revitalization through participation in local events and volunteer activities



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

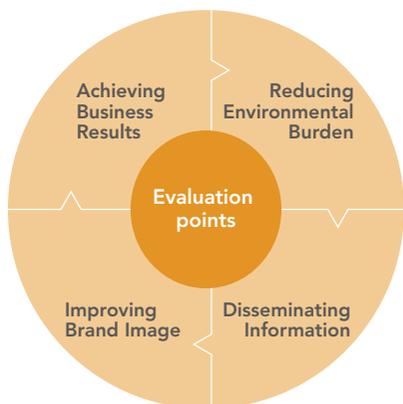
To build strong relationships of trust with community members, SuMi TRUST Bank engages in social contribution activities rooted in local communities, which are known as “With You” activities. These activities are promoted with a focus on the following three areas: (1) support for this generation of seniors, (2) support for the environment and living creatures, and (3) contributions to local communities and society.

With a view to promoting these activities systematically, SuMi TRUST Bank introduced a point system in fiscal year 2012 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

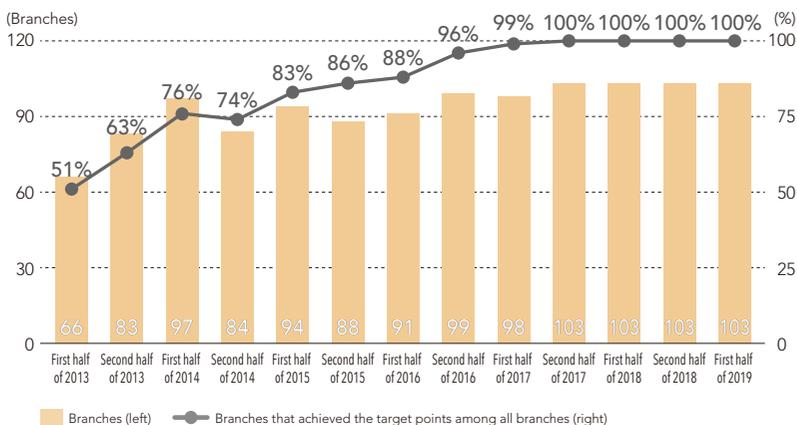
“achieving business results,” “reducing environmental burden,” “improving brand image,” and “disseminating information” as well as on the basis of its ingenuity in achieving sales results and disseminating relevant information, and posts on its “With You” branch blog. The branches have been steadily 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 Special Award (New)” are awarded to branches that have achieved outstanding results from “With You” activities. We are actively developing “With You” activities by sharing these award-winning initiatives at branches nationwide.

Goals of “With You” Activities



Branches that achieved Target Points



Note: The total number of branches in each fiscal year was as follows: 130 branches in the first half and 133 branches in the second half of fiscal year 2013; 128 branches in the first half and 114 branches in the second half of fiscal year 2014; 113 branches in the first half and 102 branches in the second half of fiscal year 2015; 103 branches in the first half of fiscal year 2016; 99 branches in the second half of fiscal year 2016 and in the first half of fiscal year 2017; 103 branches since the second half of fiscal year 2017.

Communication

SuMi TRUST Bank engages in social contribution activities rooted in the community centered on sales bases in regions nationwide to build strong trust-based relationships with local communities.

To communicate our base activities widely with everyone nationwide, we focus on sending out information using various forms of media.

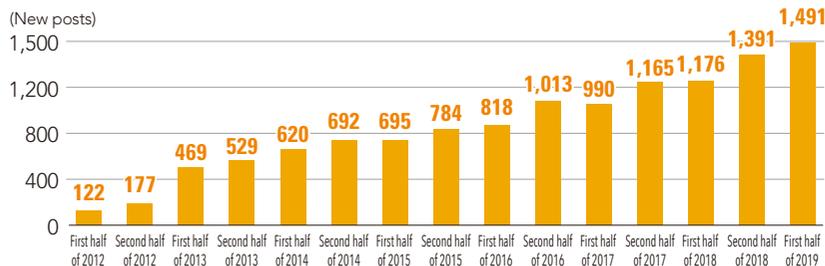
“With You” Branch Blogs

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 customers 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 branches nationwide formulated “SDGs Declarations,” with the aim of instilling the SDGs in local communities and linking them to community revitalization.

Website URL: <https://branchblog.smtb.jp/>

Posts on “With You” Branch Blog Website (Trend)



Total number of blog posts

12,966

(As of December 20th, 2019)

“With You” Quarterly Reports on our Local Contribution Activities

We publish the social contribution activities report SuMi TRUST With You 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 and seasonal matters. In FY2019, we posted a series of special articles on the theme of supporting “an age of 100-year-life.” Our introductions to issues such as new care for health and readiness for the coming “second half of life” drew a great response nationwide.



Branch-produced “With You” Booklets

In addition to disseminating information via posts on their “With You” branch blogs and publishing social contribution activity reports, 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.



Sumitomo Mitsui Trust Holdings, Inc.

Booth Presentation at EcoPro 2019

Sumitomo Mitsui Trust Bank exhibited a booth at “EcoPro 2019 - Towards a Sustainable Society,” Japan’s largest environment-related event, which took place at Tokyo Big Sight on December 5-7, 2019.

Since 2007, Sumitomo Mitsui Trust Bank has presented a booth, in collaboration with the Ecosystem Conservation Society-Japan and The Association of National Trusts in Japan, on the theme of biodiversity. Since 2012, when we set the theme of “Natural Capital,” we have been explaining the economic significance of natural capital, by working on investment and finance products and realty, and by introducing people to ESD projects, National Trust support activities, and the like.

This year, our 10th year of exhibiting, we presented panels on our signature of the Principles for Responsible Banking, our action on the SDGs, forestry trust, environmentally friendly property, and similar content, as well as talking directly to attendees, raising awareness of Sumitomo Mitsui Trust Bank and its actions.



A lecture to attendees



Our booth in 2019



Banner conveying the booth concept

Participation in the Fujisawa Sustainable Smart Town* Culture Festival

At the Fujisawa SST Culture Festival in November 2019, we presented a mini workshop titled “Let’s All Make a Fujisawa SST Tree,” in collaboration with Kanagawa Prefecture SDGs Promotion Office. Around 200 people in roughly 70 teams participated.

Each person picked one of the SDG goals they found particularly interesting, thought about what they could do towards reaching that goal, wrote that on paper, and used it to decorate an ornamental tree. The commemorative photographs were printed on the spot, for participants to take home as souvenirs of the culture festival. Examination of the Fujisawa SST Tree after the event showed that many participants chose SDG Goal 14 “Life Below Water,” perhaps because of the event’s proximity to the sea of Shonan, and that many people, from young children to the elderly had colorfully decorated the tree with their diverse ideas.

* Sumitomo Mitsui Trust Bank was the only financial institution to participate in this joint urban development project by Japan’s leading companies, which used the former site in Fujisawa of a factory belonging to Panasonic. This is the fifth year since the grand opening of Fujisawa SST, the first really operating smart city in Japan. The project is attracting attention from Japan and around the world for its concept of a town to last 100 years (see P.73 for details).



In the venue



The mini-workshop

ESG Report 2019/2020

Introduction to Examples of With You Activities

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



Seniors enjoy a Silver College seminar at Okayama

dementia; how to lead an enriched life in old age), each branch plans and hosts its own distinctive Silver College seminars.

Our Okayama and Okayama Chuo branches borrowed the Main Gallery of the Ohara Museum of Art to stage a Silver College event on the theme of “300 Years of Ohara’s Footsteps.” Participants learned about the relationship between Ohara and the city of Okayama, the background to the foundation of the art museum, and ways to appreciate works of art, using actual works in the venue as subject matter. Our Fukuoka and Fukuoka Tenjin branches invited a modern history researcher, who is also a guide on the Bura Tamori TV show, to give a lecture. It was a fascinating talk on the local history of Fukuoka Tenjin. In such ways, each branch provides a variety of information on how seniors can live well in their golden years via a mix of hard and soft tactics. The projects have all been well received by participating clients.



A Digest Report for Seniors 2.0

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

Mitsui Sumitomo 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 2.0,” which we published in August 2018, 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). Our branches nationwide introduce this book in lobby displays, to allow people to take their time considering the best options for their senior years. They also offer help and consultation to assist everyone on making the most of their senior life (see P.48).



A lobby display

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 customers’ shoes (see P.51). Our branches nationwide introduce this booklet in lobby displays, to allow people to take their time considering their health and futures.



A lobby display



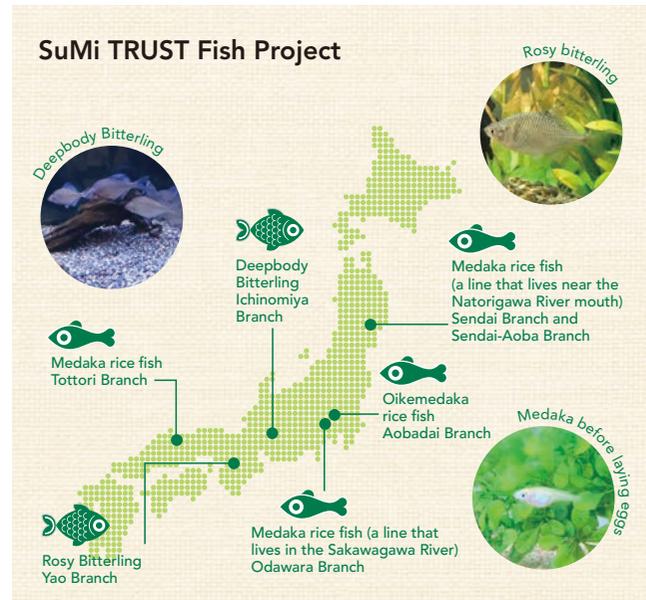
Activities to Support the Environment and Living Things

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 to start the first private-sector exhibition of the Itasenpara bitterling (*Acheilognathus longipinnis*), an endangered species.

After four rounds of breeding, which began in September 2019 and benefited from the advice of many interested people, we are carefully raising 11 Itasenpara fish.



Raising Itasenpara in our Ichinomiya branch



* 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



Since June 2013, SuMi TRUST Bank has invited clients to share stories with an "Inheritance from Me" theme. These stories, up to around 400-characters in length, are on the precious "people, things, and matters" the writer wants to pass on as an "Inheritance from Me" legacy for future generations. Each time, the stories selected for the Grand Prize and the Second Grand Prize are published as a collection in a booklet that is available at our branch lobbies across Japan and shared on the company's website. The Grand Prize winner in the first year was a story entitled "A life-sustaining ten-yen coin." It describes how a ten-yen coin helped form a bond of trust between a teacher and students. The story appealed to many, even inspiring Aki Yashiro, a well-known Japanese enka (folksong) singer, to turn the story into a song. The generations of entrants have diversified every year, and in our sixth contest, we received over 11,000 entries.

"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. They participated as classes, school years, after-school club activities, and school units, as part of their educational activities, and by the 6th contest, we had received 7,099 works from 116 schools.

We saw that many of the entries were on the topic of "Furusato" (home town), so from the sixth contest, we established the "Heart's Hometown Award" and have been asking for entries on "Heart's Hometown" about "my wonderful town or village." We plan to announce winners of the seventh contest in March 2020.



Stronger Cooperation With Local Communities

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. Our branches nationwide work hard to spread knowledge of the SDGs to people in their local communities, through activities and events that link with those communities.

Our Kita-Kyushu branch is partnering with Kita-Kyushu City, which is an SDGs Future City, with its neighboring store association (Uomachi Gintengai), which is strongly promoting SDGs, and others. Together, they are working on a number of grassroots activities. The same store association organizes "Machizemi" (town seminars) twice a year in which association store owners become lecturers, to teach expert knowledge and information to the general public for free. In November 2019, a financial consultant from that branch became the lecturer to teach one of the classes. The same branch also participates regularly in SDG-related seminars organized by the store association, organizes study sessions for our employees with store association people as teachers, holds Silver College classes for our customers, sets up permanent SDG-related panel exhibits in partnership with the city hall and the store association, and generally devotes its full effort to local network building.

Our Nihonbashi sales department and Tokyo Chuo branch partner widely with companies and external groups in the Nihonbashi area, to organize seminars, participate in community revitalization events, dispatch tutors to outside events, and

generally advance a wide range of activities. The branches participated in the *noren* (shop curtain) exhibition, a community revitalization event for the Nihonbashi area in fall 2019. They exhibited a *noren* designed around the motif of a large safe, which is also the symbol of the Mitsui Honkan building, an important cultural property. Mitsui Honkan reaches the age of 90 this year, so in addition to the annual Christmas concert and tours of the inside of the giant safe, we will be stepping up our PR with activities such as promoting international exchange by inviting overseas students to tour the building. We also publish "Monthly SDGs Bulletins" internally, as a way to visualize how we are specifically working towards the attainment of which SDGs each month, in addition to our SDGs declaration. The bulletin is a way to encourage all our employees to engage in local partnership activities.



Partnership between our Kita-Kyushu branch and Uomachi Gintengai



The *noren* exhibition by Nihonbashi sales department and Tokyo Chuo branch

Action for Food Loss Reduction

The world's volume of staple food to developing countries is 390 tons, while Japan's volume of food waste is 6.43 Mtons, around 1.6 times as much. Enough still-edible food to fill 1,760 trucks is thrown away every day, so food loss is a major social problem in Japan. As an element in our work to promote the SDGs, Mitsui Sumitomo Trust Group is taking concrete action to reduce those food losses.

Keen to take action in "Osaka - the town bursting with food," our Nanba and Nanba Chuo branches are focusing their efforts on food drives (activities to encourage households to donate their surplus food at their workplaces and elsewhere, for donation to local welfare groups and facilities). The branches organize lobby presentations to convey the current food loss situation and details of their food drives, and encourage their customers to join in as branch employees regularly make donations. The donated food items are channeled through Food Bank Kansai and Pal Coop Children's Canteen Food Bank, which run food drives. The recipients are local children's canteens and welfare groups and facilities.

Our Saga branch devotes its efforts to outreach and execution for the 3010 Campaign run by the Ministry of the Environment and Saga City Hall. The 3010 Campaign is a

drive to reduce the amount of leftover food discarded after banquets. It cuts food losses by calling on people to "stay in your seat and enjoy your food for 30 minutes after the toast" and "go back to your seat 10 minutes before the end and enjoy another helping." By publicizing these actions to be taken at gatherings and banquets with friends and colleagues, the campaign makes individuals aware of waste and spreads the range of participation in this activity.

We plan to extend this effort, together with plastic garbage reduction, to our whole Group in future.



Lobby presentation about the food drive by our Nanba branch



Food drive collection by our Nanba branch



3010 Campaign by Saga branch

Initiatives at Overseas Branches and Group Companies

GROUP COMPANY 01

New York Branch

Initiative 01 Participation in PRB signing ceremony and Climate Week (event held in conjunction with UN Climate Action Summit)



On September 22, 2019 a signing ceremony for the UNEP FI Principles for Responsible Banking was held in New York and attended by Chief Sustainability Officer Tsukasa Kanai and other employees. During Climate Week held in New York City over September 23–29, the number of panel discussions, concerts, exhibitions, seminars, and other events far exceeded the 150 events of 2018. Around 10,000 people from more than 40 countries attended the week-long program, a strong reflection of the public’s keen interest in climate change issues. During this same period, Mr. Kanai was invited to give a talk at the branch. Accordingly, seminar participants heard about the latest developments in sustainability—one of the biggest trends in the finance sector today—and deepened their understanding of how climate change is affecting people’s lives.



Initiative 02 Participation in volunteer and charity activities



In July 2019 five employees of the New York Branch made use of the volunteer leave system to take part in the Special Populations Tennis Carnival with NYJTL. They enjoyed playing tennis with children that require support owing to a disability. In August, four employees participated in the activities of Food First, a charity for distributing food to those in need. The branch’s HR team organized a School Supply Drive through which it donated more than 100 items of stationery to a public school in Newark in the state of New Jersey, and also ran a Coat Drive that resulted in the donation of more than 40 coats to those in need during the harsh New York winter.

The New York Branch will continue to actively support people in the community through these kinds of activities.



Coats collected for the Coat Drive

GROUP COMPANY 02

London Branch

Initiative 01 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. The money donated by the London Branch and other organizations is used by the hospital to fund research into various life-saving treatments.



Great Ormond Street Hospital

Initiative 02 Donations to Save the Children Fund



Staff members of the London Branch, Sumitomo Mitsui Trust (UK) Limited, and Sumitomo Mitsui Trust International Limited were called on to participate for the first time in the Christmas Jumper Day, a fundraising campaign organized by the Save the Children Fund.

Employees were encouraged to wear a Christmas jumper to work on December 13 and make a donation of at least £2 to the Save the Children Fund. Those participating can choose to take photos from within the office and publicly announce how much money they have raised.



Employees sporting their Christmas jumpers

Initiative 03 Seamless promotion of ESG (environment) initiatives by the London Branch's credit front



In Europe where environmental regulations continue to be put in place, the creation and discovery of financing opportunities that are mindful of such rules is a common challenge for the London Branch's credit front (corporate finance, project finance, aircraft finance, ship finance, real estate finance). Having the London Branch lead the way in implementing initiatives in the UK also contributes to the creation of opportunities for initiatives to be implemented in Japan. Some of such activities are described below.

<Initiatives already implemented>

1. Corporate finance: ESG benchmarks (CO₂, electricity consumption, health & safety measures, etc.) were established for underlying transaction facilities for commodity traders. Either a discount or a premium would be added onto the client's loan margin depending on how they performed against the benchmarks throughout the year. Given that commodity traders are being called on by society to take the environment into account with respect to the resources they deal in, these kind of loans provide an incentive for traders to improve their practices from a procurement point of view.

2. Ship finance: SMTB extended additional financing to a non-Japanese oil major client to cover the cost of installing a scrubber (equipment that removes sulfur oxide) on an aging tanker, as required by environmental regulations in the shipping industry. Demand for funds is relatively strong given the difficulty of organizing collateral security rights, therefore scrubber finance is an initiative that aims to raise the market presence of SMTB from an ESG perspective.
3. Project finance: Financing of multiple renewable energy projects. In 2014, SMTB started offering loans to finance offshore wind power generation projects. Recently, such projects have started to gain real momentum in Japan. This service is now offered in the UK, the Netherlands, Belgium, and Germany with a total of 12 projects currently being financed (as of end-September 2019).

<Initiatives under consideration>

1. Real estate: SMTB is currently considering investing in a European real estate office fund specializing in environmentally friendly property with the aim of examining the advantages of environmentally friendly property and generating business opportunities in the Japanese market.

GROUP COMPANY 03

Nikko Asset Management

Guided by the principle of making greater efforts to undertake sustainability activities through its core business, Nikko AM established a Corporate Sustainability Department in September 2018.

This department organizes working groups on diversity, runs charity volunteer activities, and collaborates with other departments as a central hub in order to actively address sustainability issues from multiple angles.

Initiative 01 Water and sanitation project in Cambodia



On two separate occasions (spring and autumn), 11 Nikko AM employees visited Siem Reap in Cambodia to take part in the Water for Life project.

Organized through a partnership between the Singapore International Foundation and the Cambodian NGO Water for Cambodia, the objective of this project is to provide clean water to rural villages by installing bio-sand and membrane filters. The materials used in a bio-sand filter, which are cheap and relatively easy to install, can be bought locally in Cambodia. Maintenance is also easy and one filter usually lasts for up to 15 years once installed.

The livelihoods of a few hundred people living in a rural village can be improved once safe drinking water is readily accessible and basic education about sanitation is carried out. This also helps to invigorate the broader community.



Employees happy to do their bit in Cambodia

Initiative 02 Acceptance of Syrian refugee exchange student interns



Nikko AM took in three Syrian postgraduate students as interns for the first time and provided them the opportunity to experience work at a Japanese company and acquire business skills. The participating interns are exchange students under the Japanese Initiative for the future of Syrian Refugees (JISR) program implemented by the NPO Japan Association for Refugees under the auspices of the JICA (Japan International Cooperation Agency). The internship was made possible thanks to Nikko AM's partnership with Japan for UNHCR*. On the final day of the internship, the students delivered presentations to employees about their home country, their life before coming to Japan, and detailed personal experiences as refugees.

* Japan for UNHCR is the official NPO partner supporting the activities of the UNHCR (United Nations High Commissioner for Refugees) in Japan. Since its establishment in 1950, the UNHCR has provided international protection and support to refugees and people fleeing war or persecution and engaged in activities that aim to resolve refugee issues.



Kunihiro Kabe from the JISR delivering a presentation

Initiative 03 Family money seminar

Nikko AM hosted the 8th Summer Family Money Seminar for grade 5 and 6 elementary school students and their parents (or guardians) to learn about the role of money in society and their own lives. 23 parent-child pairs (46 people all up) were selected to attend from a total of 206 applicants. First, the children listened to a lecture about the economy and how money works. Then they heard how the use of an investment trust is one way to build more money from a long-term perspective. At the end of the session, all participants thought about how and what money can be used for.

In 2019 the company held its first Summer Holiday Innovation Class. The topic of innovation was the “space business.” The lesson aimed to provide children with an opportunity to develop their intellectual curiosity and learn

about innovation in an accessible way, as well as teach children and adults alike the wonders of innovation and how it can change the world, an area that Nikko AM is focused on through its asset management business.



The ever-popular family money seminar



Innovation seminar for children and parents focusing on the topic of the space business

Initiative 04 Promoting advancement of women

In January 2018, Nikko AM launched the Women’s Group with the aim of creating a comfortable workplace environment for all by regularly attending external events and organizing in-house study sessions so that each and every employee can deepen their understanding of, and have respect for, diversity. In June 2018, the company expressed its support for, and signed a statement regarding, the Women’s Empowerment Principles (WEPs)*2, a set of corporate principles developed by the UNGC*1 and UN Women that offer guidance on how to actively empower women in the workplace.

*1 The United Nations Global Compact (UNGC) is a voluntary initiative for participating in the creation of a global framework whereby companies and organizations act as good members of society to realize sustainable growth by demonstrating responsible and creative leadership.

*2 The Women’s Empowerment Principles were jointly developed in March 2010 by the UNGC and UNIFEM (United Nations Development Fund for Women; now known as UN Women).



At one of the events for this initiative

Initiative 05 Raising awareness of LGBT issues

Since 2017 Nikko AM has stepped up LGBT* initiatives as part of efforts to promote diversity. It launched an in-house LGBT Working Group with the goal of raising awareness and understanding about LGBT issues. In 2019 the company was awarded the gold ranking, the highest rating possible, in the 2019 Pride Index that evaluates the initiatives companies and organizations have implemented with regard to sexual minorities, such as LGBT. Nikko AM will continue to respect diversity and aim to create a workplace environment in which all employees can simply be themselves.

* LGBT: Lesbian, gay, bisexual, and transgender.



Employees taking part in Tokyo Rainbow Pride 2019

Initiative 06 Participation in regular wheelchair repair working bees

Nikko AM participates in monthly working bees organized by an NPO to refurbish wheelchairs for children overseas. This NPO is one of the beneficiaries of the Nikko AM Employee Charity Program. The NPO collects, repairs, and sends wheelchairs free of charge to needy children living overseas.



Employees at one of the monthly working bees



Employees cleaning a children’s wheelchair

GROUP COMPANY 04

Sumitomo Mitsui Trust Asset Management

Initiative 01 Won the Tokyo Financial Award in the ESG Investment Category for FY2018



Sumitomo Mitsui Trust Asset Management (SMTAM) won the Tokyo Financial Award in the ESG Investment Category in February 2019, which was setup by the Tokyo Metropolitan Government as one of the initiatives under its “Global Financial City; Tokyo” vision. As an asset management firm guided by Japan’s Stewardship Code, SMTAM was presented this award in recognition of its goal of engaging in constructive dialogue with companies that comprise 90% of TSE1 market capitalization, its focus on engagement activities related to the problem of ocean pollution and plastics, and its offering of a biodiversity companies support fund to individual investors.

The company will endeavor to fulfil its stewardship responsibilities, enhance corporate value of the companies it engages in dialogue with, and maximize medium- to long-term returns for its clients.



Tokyo Financial Award

Initiative 02 Participation in Corporate Forest Naming Rights Project



In July 2019, SMTAM showed its support for the action plan on creating watershed forests advocated for by the Tokyo Metropolitan Government’s Bureau of Waterworks and concluded a partnership agreement with the Bureau regarding the Tokyo Waterworks Corporate Forest Naming Rights Project. Based on this agreement, 3.01ha of watershed forest in Koshu City (Yamanashi Prefecture) has been named SMTAM Forest and SMTAM has committed to engaging in activities over the next three years aimed at conserving and nurturing this forest area in the upper reaches of the Tama River. The company plans to appropriate income collected from ESG funds to cover costs related to conservation in the Corporate Forest project. By participating in the project as a corporate citizen, SMTAM will aim to contribute to the achievement of the SDGs by endeavoring to protect

regional water and forest resources and maintain the biodiversity-protecting functions of forests.



Group photo at the SMTAM Forest

Initiative 03 Collaboration with start-ups



On October 21, 2019, an open innovation*1 program known as Sumitomo Mitsui Trust Asset Management Accelerator 2019 was launched. The program is run in partnership with Creww—the company behind Japan’s biggest start-up community*2—and makes use of SMTAM’s managerial resources.

This program aims to facilitate the co-creation of new businesses and services by harnessing both the managerial resources of SMTAM and the completely new ideas and fresh insight of start-up firms.

Through joint creation of ideas and services with start-up firms, the program aims to approach clients thus far out of reach, diversify methods for approaching clients, and uncover new asset management methodologies.

*1 A framework under which companies can collaborate with external parties to jointly create innovative businesses and services without relying on their own managerial resources and technology.

*2 A community for investors, advisors, and other supporters of mainly start-up firms.

GROUP COMPANY 05

Sumitomo Mitsui Trust Club

The Diners Club credit card issued by Sumitomo Mitsui Trust Club goes beyond the framework of a credit card to advance a variety of initiatives. For the very reason that it is brand of card for adults, Sumitomo Mitsui Trust Club works together with its members to offer opportunities to contribute to society and provide assistance to the younger generation.

Initiative 01 Joint initiative with Tokyo University of the Arts



• Music outreach activities

Diners Club sponsors the music outreach activities of the Tokyo University of the Arts, a series of social contribution programs that aim to provide high-quality live musical experiences. Donations collected from members are administered in an artist support fund to support this program. In fiscal 2018, Diners Club collected ¥2,362,500 in donations.

Current and former students of the university organize concerts and workshops at elementary schools, junior high schools, and medical centers every month. This worthwhile initiative supports the musical sensitivities in the children listening to music and also the techniques of the children performing.

High-quality performance opportunities are also extended to young musicians with a special concert held annually at the Suntory Hall and regular concerts at the Ginza Premium Lounge. All proceeds from the sale of concert tickets are also donated to the artist support fund.



• Diners Club 60th anniversary logo

In 2020, Diners Club will celebrate 60 years in Japan. To mark this momentous occasion, a 60th anniversary logo was announced in summer 2019.

The design of the logo was created by the winning student in a competition run by Professor Kei Matsushita of the Visual Communication Studio in the Faculty of Fine Arts at the Tokyo University of the Arts. The competition entries were narrowed down to three designs created by students studying a design major at the university, and then the winning entry was ultimately determined by a vote among Sumitomo Mitsui Trust Club employees.

We now live in age where design materials can be easily downloaded for free from the internet, but this competition provided a really valuable experience to young designers as they ready themselves to launch a professional career in the industry.



Initiative 02 Ongoing ESG activities



• 2019 Sake Competition

This initiative supports the brewing of Japanese sake, a symbol of Japanese food culture. In its fourth year of supporting the next-generation of brewers, the Diners Club Young Brewers Encouragement Award went to a brewery called Hagino Shuzo in Kurihara City, Miyagi Prefecture. Sumitomo Mitsui Trust Club will support this brewery for one year by featuring it in the member's magazine "Signature" and selling its products for points as a membership reward.



• Daigoji Temple cultural assets restoration project

In February 2019, the restored statue of *Gundari Myo-o*, one of the five wisdom kings in Buddhism, was unveiled at the Godai-Rikison Ninno-e Festival. Other efforts currently underway include the restoration of the wooden statue of *Gozanze Myo-o* and the long-term restoration of the *Dairin Myo-o Mandara-zu* panel, ancient documents, and holy scriptures of Daigoji Temple (a national treasure of Japan).



• 2nd Diners Club Cup

Following the success of last year's event, the Diners Club Cup was held again in December. Thirty professional female golfers were invited to this pro/amateur competition and many up-and-coming female pros benefitted from their words of encouragement.

GROUP COMPANY 06

Sumitomo Mitsui Trust Realty



Base Initiatives Kyushu Head Office

The Kyushu Head Office is a sponsor of the Fukuoka Zoo. At the zoo, children can experience first-hand how animals behave, what they smell like, and be moved by their powerful presence or cuteness. And learning about how animals live and their current situation in the wild makes children think about ecosystems and environments around the world.

Zoos also play an important role in the protection of species, but their operations are threatened by the decline in wild animal species and numbers, as well as skyrocketing

prices. Sumitomo Mitsui Trust Realty's mascot is a tiger that goes by the name of Trust-san and having become a sponsor of the Fukuoka Zoo, the company installed an information panel about the global distribution of tigers in front of the tiger enclosure. On the weekends many families can be seen ardently reading the information on the panel.

Sumitomo Mitsui Trust Realty hopes that these activities will contribute even in the slightest to the protection and survival of animal species, environmental conservation, and the education of children.



Male Siberian tiger at Fukuoka Zoo



Panel about global tiger distribution donated to Fukuoka Zoo

Base Initiatives Chubu Head Office

In 2013 the Chubu Head Office signed a memorandum of understanding on support and cooperation with Higashiyama Zoo and Botanical Gardens, a symbol of the city of Nagoya and a place of rest and relaxation for its citizens. Our activities in sponsoring the zoo were recognized the following year, which led to the conclusion of an agreement with the mayor of Nagoya regarding collaboration and cooperation on a plan to upgrade the zoos facilities.

Zoos have four key roles to play: species protection, environmental education, study & research, and recreation.

We too, as a sponsor of the zoo, aim to engage in activities that contribute to these four roles.

This fiscal year we exclusively sponsored the Sumatran tiger, given that the company's mascot Trust-san is also a tiger. In order to encourage learning about the Sumatran tiger, we hosted an event for visitors to create their own original Sumatran tiger pencil board (a flexible sheet of plastic to be placed under writing paper). The event was a great success with all 500 pencil boards gone by lunch-time. Through this event we hope that people will take a moment to think about the endangered Sumatran tiger.



Original Sumatran tiger pencil board (front)



Original Sumatran tiger pencil board (back)

GROUP COMPANY 07

SBI Sumishin Net Bank



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.

Like in 2018, SBI Sumishin Net Bank hosted the Online Economics Competition, a preliminary for the all-Japan contest. In the online preliminary, high school students respond to quiz questions via the Internet with teams competing based on their knowledge about a wide range of finance and economics-related topics such as current events and money-related trivia. The winning team qualifies for the national finals. In 2019, the 13th time the competition has been held, 19 teams participated in the event, and the winner, Takezono High School, advanced to the national finals. We will continue to sponsor this contest as a way to encourage more high school students to participate and learn more about finance and economics.

As an online bank for sharing the joy of the future with everyone and cultivating the future of this society, SBI Sumishin Net Bank uses the Internet as a platform to publicize its initiatives.



Winner	Takezono High School “Madashi”
Runner-up	Gunma Prefectural Chuo Secondary School “J Yukichi”
Third place	Nasutakuyo High School “Kani”

GROUP COMPANY 08

Japan Trustee Services Bank



Japan Trustee Services Bank has cooperated with NPO Palette in such activities as in-house bake sales.

NPO Palette is an organization to help disabled persons become independent members of society. As part of its activities, the organization produces and sells cookies and pound cake.

Japan Trustee Services Bank organizes an in-house bake sale each year that the employees love.



NPO-organized in-house bake sale

GROUP COMPANY 09

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. The company carries out various activities that are mindful of the SDGs from a building owner and operator point of view. For example, it seeks to contribute to the community, reduce waste and energy consumption, and implement disaster-prevention and health-awareness initiatives.

Initiative 01 Participating in and sponsoring the Gion Festival as the owner of the Shijo Karasuma Building



The company's Leasing Business Department participates in and sponsors the Gion Festival in Kyoto as one way of contributing to Goal 17 of the SDGs: *Strengthen the means of implementation and revitalize the global partnership for sustainable development*. In the districts of Suiginyacho and Kankobokocho where the Shijo Karasuma Building is located, the neighborhood association maintains the Kankobokocho float used in the Gion Festival held over the entire month of July. Every year the Leasing Business Department participates in and lends its support to the festival preparations. This year in particular marks the 1,150th anniversary of the festival and the company as a whole enlisted participants from the Kitahama Office, Senri Office, and Leasing Business Department to take part in community service activities. A report on these activities was published in an August 20, 2019 special Gion Festival issue of the company newsletter.



Group photo of participants

Initiative 02 Rubbish sorting reminder posters



The Onarimon Office is stepping up its efforts on the sorting of rubbish. There is a strong tendency among people who do not separate their rubbish to throw everything into the burnable rubbish bin. For example, drinking straws and other pieces of plastic that come with beverage cartons often end up in the burnable rubbish bin. In light of this situation and in an effort to change people's thinking, a notice has been placed on the rubbish bin informing people of the items that must not be thrown out. Previously, the sign only indicated what items are classified as rubbish. And a label has been affixed to the recycling bin indicating what can be recycled (e.g. the packaging on a pack of printing paper or beverage cartons). By making rubbish disposal easier and less troublesome, a degree of improvement has been observed in the sorting of rubbish.

Other departments are also utilizing rubbish separation posters like the one shown on the right.



Rubbish sorting reminder poster

Initiative 03 Making effecting use of equipment during bank office building renovations



The Property Management Department is endeavoring to effectively utilize unwanted equipment when bank office buildings are closed or when office space is restored to its original state upon the departure of a tenant.

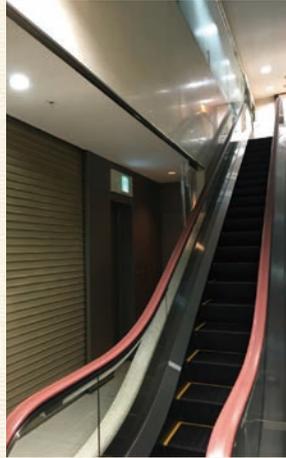
For example, during the refurbishment of floors 15 and 16 in the head office building, the department identified unwanted equipment that could be put to use somewhere else and endeavored to find a home for those items.

As for the surplus equipment that did not find a new home, the company teamed up with SuMi TRUST Bank to sell the equipment after obtaining competitive quotes from multiple equipment recycling vendors. This helped lower disposal costs and temporary work expenses (restoration costs owing to area reduction) involved in office refurbishment by ¥87 million versus the estimated cost in the original plan.

Initiative 04 Promoting barrier-free bank branches



The Property Management Department is carrying out renovations to make bank branches barrier-free. At the Kanazawa and Kanazawa Chuo branches, clients previously used an escalator to move between the first and second floors, but considering the age of the escalator and the need to create a barrier-free environment, construction work was undertaken between January and June 2019 to install an elevator. Following discussions with the building owner, construction contractors, and relevant bank departments, the escalator was dismantled and an elevator big enough to accommodate clients in wheelchairs was installed alongside a flight of stairs. A spacious multipurpose toilet was also constructed on the first floor, which has been favorably received by clients in wheelchairs and those with young children.



Before renovations



After renovations

GROUP COMPANY 10

Sumitomo Mitsui Trust Systems & Services

Initiative 01 Initiatives on IT training for the elderly



As an IT company with offices in Tokyo's Fuchu City, Sumitomo Mitsui Trust Systems & Services held a completely free computer training course to provide personalized guidance to the elderly about how to use Microsoft Word, Excel, the internet, and smartphones. Thirty-two new employees of the company provided instructions to the participants with the goal of enhancing IT knowledge of senior citizens in the community. Requests for guidance on how to use smartphones are increasing year by year and this year roughly 30% of the course time was spent on smartphone use.

The instructors flexibly accommodated the needs of



Computer training course for the elderly

the participants by enthusiastically providing one-to-one guidance, which was interspersed at times with casual chitchat. As a result, all 31 participants expressed much gratitude for what they learned.

Initiative 02 Initiatives on teaching programming to children



Every year Sumitomo Mitsui Trust Systems & Services has a booth at the Fuchu Citizens Festival, an event that brings together the collective knowledge and skills of individuals with a connection to Fuchu City. In fiscal 2019 the company provided educational experiences to children to learn about programming with the use of a programming robot. This year was the fifth time the festival had been held and the company's booth was extremely popular, receiving 320 visitors in total.

Children visiting the booth had great fun commanding the robot to move, which resulted in squeals of delight when it did exactly as it was told.

The company will continue to carry out these kinds of activities with the aim of contributing in some way to the nurturing of children's programming abilities.



Teaching programming to children

GROUP COMPANY 11

Sumitomo Mitsui Trust Business Service



Commencing in July 2019, Sumitomo Mitsui Trust Business Service dispatched three persons with disabilities to *Shokora-bo*, a bean-to-bar chocolate factory that the Group helped establish for the purpose of expanding its hiring of disabled people. This is the first time Sumitomo Mitsui Trust Business Service has dispatched disabled people to this chocolate workshop.

With the aim of bringing happiness to people's lives regardless of nationality or disability, the factory opened in Yokohama to produce handmade chocolates, starting with the removal of the cocoa beans from the pods, through to product manufacture, bagging, and packaging. Through the production of

chocolate sweets, the factory supports the independence of disabled people in society by providing a sense of motivation and pride.

In aiming to help build a society where persons with physical, intellectual, mental, or developmental disabilities can work independently, the Group fully supports the vision of *Shokora-bo*. In order to get this business up and running as quickly as possible, the Group organized chocolate sales at four of its office buildings in Tokyo, which were extremely popular among many Group employees considering that some locations sold out quite quickly.



One of the stalls selling chocolates



Shokora-bo opening ceremony

GROUP COMPANY 12

Sumitomo Mitsui Trust Wealth Partners

Sumitomo Mitsui Trust Wealth Partners held two training sessions concerning the SDGs in May 2019. Subsequently, all 55 company employees further deepened their understanding of the SDGs.

Following this, the company took steps to inform its clients about the Group's initiatives by wearing SDG badges and using business cards that display the logo of the SDGs.



SDG training session

GROUP COMPANY 13

Sumitomo Mitsui Trust Guarantee

At Sumitomo Mitsui Trust Guarantee, female employees not wearing a suit and employees wearing casual business attire all year round have started wearing the SDG badge on their security pass.

This is just one way for all employees to be constantly aware of the SDG movement even when they are not wearing a suit.



SDG badge attached to an employee's security pass

GRI Content Index

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.	212
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.	10-81
102-3	● Location of headquarters a. Location of the organization's headquarters.	212
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.	211
102-5	● Ownership and legal form a. Nature of ownership and legal form.	211
102-6	● Markets served a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	211-212
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); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	159, 210-211
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. 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.	159
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.	6
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); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	132-134, 143

Item	Indicator	Corresponding Sections
102-11	● Precautionary Principle or approach a. Whether and how the organization applies the Precautionary Principle or approach.	105-107, 132-134
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.	135-137
102-13	● Membership of associations a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	135-137
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.	4-5
102-15	Key impacts, risks, and opportunities a. A description of key impacts, risks, and opportunities.	12-15, 105-107, 120-128
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, 112-118
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.	112-118
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.	97-111
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.	97-111
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.	97-111
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.	97-111
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.	97-111
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.	97-111
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.	97-111

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.	97-111
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.	97-111
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.	97-111
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.	97-111
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.	105-107, 120-134
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.	105-107, 120-134
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.	122, 129-131
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.	6-7, 110-111
102-33	Communicating critical concerns a. Process for communicating critical concerns to the highest governance body.	97-111
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.	N/A
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.	102
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.	100, 102
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.	6-7, 110-111
102-41	● Collective bargaining agreements a. Percentage of total employees covered by collective bargaining agreements.	157
102-42	● Identifying and selecting stakeholders a. The basis for identifying and selecting stakeholders with whom to engage.	6-7, 58, 110-111
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.	6-7, 58-65, 110-111
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.	6-7, 58-65, 110-111
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.	211-212
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.	Cover 2
102-47	● List of material topics a. A list of the material topics identified in the process for defining report content.	6-7
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.	6-7
102-50	● Reporting period a. Reporting period for the information provided.	Cover 2
102-51	● Date of most recent report a. If applicable, the date of the most recent previous report.	—
102-52	● Reporting cycle a. Reporting cycle.	N/A
102-53	● Contact point for questions regarding the report a. The contact point for questions regarding the report or its contents.	212
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'.	Cover 2, 195
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.	195-209

Item	Indicator	Corresponding Sections
102-56	<p>● External assurance</p> <p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>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;</p> <p>ii. The relationship between the organization and the assurance provider;</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</p>	—
Management Approach		
103-1	<p>Explanation of the material topic and its Boundary</p> <p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>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.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	6-7
103-2	<p>The management approach and its components</p> <p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	6-7
103-3	<p>Evaluation of the management approach</p> <p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	6-7
Topic Specific Standards		
Economic		
Economic Performance		
201-1	<p>Direct economic value generated and distributed</p> <p>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:</p> <p>i. Direct economic value generated: revenues;</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</p> <p>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	210
201-2	<p>Financial implications and other risks and opportunities due to climate change</p> <p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <p>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</p> <p>ii. a description of the impact associated with the risk or opportunity;</p> <p>iii. the financial implications of the risk or opportunity before action is taken;</p> <p>iv. the methods used to manage the risk or opportunity;</p> <p>v. the costs of actions taken to manage the risk or opportunity.</p>	29-31, 129-134, 138-143

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>	—
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>	24-39, 129-131
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>	—

Item	Indicator	Corresponding Sections
Anti-corruption		
205-1	Operations assessed for risks related to corruption 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 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.	112-118
205-3	Confirmed incidents of corruption and actions taken 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.	116
Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices 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 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: i. non-renewable materials used; ii. renewable materials used.	139-143
301-2	Recycled input materials used a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	—
301-3	Reclaimed products and their packaging materials 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 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: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: 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.	139-143

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.	139-143
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.	139-143
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.	139-143
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.	—

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 groundwater 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 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.	168-171
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations 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: i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern	—
Emissions		
305-1	Direct (Scope 1) GHG emissions a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent. d. Base year for the calculation, if applicable, including: 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.	139-143
305-2	Energy indirect (Scope 2) GHG emissions a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. d. Base year for the calculation, if applicable, including: 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.	139-143
305-3	Other indirect (Scope 3) GHG emissions a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent. b. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: 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 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 CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	139-143

Item	Indicator	Corresponding Sections
305-5	Reduction of GHG emissions a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used.	139-143
305-6	Emissions of ozone-depleting substances (ODS) a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	—
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions a. Significant air emissions, in kilograms or multiples, for each of the following: i. NO _x ii. SO _x iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used.	—
Effluents and Waste		
306-1	Water discharge by quality and destination a. Total volume of planned and unplanned water discharges by: i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organization. b. Standards, methodologies, and assumptions used.	—
306-2	Waste by type and disposal method a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) c. How the waste disposal method has been determined: i. Disposed of directly by the organization, or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. Organizational defaults of the waste disposal contractor	139-143

Item	Indicator	Corresponding Sections
306-3	<p>Significant spills</p> <p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <p>i. Location of spill;</p> <p>ii. Volume of spill;</p> <p>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).</p> <p>c. Impacts of significant spills.</p>	—
306-4	<p>Transport of hazardous waste</p> <p>a. Total weight for each of the following:</p> <p>i. Hazardous waste transported</p> <p>ii. Hazardous waste imported</p> <p>iii. Hazardous waste exported</p> <p>iv. Hazardous waste treated</p> <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>	139-143
306-5	<p>Water bodies affected by water discharges and/or runoff</p> <p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <p>i. the size of the water body and related habitat;</p> <p>ii. whether the water body and related habitat is designated as a nationally or internationally protected area;</p> <p>iii. the biodiversity value, such as total number of protected species.</p>	—
Environmental Compliance		
307-1	<p>Non-compliance with environmental laws and regulations</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p> <p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	—
Supplier Environmental Assessment		
308-1	<p>New suppliers that were screened using environmental criteria</p> <p>a. Percentage of new suppliers that were screened using environmental criteria.</p>	—
308-2	<p>Negative environmental impacts in the supply chain and actions taken</p> <p>a. Number of suppliers assessed for environmental impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</p> <p>c. Significant actual and potential negative environmental impacts identified in the supply chain.</p> <p>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.</p> <p>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.</p>	—
Social		
Employment		
401-1	<p>New employee hires and employee turnover</p> <p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	150, 159
401-2	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees</p> <p>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:</p> <p>i. life insurance;</p> <p>ii. health care;</p> <p>iii. disability and invalidity coverage;</p> <p>iv. parental leave;</p> <p>v. retirement provision;</p> <p>vi. stock ownership;</p> <p>vii. others.</p> <p>b. The definition used for 'significant locations of operation'.</p>	153

Item	Indicator	Corresponding Sections
401-3	<p>Parental leave</p> <p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>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.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	155
Labor/Management Relations		
402-1	<p>Minimum notice periods regarding operational changes</p> <p>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.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	—
Occupational Health and Safety		
403-1	<p>Occupational health and safety management system</p> <p>a. A statement of whether an occupational health and safety management system has been implemented, including whether:</p> <p>i. the system has been implemented because of legal requirements and, if so, a list of the requirements;</p> <p>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.</p> <p>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.</p>	—
403-2	<p>Hazard identification, risk assessment, and incident investigation</p> <p>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:</p> <p>i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;</p> <p>ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.</p> <p>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.</p> <p>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.</p> <p>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.</p>	—
403-3	<p>Occupational health services</p> <p>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.</p>	—
403-4	<p>Worker participation, consultation, and communication on occupational health and safety</p> <p>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.</p> <p>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.</p>	—
403-5	<p>Worker training on occupational health and safety</p> <p>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.</p>	—
403-6	<p>Promotion of worker health</p> <p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>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.</p>	154-156
403-7	<p>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>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.</p>	154-156

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>	154-159
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>	159
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. 	152, 162
404-2	<p>Programs for upgrading employee skills and transition assistance programs</p> <p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	149-153

Item	Indicator	Corresponding Sections
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.	149-153
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: <ul style="list-style-type: none"> 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). 	97-111,
	b. Percentage of employees per employee category in each of the following diversity categories: <ul style="list-style-type: none"> 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). 	146-158
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: <ul style="list-style-type: none"> i. Incident reviewed by the organization; 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. 	158
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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. 	N/A
	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: <ul style="list-style-type: none"> 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.	
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.	162
	b. Whether training requirements also apply to third-party organizations providing security personnel.	

Item	Indicator	Corresponding Sections
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;	
	ii. Remediation plans being implemented;	N/A
	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.	159, 162
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.	
	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.	159, 162
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;	—
	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.	
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.	

Item	Indicator	Corresponding Sections
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 Review

In the consolidated financial results for fiscal year 2018, net business profit before credit costs increased by ¥11.6 billion year on year to ¥282.2 billion. The rise was mainly due to higher net fees and commissions and related profits from the stock transfer agency services business as well as asset management subsidiaries, on top of an increase in net interest income from the international business divisions of SuMi TRUST Bank. In the meantime, net income attributable to owners of the parent grew by ¥19.9 billion year on year to ¥173.8 billion.

Both net business profit before credit costs and net income attributable to owners of the parent achieved constant progress in line with the published earnings forecast.

■ Overview of the Financial Results in FY2018

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2018 (A)	FY2017 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	282.2	270.5	11.6	4.3%
Ordinary Profit	256.4	232.6	23.7	10.2%
Net Income Attributable to Owners of the Parent	173.8	153.9	19.9	12.9%
Total Credit Costs	(2.9)	2.9	(5.9)	—
Return on Equity*	7.95%	7.40%	0.55%	—
Net Income per Common Shares (EPS) (Yen)	458.91	403.92	54.99	13.6%
Net Assets per Common Shares (BPS) (Yen)	7,008.67	6,897.36	111.31	1.6%

* Return on shareholders' equity = [Net income attributable to owners of the parent / (FY-start total shareholders' equity + FY-end shareholders' equity) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2018 (A)	FY2017 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	231.4	189.7	41.7	22.0%
Net Interest Income and Related Profit	172.7	176.5	(3.8)	(2.2%)
Net Fees and Commissions and Related Profit	186.3	190.2	(3.9)	(2.1%)
Net Trading Profit	27.9	10.4	17.5	168.0%
Net Other Operating Profit	80.3	49.5	30.7	62.1%
General and Administrative Expenses	(235.8)	(237.0)	1.2	(0.5%)
Net Non-recurring Profit, etc.	(22.3)	(16.7)	(5.6)	(33.4%)
Ordinary Profit	209.0	172.9	36.1	20.9%
Extraordinary Profit	(4.2)	(8.3)	4.0	(48.5%)
Net Income	148.6	117.9	30.6	26.0%
Total Credit Costs	1.9	7.0	(5.0)	—

(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

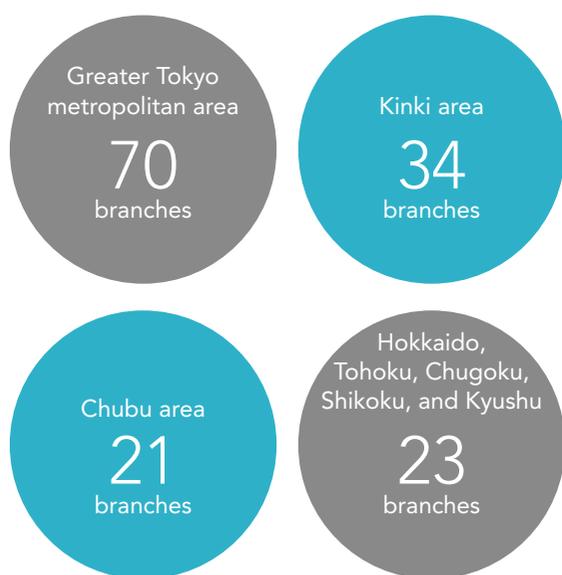
	FY2018 (A)	FY2017 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	140.00	130.00	10.00

Network of the SuMi Trust Group (as of December 31, 2019)

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



Providing online services across Japan



Overseas Network

[U.S.]

- New York Branch
- Sumitomo Mitsui Trust Bank (U.S.A.) Limited (Banking, Trust Businesses)

[Europe]

- London Branch
- Sumitomo Mitsui Trust International Limited (Securities Business)
- 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
- Shanghai Branch
- Hong Kong Branch
- Beijing Representative Office
- Beijing Representative Office (Securities Business)
- Zijin Trust Co., Ltd. (Trust Business)
- Sumitomo Mitsui Trust (Hong Kong) Limited (Securities Business)
- Jakarta Representative Office
- Seoul Representative Office
- Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (Banking Business)
- Sydney Representative Office

An overseas network that can provide global financial services

Basic Information of the SuMi Trust Group

Corporate Information (as of December 31, 2019)

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: <ol style="list-style-type: none"> (1) Supervising management strategies (including the allocation of management resources) (2) Supervising financial management (3) Supervising human resource management (4) Controlling budget and expenses (5) Supervising IT 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 of the SuMi Trust Group

Rating Information (as of December 31, 2019)

		Long-term	Outlook	Short-term	Financial
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—	—
	R&I	A	Stable	—	—
Sumitomo Mitsui Trust Bank	S&P	A	Positive	A-1	—
	Moody's	A1	Stable	P-1	—
	Fitch	A-	Stable	F1	a-*
	JCR	AA-	Stable	—	—
	R&I	A+	Stable	a-1	—

* Viability Rating

Issued: March 2020

Sumitomo Mitsui Trust Holdings, Inc.

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SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

