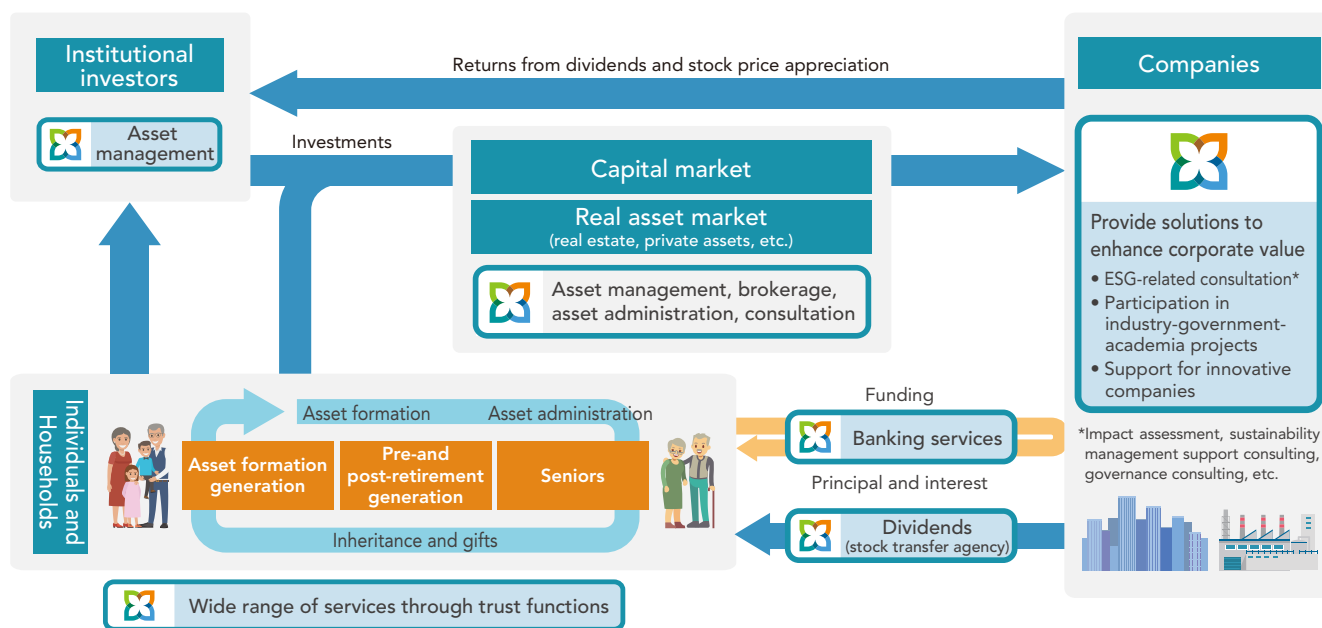


Creation of Employment and Wealth

As a trust banking group, we have many points of contact in the capital markets, real asset markets (real estate, infrastructure, etc.), and over the course of an individual's life. It has been said that one structural problem with Japan's finance sector is that approximately ¥100 trillion individual or household bank deposits and some ¥300 trillion in company funds currently lay idle without being invested in anything at all. Major opportunities for sums of capital to be utilized en masse are now in reach as part of the decarbonization movement and other initiatives that are driving social change. An enormous amount of capital is required to largely transform the structure of society and fight issues such as climate change. This in turn leads to the provision of investment opportunities to investors struggling to secure

investment returns in a low interest rate environment, and to households too with mounting asset formation needs in the leadup to retirement. It is this kind of environment that prompted the SuMi TRUST Group to set about building a virtuous cycle of funds, assets, and capital that delivers benefits to households through the enhancement of corporate value. As a bank and also as an institutional investor, the SuMi TRUST Group has a connection to every link in the investment chain. By broadly utilizing our trust functions to encourage a virtuous cycle of funds, assets, and capital, we will not only create new markets and new investment opportunities, but we also hope to tap into the focal points of numerous cycles in order to drive our own growth.



Companies create significant economic value for employees, shareholders, and society at large through job creation and investing in the productive capacity of the economy. Employment creation, employee retention, and investing in society contribute to better living standards and wealth creation over the long term. As a result, strong economic prosperity drives a more educated workforce and higher workforce productivity, as well as greater buying power for the company's customer base, which then triggers a chain reaction of economic value creation through renewed economic growth. From this point of view, the World Economic Forum has identified absolute number and rate of employment, economic contribution, and financial investment contribution as the common metrics for measuring employment and wealth generation.

Absolute Number and Rate of Employment

Employment and job creation are key drivers of economic growth, dignity, and prosperity and provide a basic indication of a company's capacity to attract diverse talent, which

is key to generating innovative new products and services. One of our top commitments is 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 take pride in their work and be highly motivated in fulfilling their missions. Specifically, we are working to (1) achieve diverse work styles and work-life balance, (2) support health improvement through measures such as boosting health awareness and appropriately managing work hours, and (3) provide opportunities for all employees to grow while participating actively with a sense of purpose. We believe we have been able to maintain a low turnover rate as a result of these initiatives.

	Employees at FY-end	New employees	Percentage	Retired employees	Percentage
FY2020	13,740	394	2.91%	220	1.61%
FY2019	13,527	396	2.94%	285	2.11%

*Figures above are for Sumitomo Mitsui Trust Bank

Economic Contribution

Economic contribution provides a basic indication of how a company has created wealth for stakeholders. This is represented as direct economic value generated and distributed (EVG&D), which covers the basic components of the organization's global operations.

(¥100mn)

Components measured	Category	FY2019	FY2020
Revenues	Total gross business profit	6,908	6,808
Operating costs	General and administrative expenses	4,309	4,195
Employee wages and benefits	Labor costs	1,902	1,899
Payments to providers of capital	Total dividends + total amount of share repurchases	740	563
Payments to government*	Payable taxes	756	560
Community investment	Donations, project implementation costs, etc.	2	5
Financial assistance received from the government*	Tax breaks, subsidies, investment grants, etc.	0	0

*"Contribution to government" is calculated as "payments to government" less "financial assistance received from the government."

Financial Investment Contribution

Financial investment is a key driver of an economy's growth and a company's capacity to expand its operations and create additional employment.

(¥100mn)

Components measured	FY2019	FY2020
Total capital expenditures (a)	483	619
Depreciation and amortization (b)	352	346
(a) - (b)	130	273
Share buybacks (c)	175	0
Dividends (d)	565	562
Shareholder returns (c) + (d)	740	563

Infrastructure Investments and Services Supported

As a financial institution, one role of the SuMi TRUST Group is to support the building of a sustainable and prosperous society as a facilitator of investments and loans. With regard to project finance for infrastructure indispensable to people's livelihoods, such as energy, water, and transport, we have signed on to the Equator Principles and the Poseidon Principles and we take into full account the impacts infrastructure projects have on the natural environment and communities when we extend investments and loans. In addition, we are working to realize a carbon-free society together with clients by providing new products and services (see pages 48-59 for details).

Significant Indirect Economic Impacts

In terms of climate change issues, we believe we must assume even greater responsibility as a financial institution because the investments and loans we extend to clients to finance their economic activities have a direct impact on the environment, whilst indirect impacts also arise from investee companies and their projects. Also, to assist regional economies grappling with an aging society, a shift in the working population to urban centers, and the overseas relocation of production sites, we are working together with regional financial institutions to gain an understanding of regional resources and issues so that we can better promote lending and primary business support (ESG regional finance) based on a medium- to long-term view of the ESG risks and opportunities linked to these regions and the companies based there.

Creation of Social Impacts

A key topic for the business of the SuMi TRUST Group is to adapt to the changing times, create systems that are well-suited to the present day, and help solve new challenges arising in society. We therefore make sure to provide trust functions that are in step with the times and continuously sow the seeds of future growth. Furthermore, to truly solve issues in society, we must take into account not only the clients affected directly by our operations, but also the impacts that affect clients further afield and draw up a roadmap that ultimately leads to the generation of social value.

In this way, the consideration of impacts based on the thinking that impacts are indirectly linked is the underlying approach to how we embody the Group's reason for existence, or purpose, to create new value with the power of trusts and let prosperous future for our clients and society bloom. For example, the scope of impact of a corporate pension plan offered by the SuMi TRUST Group is far-reaching in the sense that it provides services to not only client companies that directly participate in the plan, but also indirectly to all employees of companies further afield.

Much like the time it takes for a tree to bear fruit after starting out as a solitary seed, the SuMi TRUST Group's business services require a long period of time to deliver results. As such, instead of pursuing near-term gains, we will continue to leverage our ingenuity to provide services truly needed by society over long time spans.

No. of companies that have introduced an installment savings scheme	467
No. of subscribers to Business Advantage	Approx. 0.28 million
No. of subscribers to asset formation and installment savings schemes	Approx. 0.41 million
No. of mortgage loan clients	Approx. 0.41 million
No. of Sumitomo Mitsui Trust Direct users	Approx. 1.58 million
No. of subscribers to defined contribution pension plans	Approx. 1.60 million
No. of real estate brokerage transactions*1	480
No. of positive impact finance transactions*2	20

*1 FY2020 data

*2 As of end-September 2021

*Other data as of end-March 2021