



SUMITOMO MITSUI TRUST HOLDINGS

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

Sustainability Report 2022/2023



Reason for Existence ("Purpose")

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

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.

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group

(Sustainability Policy)

At Sumitomo Mitsui Trust Group, based on our Reason for Existence ("Purpose"), 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.

1. Contribute to Solving Social and Environmental Problems through Business

- We work to solve social and environmental problems from a global perspective through our core businesses.
- We integrate the diverse functions that are unique to a trust bank group and develop new business models and innovative products and services to help solve social and environmental problems.

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.

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.

4. Address Environmental Issues

- We aim to build a low-carbon society, a natural symbiosis society which fosters biodiversity, and a circulatory society, and will work to solve problems which obstruct these aims through our core businesses by cooperating with various stakeholders.
- We work on energy and resource conservation to reduce the environmental burden caused by our own activities.

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.

6. Participate in and Contribute to the Community

- We aim to revitalize the community 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 contribution such as educational and cultural activities.

Management Commitment



Looking ahead to the next 100 years, we are fully committed to harnessing the power of trusts to build a sustainable society

Unprecedented natural disasters occurred throughout the world in 2022. At the same time, the prolonged crisis in Ukraine exacerbated the problem of energy shortages, especially in Europe. Those developments underlined the importance of steadily transitioning from fossil fuels to renewable energy in the fight against climate.

SuMi TRUST Group recognizes the fight against climate change to be an issue of top priority, which is why we have continued to strengthen our collaboration with various stakeholders to tackle the issue head on.

Meanwhile, if we look at the financial system, the central banks of the West have pivoted to monetary tightening, marking the start of a transition to a new phase from a lengthy period of global monetary expansion. Some financial institutions have even collapsed within a short period of time due to liquidity risks, highlighting the instability of the financial system. Considering the speed at which information is transmitted in this age of social media, it is imperative that we are cognizant of the numerous risks that could arise in the near term and that we steadily take steps to address issues in the environment and society from a long-term point of view.

Guided by this environment awareness, the Group will make every effort to balance sound management practices with appropriate risk taking and endeavor to solve environmental and social issues by providing a mechanism that facilitates a virtuous cycle of funds for individuals, households, and investors. In fiscal 2022 we reflected on the initiatives we have implemented thus far and focused our attention on laying the groundwork needed for solving the increasingly complex issues of sustainability.

More specifically, the Board of Directors engaged in thoroughgoing discussions to review the Group's materiality—the priority issues that impact the Group's value creation process. By clarifying the relationships between materiality and the Group's key strategies and setting quantitative targets, we hope that our stakeholders can gain a better understanding of our initiatives as we do our utmost to solve environmental and social issues.

The Board of Directors also thoroughly deliberated on the risks our business activities pose to human rights, and reviewed the Group's human rights policy. We will build collaborative relationships with our clients and suppliers to realize a sustainable society where human rights are respected.

We also believe it is important for our diverse workforce to fully demonstrate its expertise and capabilities in order to create value for our clients and society. Our employees are a crucial asset (human capital) and a source of value creation. We will endeavor to maintain the mental and physical health of every employee and seek to increase investments in personnel development. By pushing ahead with the creation of workplace environments in which every employee in our diverse pool of talent can make the most of their respective qualities, we hope to improve the well-being of each of our employees, and by extension, that of our clients and broader society as well.

In this report we showcase a number of different initiatives the Group is undertaking with the aim of solving environmental and social issues. For instance, SuMi TRUST Bank is actively working to provide financing that can create impacts, and equity investment, for corporate clients. Leveraging surveys to further dialogue with clients, the Bank is also providing a broad range of consulting services designed to support sustainability management. And for individual clients, it will look to support the attainment of financial well-being in this era of longevity. Meanwhile, the Group's asset management firms, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, are continuing to undertake their own engagement activities for the purpose of helping realize a sustainable society. The Group is committed to continuously improving these initiatives, and steadily developing and launching new products and services.

Last year, 2022, marked the 100th anniversary of the enactment of Japan's Trust Act and Trust Business Act. Since the time of SuMi TRUST Group's founding, we have long met the expectations of our clients by managing and administering their funds and assets with a high level of expertise. As we look ahead to the next 100 years, we will harness the power of trusts and make the greatest efforts possible in building a sustainable society.

I look forward to the continued warm support of all our stakeholders.

June 2023

Sumitomo Mitsui Trust Holdings, Inc.
Director, President

Tom Takakura

Editorial Policy

This report focuses on the ESG (Environmental, Social and Governance) initiatives of the SuMi TRUST Group, which strives for the balanced creation of both social value and economic value. The Group has been publishing integrated reports with investors as the primary reader since 2017, and this report provides comprehensive disclosure to investors and non-investor stakeholders seeking more detailed ESG information.

This report was prepared based on the Common Metrics presented in the white paper “Measuring Stakeholder Capitalism-Toward Common Metrics and Consistent Reporting of Sustainable Value Creation,” which was compiled by the four major global accounting firms based on recommendations from the World Economic Forum’s International Business Council. Moreover, included in the appendix is a comparison table featuring the relevant Common Metrics, accounting indicators for the financial sector from the SASB (Sustainability Accounting Standards Board) that have been passed on to the ISSB (International Sustainability Standards Board), and the international non-financial information

disclosure standards from the GRI (Global Reporting Initiative). Also included is annually disclosed information as stipulated by the Principles for Responsible Banking (PRB), to which we became a signatory in September 2019.

Scope of This Report

Reports the initiatives of the SuMi TRUST Group (SuMi TRUST Holdings, SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management. Major initiatives related to other Group companies are also included.)

Target Readers

All stakeholders, including customers, shareholders and investors, employees, business partners, local communities, NPOs, governments, international institutions, etc.

Period Covered by This Report

As of the end of January 2023 (some information from February 2023 and beyond is also included)

Sustainability Information Disclosure Outline

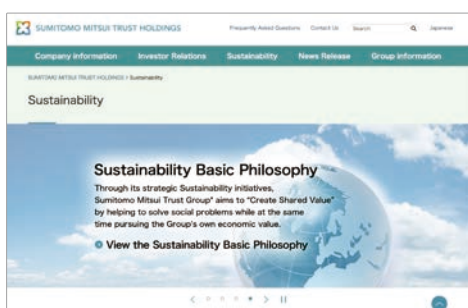
In addition to this report and the Integrated Report, the Group discloses a variety of information on sustainability. First, there are separately published versions spun off from this report, which are the TCFD (Task Force on Climate-related Financial Disclosures) Report (formerly the “Climate Change Report”), the Natural Capital Report, and the ESG Real Estate (formerly the “Environmentally Friendly Property Report”). In addition, SuMi TRUST Bank publishes two types of digest reports for seniors (“Considering the Problems of Dementia” and “Senior-Generation Housing”) every other year, and publishes the SuMi TRUST With You Social Contribution Report every quarter. Meanwhile, asset management business Sumitomo Mitsui Trust Asset Management publishes the Stewardship Report and Nikko AM publishes the Sustainability Report annually to disclose details of their respective ESG investment initiatives. 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>

The quarterly pamphlet SuMi TRUST With You is a regular report published four times a year by SuMi TRUST Bank for our clients nationwide. It covers topics of high interest and concern for the elderly, trending topics, and noteworthy sustainability initiatives.



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Management Message

SuMi TRUST Bank



Kazuya Oyama

President

Sumitomo Mitsui Trust Bank, Limited

Governments and corporations have been working in unison to tackle climate change, the COVID-19 pandemic, and other issues of a global scale, and the world economy has returned to a recovery track, albeit gradually. Nevertheless, new challenges manifested themselves in 2022—namely, energy shortages and a return to fossil fuels as a result of the war in Ukraine—which reminded us again the importance of a stable supply of cheap energy which is indispensable to industry and our life.

In order to solve such new environmental and societal issues, it is vital that we have a deep understanding of different technologies in unfamiliar fields and that we academically investigate those technologies. Accordingly, we have recruited experts with doctorate or master's degrees in such fields as hydrogen and battery technology, chemistry, electric power, and agricultural engineering, and by integrating their scientific knowledge into the banking and trust domains, we are spearheading initiatives geared towards the deployment of innovative technology in society.

One example of a project that aims to have innovative technology adopted in society is the low-cost production of green hydrogen in Kitakyushu. This low-cost hydrogen business, which employs a local production for local consumption model, harnesses unutilized electricity from cheap renewable energy and high value-added byproducts. It has been adopted by the Ministry of the Environment as a business eligible for government subsidies. We intend to contribute to the attainment of a decarbonized society by establishing in society, at the earliest possible time, supply chains of local production for local consumption model,

developing locally small scale businesses, and then scaling up capacity at a later time.

Industries require large sums of capital to bring about a decarbonized society, so in order to meet that demand, we must create the channels and frameworks through which investors can confidently invest, thereby setting in motion a virtuous cycle of funds. We want to usher in investments that spur demand for more investments and use the power of investing to get funds moving. In doing so, we want to proactively and dynamically play an integral role in the virtuous circulation of funds and create new markets. Our alliances with the Apollo Global Management, Inc. and Energy Capital Partners that we announced last year are a key part of this strategy. By providing attractive investment opportunities to a wide range of investors, we will take on the challenge of democratizing the investment process and transforming markets and society.

My personal motto is that teamwork wins the day. I believe that the capabilities of individuals who share the same sense of purpose can be recast as team strengths if everyone behaves altruistically. Our reason for existence, or "Purpose," is to create new value with the power of trusts and let a prosperous future for our clients and society bloom. Guided by this "Purpose," we aim to bring together the strengths of all individuals in our highly diverse workforce, and by having each and every employee become the "Best Partner" in support of the sustained growth of our many different stakeholders, we will go about squarely addressing the problems of the environment and in society.

Sumitomo Mitsui Trust Asset Management



Yoshio Hishida

Representative Director and President
Sumitomo Mitsui Trust Asset Management Co., Ltd.

The two major issues of the COVID-19 pandemic and Russia's invasion of Ukraine have brought about a reevaluation of conventional thinking and given rise to new concepts concerning the way we go about our day-to-day work and even political mechanisms and issues of human rights, for example. We are now in an era characterized by an increasingly uncertain future.

In the midst of all this, I believe a "paradigm shift in ESG" is taking place; communities, companies, and investors are being asked to demonstrate the true value of their approaches, beliefs, and actions in addressing ESG issues and improving sustainability. In other words, a transition from "penetration" to "refinement," from "general discussions" to "specifics," and from a "single perspective" to a "multi-faceted" approach. As a result, we are seeing a shift from transient ESG initiatives to more sustained ESG practices. Even though ESG issues are subject to changes in the times, the order of priority in addressing them and how sustainability can be enhanced remains unchanged, so going forward I think there will be an even greater emphasis on measures that take ESG issues into full account from a longer-term perspective in light of changes in the times. From this point of view, as a signatory to the Principles for Responsible Investment (PRI), we are committed to fulfilling our mission of maximizing returns on the assets entrusted to us by our clients by keeping a close eye on societal and corporate changes, engaging with investee companies, exercising our voting rights, and reflecting the results of our activities in our investments.

Sumitomo Mitsui Trust Asset Management is a company with a broad global perspective, shares its many aspirations with various stakeholders, and continues to explore possibilities that contribute to a better future. We are committed to the challenge of creating a truly prosperous society that goes far beyond economic value. By addressing ESG challenges through long-term growth in the valuable assets entrusted to us, we will aim to improve sustainability on a global basis and remain an essential and sustainable asset management company for our clients.

Nikko Asset Management



Stefanie Drews

Representative Director and President
Nikko Asset Management Co., Ltd.

In 2022, we kept our focus on the long term to fulfill our fiduciary duty to our clients, cutting through the noise of a challenging global environment and volatile markets. Testament to our continuous efforts to meet the highest standard of ESG practices globally, Nikko Asset Management became one of the first Asian-based signatories to the UK Stewardship Code.

Over the year, we set our global growth strategy to double our AUM over the next ten years both organically and through partnerships with other firms. To further our commitment to build a robust ESG investment structure, we established a centralised and globally connected ESG function that reports directly to the President and CIO. We also set our Group Engagement and Stewardship Strategy, outlining our global approach to engage with companies we are invested in. Externally, we endorsed the "GX League Basic Concept" launched by Japan's Ministry of Economy, Trade and Industry to achieve the country's goal of carbon neutrality by 2050.

On corporate sustainability, we built on the progress we made in the previous year. To meet our goal of increasing the share of women in managerial roles, we customised action plans for each region we are in. These include strengthening the recruitment process, establishing a fully flexible work-style policy, and putting in place a mentorship programme. In line with our goal to reduce our carbon footprint from operations, we modified our overseas business travel request process to spotlight emissions from air travel. As an indication of a growing corporate culture of sustainability, the number of employees who voluntarily signed up to join a sustainability group in the firm crossed 100 for the first time.

I'm confident that we are headed in the right direction to achieve our long term business goals as we contribute to a sustainable future.

SuMi TRUST Group's Reason for Existence ("Purpose")



SuMi TRUST Group's reason for existence, or "Purpose," is to create new value with the power of trusts and let prosperous future for our clients and society bloom. We have also placed at the core of management the notion of balancing the creation of both social value and economic value. This is based on our client-oriented philosophy that has remained unchanged since our founding. It reflects our expectations of achieving sustained growth ourselves by actively helping to solve issues in society as the "Best Partner" most trusted by our clients.

Our ideal vision

The SuMi TRUST Group's reason for existence, or "Purpose"

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Roles expected by society

Achieving our "Purpose" with the power of trusts

Ability conversion function

Leveraging our high level of expertise to manage and administer assets

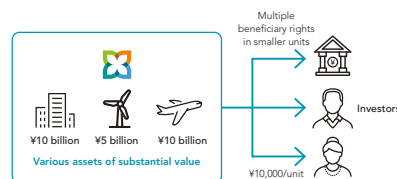
By taking advantage of our extensive expertise in managing and administering the valuable assets entrusted to us, our trusts deliver high added value to our clients.



Asset conversion function

Flexible alteration of asset composition and quantity

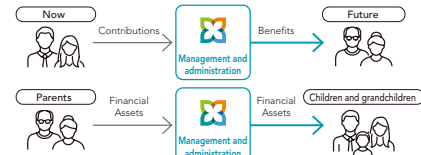
By converting assets held in trust to trust beneficiary rights, even assets that essentially are indivisible, or property of substantial value, can be divided into smaller units for circulation, thus facilitating the smooth circulations of funds, assets, and capital.



Time conversion function

Transcending time to ensure client wishes are fulfilled in the future

In order to assist our clients to realize and enjoy a prosperous future, our trusts have a function to manage and safeguard assets for extended period of time. Under certain scenarios, trust assets and the accompanying wishes of clients can be passed on to the next generation.



The "power of trusts" mentioned in our "Purpose" is a wide-ranging concept—it refers to the numerous functions of our trust schemes, our significant expertise and comprehensive capabilities, and even the basic principle of fiduciary duty. The SuMi TRUST Group has long addressed the issues of clients and society by flexibly exercising these trust functions. Climate change and the transformation of social structures, such as Japan's declining birthrate and ageing population, are growing increasingly sophisticated and complex. We think these times represent a business opportunity, which is why we intend to leverage the power of trusts to create new value (opportunities and markets) and contribute to a more prosperous and happy future for everyone. In other words, the development of a sustainable society and improvements in well-being for all people.



Symbol Mark

The Group's logo, known as the "Future Bloom," symbolizes our "Purpose" to create new value with the power of trusts and let prosperous future for our clients and society bloom.

The four translucent petals show our "Mission" to each stakeholder of clients, society, shareholders and employees. The four colors of petals represent our Codes of Conduct ("Value"): "Truthfulness and Loyalty" (natural green), "Dedication and Development" (golden orange), "Trust and Creativity" (blue green), and "Self-help and Self-discipline" (sky blue).

Corporate Color

The corporate color is "Future Blue", which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

New value created through business

Businesses that harness the power of trusts to solve social issues

Value provided to stakeholders (three economic entities)

SuMi TRUST Group draws on its wide array of trust functions to deliver high value-added products and services to clients based on the keyword of “circulation” to address the social issues that confront individuals, corporations, and investors.

—Social issues to actively address—



Individuals

Asset administration and asset formation in Japan's aging society



Corporations

Sustained growth of the Japanese economy and corporations (addressing both financial and non-financial issues)




Investors

Diverse range of investment opportunities and development of the investment chain

Three key strategic areas for creating new value

With a vision of the society and the Group we hope to achieve by 2030, we identified the following three key strategic areas for value creation to encourage a virtuous circulation: (1) the age of 100-year life; (2) ESG/Sustainable Management; and (3) Regional ecosystems and global investment chains (networking).

Social issues are growing increasingly challenging and complex, it will be much harder to solve longstanding social issues solely with our inherent managerial resources and client base. We will therefore look to team up with various stakeholders, build platforms, and generate new markets and opportunities. And to achieve these goals, we will need to strengthen investment in human capital and manufactured capital.



Age of 100-year life



ESG/Sustainable management



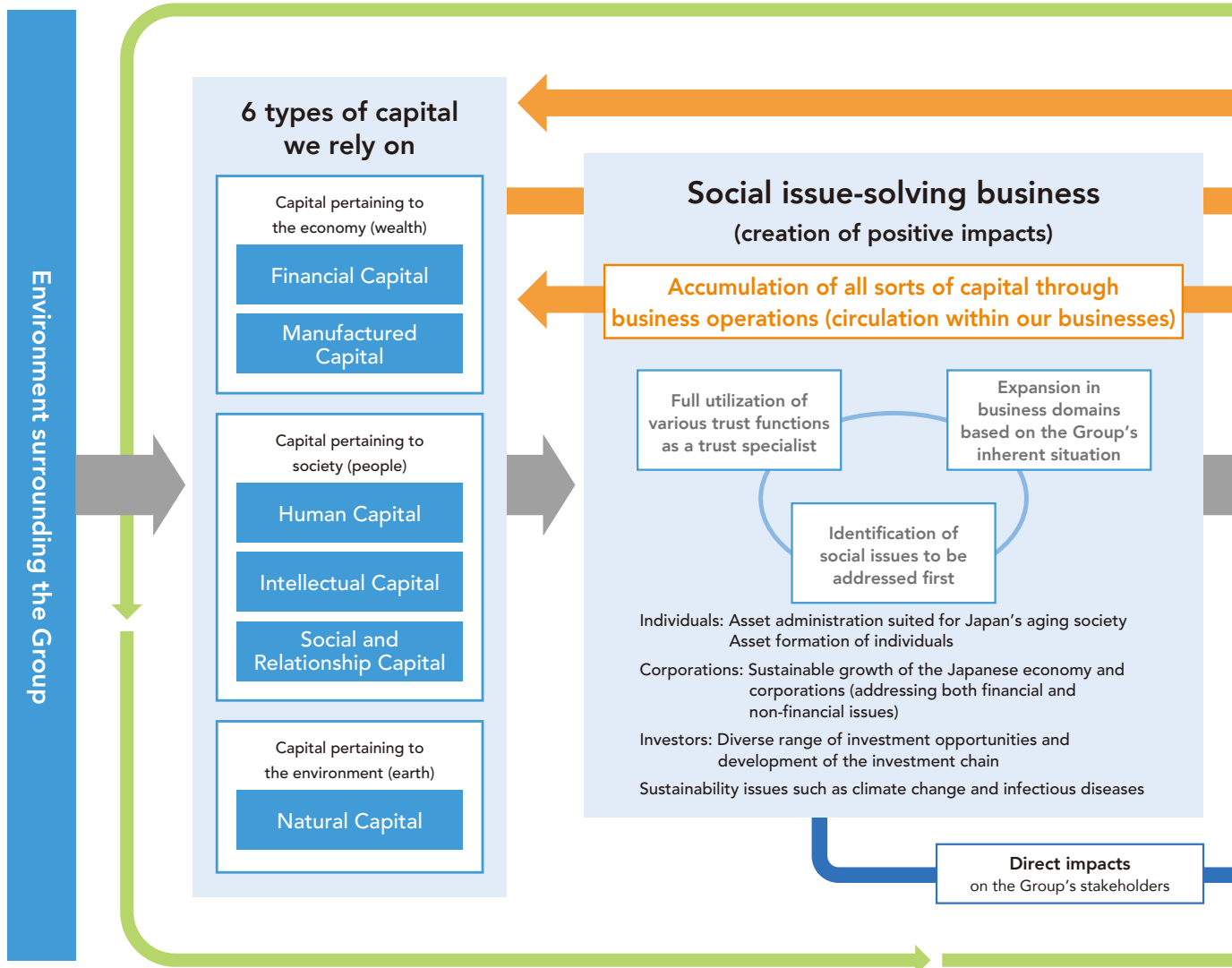
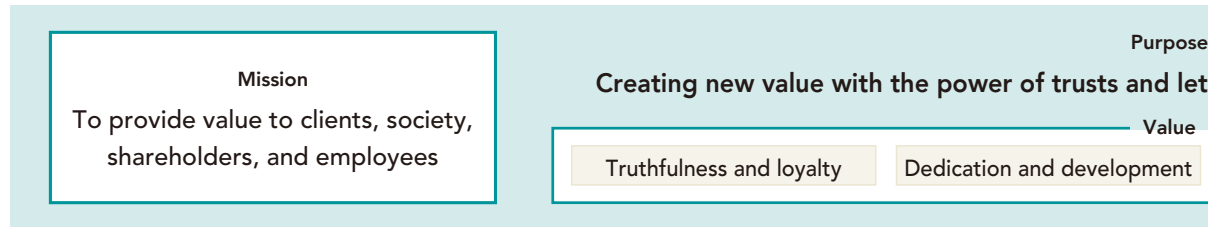
Regional ecosystems and global investment chains (networking)

Blooming of a bright future

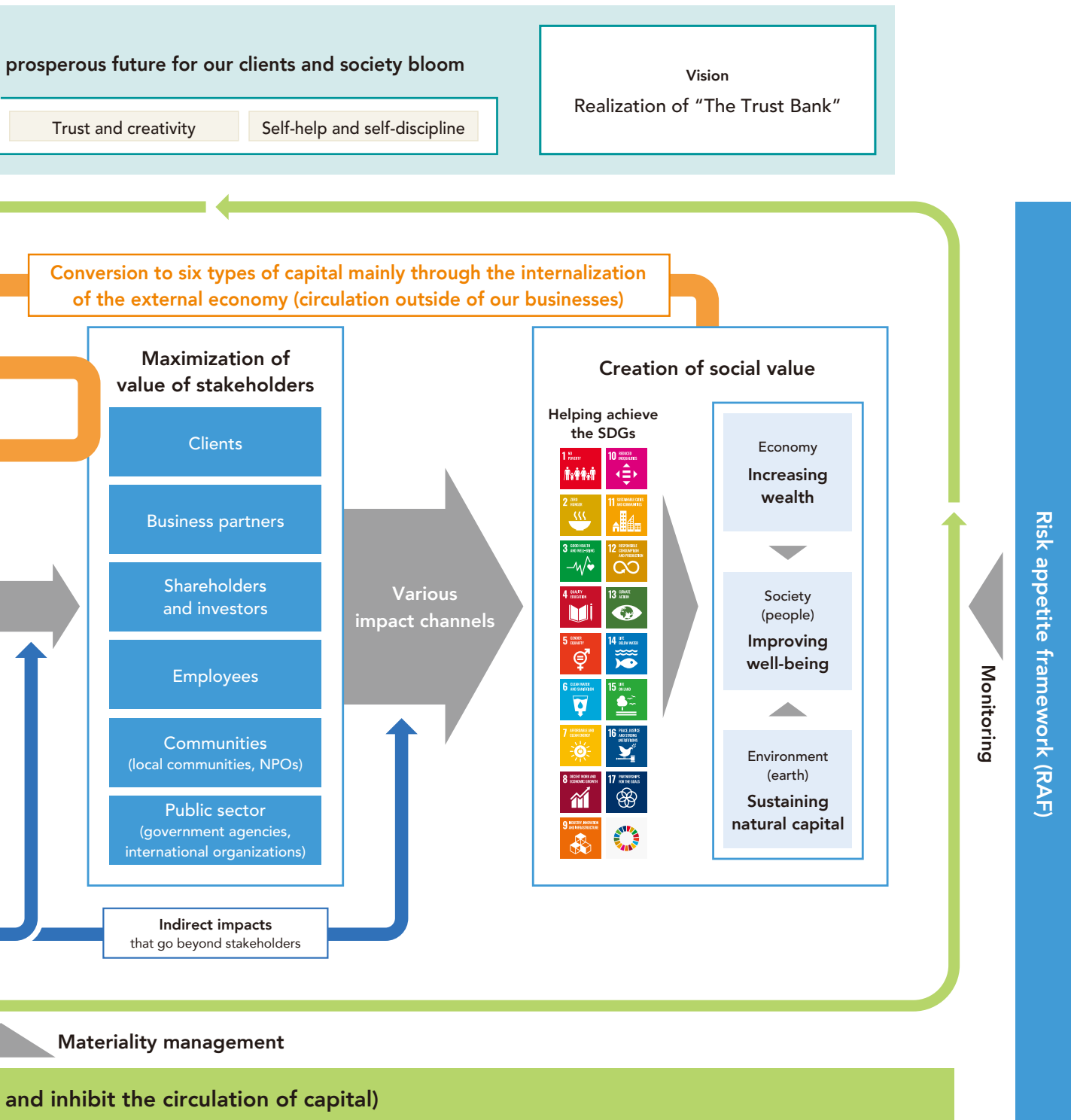


Prosperity and happiness for all = Improvements in well-being

Process for the balanced creation of both social value and economic value



To achieve the balanced creation of both social value and economic value, we need to organically combine the process of creating positive impact while maximizing stakeholder value based on our “Purpose” with the process of sustainably strengthening our own financial and non-financial management foundation (six types of capital). Additionally, we must establish a system to appropriately manage these processes at the management level. We call this system the “value creation process.” SuMi TRUST Group has identified high-priority issues (materiality) that affect our value creation process over the medium-to-long term, and we have classified them into three categories: (1) impact materiality—issues on which our corporate activities may affect the economy, society and environment (positive impact/negative impact); (2) governance and management framework materiality—issues that have an impact on the core elements of our value creation; and (3) financial materiality—issues that directly affect our financial performance. We implement materiality management so as to appropriately control it within the risk appetite framework (RAF).



1

Principles of Governance

—Sustainability as a Management Strategy

012

Governance is foundational for a company in setting purpose and provides oversight for a company's activities that contribute to a prosperous, sustainable society. Without good governance, companies lack the supportive context within which to make progress on the other three pillars: Planet, People, and Prosperity.

From the World Economic Forum White Paper "Measuring Stakeholder Capitalism"

013 The Group's Approach to Principles of Governance

014 Corporate Governance

019 Sustainability Promotion System

030 Compliance and Fair Business Conduct

038 Initiatives to Upgrade Operational Quality

039 Risk Management

050 Initiatives that Address Environmental and Social Issues

The Group's Approach to Principles of Governance

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 basic philosophy indicated below, 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 SuMi TRUST Group has defined its reason for existence ("Purpose") and identified high priority issues (materiality) such as the declining birthrate and aging population, climate change, and digitalization. At the same time, the Group has made solving social issues its mission, while recognizing it as an opportunity for the Group's own growth, and placed the "balanced creation of both social value and economic value" at the core of its management. The Board of Directors sets out and discloses the SuMi TRUST Group's Reason for Existence ("Purpose"), 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 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.

Awareness of Sustainability Issues

Amidst the growing complexity of today's environmental and social issues, we are cognizant of the need to align our various functions and systems and deal with every single issue in order to maintain favorable environmental and social conditions over the long term.

As a Group, we have hitherto carried out numerous sustainability initiatives, but we now recognize that our approach is inadequate if we simply continue to operate under our conventional structures and systems. This is why we are conducting a review of the measures and actions we have taken thus far in light of recent changes in the operating environment. In fiscal 2022, we focused on enhancing the effectiveness of our sustainability promotion framework and accordingly engaged in more in-depth discussions at the meetings of the Board of Directors and revised our items of materiality and human rights policy.

Going forward, we recognize that we must enhance the effectiveness of these initiatives. Our policy is to disclose targets for each initiative, thereby making progress and processes transparent, as we steadily push ahead with measures geared towards solving issues of the environment and society.

Related Materiality

Governance and Management Framework Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Corporate governance	Risk/Opportunity	Society, clients, shareholders and investors, employees	Establishing a management framework for balancing the creation of both social and economic value.
Fiduciary spirit	Risk/Opportunity	Society, clients, employees	Fulfilling our responsibilities as a fiduciary for the best interests of clients by acting faithfully with due care of a prudent manager.
Risk management and resilience	Risk	Society, clients, shareholders and investors, employees	Ensuring sound management and achieving profitability and sustained growth by taking risks in line with our management strategy.
Compliance and conduct	Risk	Society, clients, employees	Conducting business in compliance with not only laws, market regulations, and internal rules, but also broader social norms.
Security	Risk	Society, clients	Preventing cyber-attacks, constantly reviewing our system risk management framework, and appropriately acquiring, using, and strictly managing client information.



SuMi TRUST Group is proceeding to bolster its corporate governance structure in line with its business model. In addition to the statutory committees of a company with Three Committees, we have also established a Risk Committee and Conflicts of Interest Committee, both of which function as advisory bodies to the Board of Directors. We also strive to enhance management transparency by appointing an external director as chairman of the Board of Directors.

1. Basic Approach

In order to implement sound management based on a high degree of self-discipline guided by our fiduciary spirit and to gain the unwavering trust of society, we are committed to enhancing corporate governance along the lines of the following basic philosophy with the objective of improving the Group's sustainable growth and medium- to long-term corporate value. Having defined the Group's reason for existence (purpose) and identified issues of materiality, we also recognize that taking on the mission of solving

social issues presents us with growth opportunities, which is why we have placed at the core of our management approach the notion that we must balance the creation of both social and economic value. As a foundation for every activity to be shared by all directors, officers, and employees of SuMi TRUST Group, the Board of Directors has established management principles (mission), an ideal model (vision), and codes of conduct (value).

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 effective 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 articulate

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 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. Our Views on Corporate Governance

SuMi TRUST Holdings is a financial holding company with many subsidiaries under its Group umbrella, including SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management. Guided by our fiduciary spirit, we aim to leverage our significant expertise and creativity to combine our banking, asset management and asset administration, and real estate businesses to

deliver total solutions to our clients as their "Best Partner." In order to fulfill our principles and live up to the expectations of our stakeholders, we shall strive to ensure the soundness and reliability of the Group's business model, as well as management transparency, and continually strive to enhance the 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 SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of 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 executive officers and other officers. 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 from the standpoint of stakeholders, in order to support sustainable growth and the medium- to long-term enhancement of the enterprise value of 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 ("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 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-oriented" policy within SuMi TRUST Group, and promotes the practice of fiduciary duties in 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 at SuMi TRUST Holdings has appointed sufficient number of directors considered necessary and appropriate for the Board to demonstrate an effective supervisory function as required of a financial holding company tasked with the management of the Group. In determining the number of directors, due consideration is also given to ensuring diversity and expertise among directors.

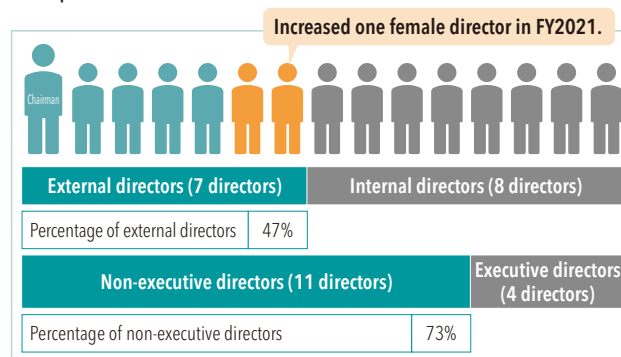
In light of the importance of the functions of external directors in corporate governance, as a general rule, at least one third of the directors on the Board of Directors are independent external directors. The Board of Directors establishes and discloses Independence Standards of Independent Directors.

When deciding on director candidates, we nominate those who have considerable insight and extensive knowledge of corporate management, financial accounting, legal affairs, risk management, and compliance to address the Company's priority issues (materiality), as well as skills unique to the trust

business that can encourage the creation of new value, sustainability, and IT, digital technology and others in so-called creative fields*. We endeavor to ensure the diverse and balanced composition of the Board suitable for appropriately overseeing the broad range of a trust bank group services, and offering astute opinions and advice.

*As of July 2022

Composition of the Board of Directors



■ All seven external directors have been registered as independent officers with the relevant securities exchange.

■ Of the 15 directors, 13 are male and two are female (shown in orange above).

■ 16 Board of Directors meetings were convened during the period from July 1, 2021 through June 30, 2022. There were only two occasions on which one of two directors was absent.

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

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.

External Directors' Meeting

To further improve the effectiveness of corporate governance, external directors' meetings*, which are attended exclusively by external directors, are held regularly.

These meetings, at which external directors engage in active and unrestrained discussions and share information and awareness from independent and objective positions, help foster a relationship of trust among the external directors and strengthen the supervisory function of the Board of Directors.

At the external directors' meetings held in FY2021, taking the results of the Evaluation of the Board of Directors and other factors into account, the external directors discussed, among other matters, operational improvements and topics for future discussion at the Board of Directors meeting, and then offered recommendations to the executive.

* Voluntary meetings organized by the external directors and not prescribed in any of the Company's regulations.

4. Deliberations by the Board of Directors

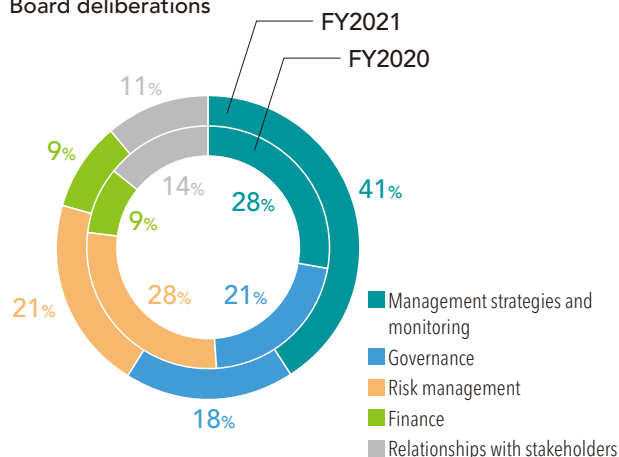
(1) Board deliberations and main topics of discussion

The deliberations of the Board of Directors are based on an annual schedule formulated with reference to the Evaluation of the Board of Directors conducted every year. Accordingly, the topics discussed reflect changes in the internal and external operating environments.

In FY2021, the Board engaged in discussions about key topics from both offensive and defensive points of view with the aim of increasing corporate value and the amount of time it spent deliberating issues related to management strategies and monitoring, such as medium- to long-term management issues and strategies, increased from the

previous year. Even though the Board discussions regarding risk management and governance topics decreased compared to the previous year, it continued to deliberate on the visualization of business processes and the development of risk maps in order to improve service quality which is the source of a trust bank group's strength. It also continued to discuss ways to further enhance the effectiveness of the internal control system and governance on a Group-wide basis. As such, the time spent discussing these topics was roughly the same as in FY2019 (23% for risk management and 15% for governance in FY2019).

Board deliberations



(2) Discussions of management themes

With a view to determining the Group's basic management policy and medium- to long-term strategies, the Board of Directors selects management materiality issues and other management themes from a medium- to long-term point of view, as management themes, and deliberates them. The external directors of SuMi TRUST Bank also participate in deliberations on management themes as Board meeting observers, not for the purpose of reaching conclusions, but to enhance Board deliberations with their viewpoints and opinions through free and open discussion.

This fiscal year, the focus of discussions was on the Group's business portfolio. Continuing dialogue through

Main topics discussed by the Board in FY2021

Subject	Topics
Management strategies and monitoring	<ul style="list-style-type: none"> Materiality management Business portfolio analysis and allocation of management resources Integrated framework of financial and non-financial issues
Governance	<ul style="list-style-type: none"> Enhancement of succession plans Enhancement of group governance Monitoring of strategic shareholdings
Risk management	<ul style="list-style-type: none"> Penetration and firm establishment of risk culture and compliance awareness Enhancement of cybersecurity and risk management structure Measures aimed at improving service quality
Finance	<ul style="list-style-type: none"> Capital policy (including financial and non-financial) and shareholder returns policy
Relationships with stakeholders	<ul style="list-style-type: none"> Sustainability and climate change policies Stepped-up engagements and measures for achieving well-being Fiduciary duties and customer satisfaction promoting strategies

supervision and execution, it discussed what our business portfolio should be, after examining the perspectives of the Group's positioning in light of the market structure and competitive environment, while reviewing the state of the financial industry, the perspectives of non-financial resources including the power of trusts, and the perspectives based on the highly uncertain environment including digitalization and increasingly complex social issues. These kinds of discussions mean we can identify strategic areas of focus through surveying our business portfolio over the medium-to-long term to generate value for stakeholders by balancing the creation of both social and economic value.

5. Board Evaluation

Every year we conduct an evaluation of the Board of Directors and try to enhance its effectiveness through making the PDCA cycle work by considering and adopting measures aimed at improving issues identified in the evaluation.

*Please refer to the link below for a summary of the results of the evaluation of the Board of Directors in fiscal year 2021.

[PDF https://www.smth.jp/english/-/media/th/english/about_us/management/governance/pdf/e_evaluation.pdf](https://www.smth.jp/english/-/media/th/english/about_us/management/governance/pdf/e_evaluation.pdf)

6. Committees

To ensure the effectiveness of corporate governance and further enhance the soundness and reliability of the Group's business model, as well as the transparency of management, we have established the Risk Committee and the Conflicts of Interest Committee as advisory bodies to the Board of Directors to complement the three committees required under the Companies Act, namely, the Nominating Committee, the Compensation Committee, and the Audit Committee.

Every year, each committee conducts a self-evaluation in an effort to improve its autonomous management by considering and adopting measures aimed at improving issues identified in the evaluation. The results of the self-evaluations are reported to the Board of Directors in April for deliberation.

(1) Nominating Committee

The Nominating Committee makes decisions on the details of proposals concerning the appointment and dismissal of directors for submission to the General Meeting of Shareholders and responds to enquiries from the Board of Directors about the management team succession plan and the appointment and dismissal of executive officers, including the president, and then deliberates on such matters before reporting back to the Board. It also conducts the same for the appointment and dismissal of directors, including the president, of SuMi TRUST Bank, and the appointment and dismissal of directors of Sumitomo Mitsui Trust Asset Management.

(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 reports on these matters.

(3) Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors and prepares audit reports. 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 SuMi TRUST Group. It appropriately utilizes the internal control system of 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.

(4) Risk Committee

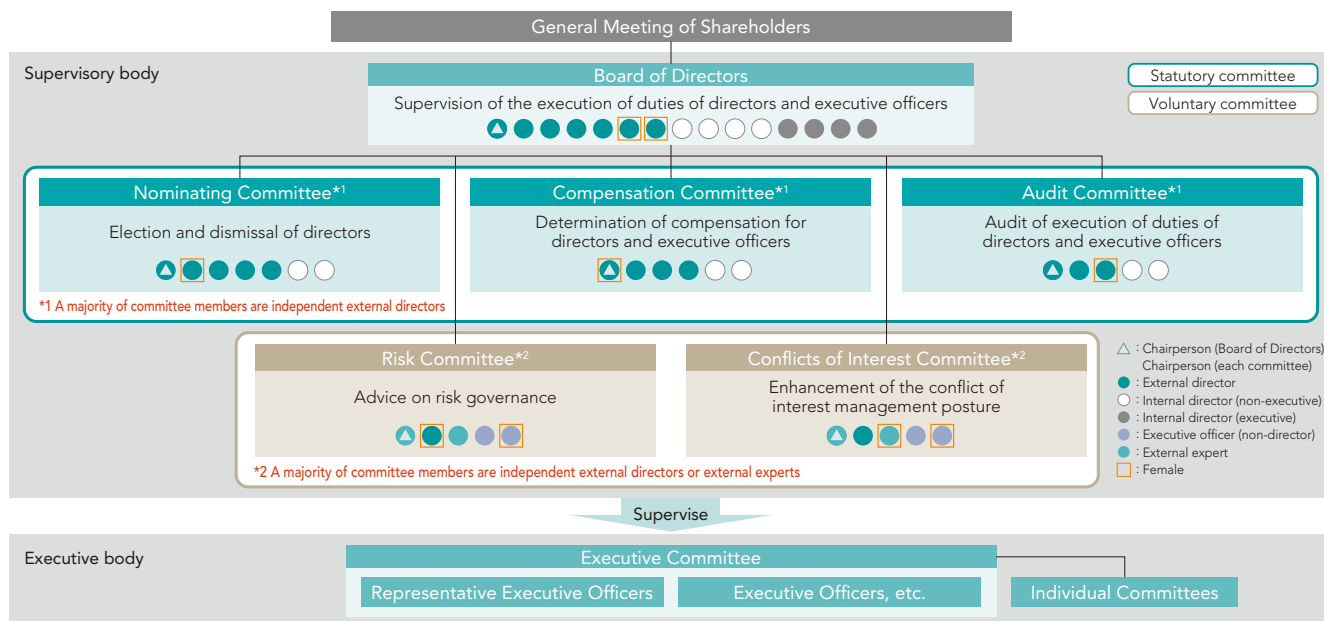
The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding SuMi TRUST Group, top risks, and materiality, and (ii) matters concerning the operation of its risk appetite framework, and monitoring of the effectiveness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

(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 posture of SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of SuMi TRUST Group, as well as the enhancement of their posture, (iii) matters concerning Policies regarding the Fiduciary Duties of SuMi TRUST Group and the action plans of each Group company, and (iv) particularly important matters concerning the conflict of interest management and the dissemination of fiduciary duties in SuMi TRUST Group and other matters, and reviews and reports on their appropriateness.

Corporate Governance

Corporate Governance System



Main matters of deliberation in FY2021*1		Matters for consultation posed by the Board of Directors in FY2022*2, 3
Nominating Committee	<ul style="list-style-type: none"> Proposed director candidates for the Company and major subsidiaries Further refinement of succession plans and processes 	<ul style="list-style-type: none"> Succession plans and refinement of skill matrix
Compensation Committee	<ul style="list-style-type: none"> Compensation for directors and executives by verifying levels and structures based on comparative analysis of compensation survey information 	<ul style="list-style-type: none"> Examination of executive compensation system reflecting stakeholder-oriented approach
Audit Committee	<ul style="list-style-type: none"> Key audit items, including progress on the Medium-Term Management Plan, development and operation of the Group's internal control system, and management of financial reporting and disclosures 	<ul style="list-style-type: none"> Monitoring of process for formulating the next Medium-Term Management Plan Enhancement of Group internal control system
Risk Committee	<ul style="list-style-type: none"> Appropriateness of the Group's risk management posture Measures for fostering and instilling a risk culture Initiatives pertaining to risk management given the recent external environment 	<ul style="list-style-type: none"> Connecting materiality management and risk management Enhancement of risk governance in Group management Strengthening and improving resilience Risk management in accordance with a trust bank group characteristics
Conflicts of Interest Committee	<ul style="list-style-type: none"> Development of the posture of conflict of interest management and client protection management concerning Group and business expansion Raising awareness about, and practicing, Group fiduciary duties 	<ul style="list-style-type: none"> Group management of conflicts of interest in light of next Medium-Term Management Plan Clients' best interests which a trust bank group can provide

*1 July 2021 through June 2022

*2 July 2022 through June 2023

*3 For the Audit Committee, audit instructions from the Board of Directors

Sustainability Promotion System

The SuMi TRUST Group defines its reason for existence ("Purpose") as "Creating new value with the power of trusts and let prosperous future for our clients and society bloom," and places the "balanced creation of both social value and economic value" at the core of its management. As a result, sustainability has literally become a part of our daily conversation and is being emphasized in every aspect of our business. Our sustainability promotion system can be described as a framework for promoting the integration of sustainability into our existing business strategy.

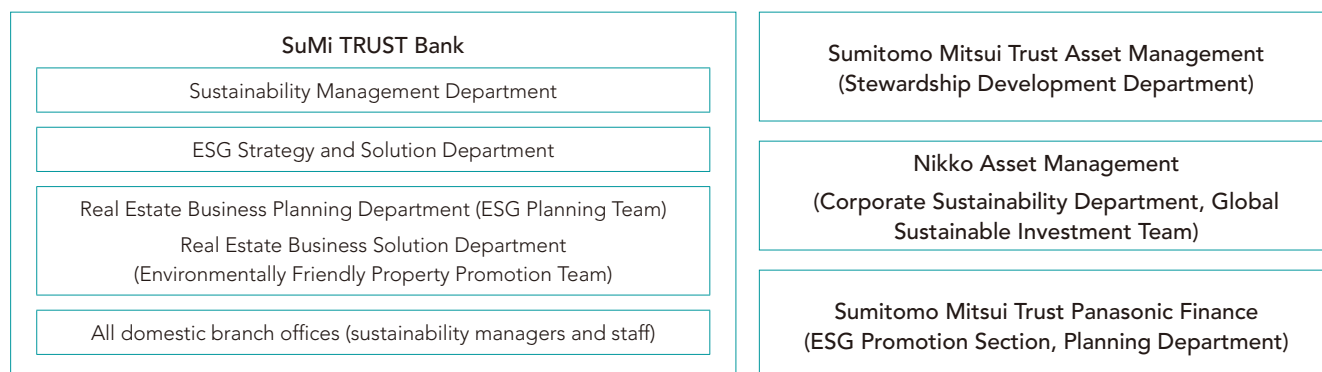
1. Sustainability Promotion System

At SuMi TRUST Holdings, the Board of Directors sets Sustainability Policy, and based on this policy, the Executive Committee, which is the executive body, deliberates and decides on various measures to promote sustainability, and the Board of Directors supervises the execution of these measures.

The Executive Committee meets as the Sustainability Promotion Committee with regard to initiatives on key sustainability issues, engaging in exhaustive discussions and making decisions on the sustainability initiatives of each Group company from the perspective of balanced creation of both social value and economic value.



(Dedicated sustainability organizations in each Group company)



Sustainability Promotion System

Deliberations by the Board of Directors

SuMi TRUST Group has taken on a variety of sustainability-related initiatives to date. In FY2022, in light of the recent changes in the environment, the Group reviewed

its past sustainability initiatives and the Board of Directors had an opportunity to intensively discuss key topics based on reports from the Risk Committee.

Board of Directors' matters of deliberation in FY2022

(April 2022 - January 2023)

Topic	Points of deliberation
Climate change initiatives	Reported and deliberated on climate change-related policies and progress
Review of sustainability-related rules and regulations	Deliberated and adopted resolutions on revisions to sustainability-related rules and regulations, including climate change governance structure and risk management posture
Enhancement of human rights risk management posture	Reported and deliberated on initiatives and review process to advance the risk management posture on human rights, and philosophy and contents for identifying key human rights risks
Review of materiality (1st)	Reported and deliberated on the direction of materiality identification (process, management)
Review of materiality (2nd)	Deliberated and adopted resolutions on materiality identification
Review of human rights policy	Deliberated and adopted resolutions on reviewing the human rights policy and identifying key human rights risks

Deliberations by the Sustainability Promotion Committee

The Executive Committee deliberates on the initiatives for key sustainability issues in the Sustainability Promotion Committee as shown in the table on the right.

Through these initiatives, the Board of Directors passed resolutions on the review of materiality in December 2022 and on the review of human rights policy in January 2023.

We plan to enhance our materiality review by checking processes from a materiality perspective, confirming the status of initiatives in related business plans, and communicating with stakeholders, with the aim of resolving social issues by creating positive impact through our value creation process.

With regard to reviewing our human rights policy, we will develop our environmental and social risk management system, build cooperative relationships with clients (borrowers and investees) and suppliers, identify substantial negative impacts on human rights in a highly effective

manner through our human rights due diligence, and strive to prevent and mitigate them. In addition, we plan to step up initiatives to inspire awareness of human rights among directors, officers, and employees.

See pages 21-23 for the review of materiality.

See pages 25-27 for the review of human rights management system.

Sustainability Promotion Committee's topics of deliberation in FY2022

(April 2022 - January 2023)

Topic	Number of deliberations
Review of materiality	4
Review of human rights policy	2
Identification of key human rights risks	2
Climate change	1
Information disclosure	1

Establishment of Sustainability Committee

Starting in FY2023, we will establish a Sustainability Committee as an advisory body to the Executive Committee. As a result, matters related to sustainability will be deliberated by this committee and then presented to the Executive Committee. The Sustainability Committee will be comprised of the officer in charge of the Corporate Planning Department, the officer in charge of the Human Resources Department, and the officer in

charge of the IR Department, with the officer in charge of the Sustainability Management Department serving as the chairperson. With the establishment of the Sustainability Committee, we will clarify the universe of sustainability issues and enhance our posture to undertake a series of initiatives, including identifying challenges, formulating policies, implementing measures, and providing public disclosure, in an organized manner.

2. Review of materiality

Definition of materiality

SuMi TRUST Group defines materiality as “an event that has a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital”.

The circulation of capital is similar to the circulation of blood. If capital is steadily accumulated in the same way blood flows freely around the body, the ability to generate value will continue to increase in a sustained fashion. Too much bad cholesterol in the body causes arteries to harden, which prevents blood flow. Conversely, good cholesterol in the body helps prevent the arteries from hardening. Applying this analogy to priority issues (materiality) that affect our value creation process over the medium to long term, we consider materiality to be comprised of factors that either inhibit (bad cholesterol) or promote (good cholesterol) the circulation of capital.

History of materiality revisions

(1) Materiality identification in FY2015

We identified 14 materiality items from a list of 28 items considered highly important to the Group, after interviewing external directors, external experts, and relevant internal departments about their medium- to long-term impact on the Group's enterprise value and the Group's impact on stakeholders.

(2) Materiality revision in FY2019

With the balanced creation of both social value and economic value placed as the cornerstone of our growth strategy, we consolidated each of the top risks, which were separately managed as matters that could have a significant impact on our financials, into our Materiality, and passed a resolution for the new materiality items (17 items) at the October 2019 Board of Directors meeting. As a result, we have established a system that comprehensively identifies important matters from the perspective of both risks and opportunities with respect to both impacts on our finance and social impacts, and discusses the most appropriate responses.

(3) Three categories of materiality

As discussions on materiality have become active globally, we incorporated the unified concept of materiality sorted out by major international standards for disclosure (GRI, SASB, IIRC, CDP, CDSB) in FY2020, and divided materiality into three categories: Impact materiality, governance and management framework materiality, and financial materiality.

As part of revising materiality in FY2022, we defined the three categories as follows.

Impact Materiality	Items in which our corporate activities have an impact (both positive and negative) on the economy, society, and the environment. Items that are in a phase where we can take concrete steps toward achieving both social value and economic value.
Governance and Management Framework Materiality	Items where environmental and social issues affect our corporate value enhancement process. Non-financial items that do not immediately affect finances but are likely to affect finances over the long term, so they are highly defensive.
Financial Materiality	Items where environmental and social issues affect our financials.

Materiality revision in FY2022

Since the materiality revision in FY2019, the economic and social situation has changed dramatically over the past three years, with increasing societal demands to address climate change, the spread of COVID-19, and the emergence of geopolitical conflicts. To sustainably achieve the balanced creation of both social value and economic value amid such sweeping changes in the short term, we must identify materiality in a way that comprehensively covers events that may occur in the medium to long term.

On the other hand, we understand that items are too many to boost effectiveness by reflecting them on our management system, including management strategy and risk management, and disseminating them to employees. In addition, we believe we need to align these items with SuMi TRUST Group's unique strengths and challenges both in terms of management strategy and risk management.

We revised our materiality in FY2022 to work toward creating a new Medium-Term Management Plan, including addressing these recognized challenges.

First, to ensure comprehensiveness, our materiality started from the Common Metrics presented in “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation,” which was compiled by the four major global accounting firms based on recommendations from the World Economic Forum's International Business Council. The Common Metrics cover 18 points under the categories of Planet, People, Prosperity, and Principles of Governance. Based on these points, we added necessary items to 17 items which were previously identified as materiality, and sorted them out, from the perspective of relevance to financial institution's operations and comprehensiveness, and identified 27 items as our materiality themes.

We sorted out the materiality themes based on our “Purpose” and themes for management strategy into items related to the society and values we wish to achieve, and through discussions at the Executive Committee and

Sustainability Promotion System

various advisory bodies, and with the top management, we identified three categories containing 11 materiality items that are both comprehensive and unique to the Company.

Under the Group's "Purpose" of "creating new value with the power of trusts and let prosperous future for our clients and society bloom," our social issue-solving business will employ the slogan of creating "a virtuous circulation of funds, assets, and capital" and utilize the power of trusts to provide value to stakeholders in the three key strategic areas in which a virtuous circulation will be promoted. By reflecting this in our materiality identification, the new impact materiality items of "the age of 100-year life," "ESG/sustainable management," and "regional

ecosystems and global investment chain (networking)" are consistent with the three key strategic areas in which the Group is creating new value.

Incorporating into the value creation process (Materiality Management)

We can further improve our ability to generate value by incorporating materiality as a common concept in our management strategy, which executes our value creation process, as well as in our various management systems, such as internal control and risk appetite frameworks, and by enhancing the coordination of each of these functions. SuMi TRUST Holdings has formulated a Medium-Term

Common Metrics, Materiality Themes, and Materiality

(1) Extracted materiality themes based on common metric themes

(2) Set materialities by sorting out materiality themes, taking into account our management strategy and internal awareness

Common Metrics		Materiality Themes	Materiality	
Planet	Climate change	Super-aging society Financial inclusion*	Impact Materiality	Age of 100-year life
	Nature loss			
	Water availability	Climate change Biodiversity Recycling of resources/circular economy Air, water, and soil pollution ESG Management (parties to whom we extend investments and loans)		ESG/sustainable management
	Air pollution			
	Water pollution			
	Solid waste (plastics, etc.)			
	Resource availability			
People	Dignity and equality	Creation of new technologies and businesses Financial inclusion Digital innovation	Trust x Digital Transformation	
	Health and well-being	Corporate governance	Corporate governance	
	Skills for the future	Safety of financial instruments, operational quality Client-oriented approach/fiduciary duty	Fiduciary spirit	
Prosperity	Employment and wealth generation	Securing and promoting diverse human resources Employees Well-being	Human capital	
	Innovation of better products and services	Risk management Resilience	Governance and Management Framework Materiality	Risk management and resilience
	Community and social vitality	Spread of infectious diseases Financial system stability Geopolitical conflicts Human rights issues		
	Purpose			
Principles of Governance	Quality of governing body	Compliance and conduct	Compliance and conduct	
	Stakeholder engagement	Systems maintenance and addressing cyber attacks Protecting personal information and client data	Security	
	Ethical behavior			
	Integrating risk and opportunity into business process	Preserving financial capital Securing sustainable earnings	Financial Materiality	Financial strength expected by stakeholders

*Financial inclusion pertains to all three materialities.

Management Plan for FY2023 onward that incorporates the newly identified materiality. Going forward, we will report the measures and KPIs set in the Medium-Term Management Plan to the Sustainability Committee after reviewing them from the viewpoint of materiality, and utilize them in our communications with stakeholders to create a virtuous circulation in the value creation process.

In addition, to incorporate stakeholder perspectives into materiality management, we introduced an internal engagement mechanism (see next page), and the status of this internal engagement is reported to the Board of Directors as a materiality-related matter after discussions by the Sustainability Committee, the Executive

Committee, and other executive committees.

As part of materiality management, the Sustainability Committee considers whether or not a materiality revision is necessary, based on the confirmation and reporting mentioned on the left, in light of the concept of dynamic materiality, which holds that social conditions and values change and such changes affect enterprise value. In doing so, the Risk Committee receives inquiries from the Board of Directors on matters related to materiality, deliberates on the appropriateness of such matters based on its expertise, and reports back to the Board of Directors.

Summary

Provide products and services that support prosperous lifestyles and help prepare for social issues such as changes in social systems, including pensions and social security in a super aging society, and extended healthy life expectancy.
Create a situation in which clients have access to valuable and affordable financial products and services that meet their own needs and requirements.

Responding to climate change, biodiversity, resource recycling and the circular economy, air, water and soil pollution, and providing support and means for environmental, social and governance-friendly management for the companies to whom we extend investments and loans.

Build mutually complementary relationships among agents in the region and establish relationships with economic agents outside the region to promote multifaceted collaboration and co-creation. Provide investment opportunities by strengthening the investment chain through collaboration with advanced overseas players.

Create a virtuous circulation of funds, assets, and capital through integrating IT and management strategies, the power of trusts, and the power of digital transformation

Establish a management framework that achieve balanced creation of both social value and economic value.

Fulfill the trustee's responsibilities and act faithfully on behalf of clients (beneficiaries) with the due care of a prudent manager.

Recruit and promote human resources with diverse values, and build a group of them. Create a situation in which employees can utilize their values and strengths based on sound human relations where diversity is recognized while employees being physically and mentally healthy and sympathizing with our "Purpose"

Accurately assess risks and take necessary countermeasures to secure earnings and support sustainable growth by ensuring sound management and taking risks based on management strategy.

Comply with laws and regulations, market rules, internal rules and regulations, as well as social norms in general. Ensure that the conduct of directors, executive officers, and employees, which violates professional ethics or fails to live up to the expectations and trust of stakeholders, does not result in adverse effect.

Prevent cyber-attacks against core infrastructure providers and address incidents when they occur. Continuously review and improve system risk management structure. Acquire and use client information in accordance with rules and regulations, and manage it strictly.

Secure sound finances, sustainable growth, and sustained earnings.

Three key strategic areas

1) Age of 100-year life

2) ESG/sustainable management

3) Regional ecosystems and global investment chain (networking)

(3) Social issue-solving businesses that utilize the power of trusts provide value to stakeholders under the concept of "virtuous circulation of funds, assets, and capital" in three key strategic areas in which virtuous circulation is promoted. Impact materiality and key strategic areas become aligned at a certain point in the process.

3. Internal Engagement

Basic approach

At SuMi TRUST Holdings, the Sustainability Management Department engages in dialogue with relevant departments with respect to non-financial materiality items in the finance sector that ESG investors are interested in and for which the Group's initiatives may face challenges in order to improve our approaches and enhance information disclosure. We refer to this initiative as internal engagement, and view it as a check function based on an external perspective on day-to-day operations, different from the supervisory function of the Board of Directors from a management perspective.

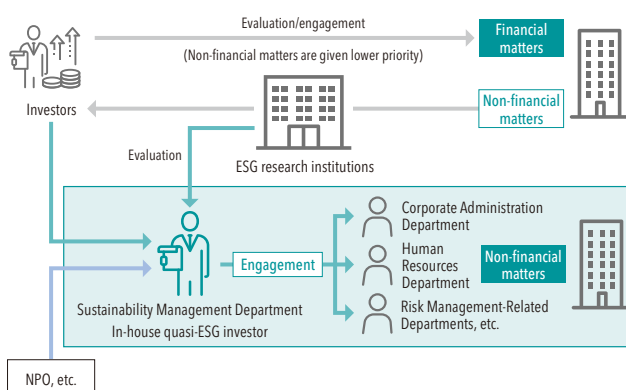
Internal engagement is primarily aimed at enhancing the internal management posture on the execution side, and for corporate governance issues, it clarifies which issues should be managed by the Board of Directors after coordinating information with the Corporate Secretariat.

Internal engagement process

The Sustainability Management Department selects themes for internal engagement based on findings from ESG assessment organizations, dialogue with domestic and international ESG investors, guidelines of voting advisory companies, letters from and dialogue with NGOs, and high-profile issues related to the corporate

governance code, ESG, and SDGs. The FY2022 internal engagement theme was reported to the Executive Committee in November 2022, and all directors and executive officers were made aware of the challenges. The results of the Sustainability Management Department's ongoing efforts in addressing issues together with relevant departments were reported to the Board of Directors in March 2023 as part of our understanding of the challenges in materiality management. The opinions raised in the supervisory and executive bodies are identified as challenges for FY2023.

Internal Engagement



FY2022 initiative results and challenges

Theme	Remarks from investors and evaluation agencies	FY2022 results	Challenges for FY2023
Corporate governance	Ensure independence, diversity and expertise of the Board of Directors	<ul style="list-style-type: none"> Disclosed breakdown of "creation" of external directors in the skills matrix 	<ul style="list-style-type: none"> Improving the skills matrix, addressing continued demands of investors for disclosures
	Advancement of executive compensation disclosure	<ul style="list-style-type: none"> Earned a certain degree of recognition from investors for disclosing the integrated report 	<ul style="list-style-type: none"> Addressing demands of investors for ESG-related indicators including KPIs
Human capital	Review of easy-to-understand information disclosure	<ul style="list-style-type: none"> Reviewed three indicators disclosed in the financial statement 	<ul style="list-style-type: none"> Supplementary explanations in the Integrated Report, etc. Group-based data
Human capital Human rights	Disclosure and elimination of gender pay gap	<ul style="list-style-type: none"> Reviewed matters for disclosing the financial statement 	<ul style="list-style-type: none"> Supplementary explanations regarding disparities (policy)
	Strengthening of human rights due diligence and system development, including monitoring of human rights compliance by third parties	<ul style="list-style-type: none"> Revised human rights policy, identified key human rights risks Held a human rights due diligence liaison committee meeting, reviewed human rights awareness training program 	<ul style="list-style-type: none"> Begin monitoring human rights compliance of parties to whom we extend investments and loans Human rights awareness training program
Climate Change and Investment and Loan Policy	Making investment and loan portfolio carbon neutral and continuing to enhance policies for specific sectors	<ul style="list-style-type: none"> Incorporated carbon neutrality initiatives into investment portfolio Enhanced TCFD report Upgraded Carbon Disclosure Project rating (from C to B) Advanced policies for specific sectors 	<ul style="list-style-type: none"> Continue compliance with NZBA and NZAMI Continue advancing policies for specific sectors

4. Review of human rights management system

The Group is committed to respect for individuals as stated in the Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy), and pledges to respect human rights and diverse values of individuals and to eliminate unfair discriminatory practices in all corporate activities. To ensure thorough implementation of this policy, we established a human rights policy in December 2013, which serves as a standard for our actions and decisions regarding human rights.

Although we have established and implemented a human rights management system based on the Human Rights Policy, we discovered that a meeting of the Human Rights Due Diligence Liaison Committee was not held from FY 2018 to FY 2021, and that the identification of

issues and discussions of improvement measures based on the Human Rights Due Diligence Self-checklists submitted by branches and departments were insufficient.

We held the meeting in August 2022, and after reviewing the Human Rights Due Diligence Self-checklists including the period when the meetings were not held, no situation of concern was found.

Reflecting on these circumstances and taking into consideration the recent increase in the importance of respect for human rights and international requirement for human rights issues, we began reviewing our human rights management system in FY 2022. We are reconsidering the operational aspects of our human rights due diligence based on our revised Human Rights Policy and key human rights risks.

- The Group revised its human rights policy and reviewed the human rights due diligence system to identify negative impacts on human rights for each client and supplier after reviewing the relationship between the Group's business activities and its responses to human rights issues, and enhance the effectiveness of initiatives for preventing and mitigating negative impacts on human rights (human rights due diligence).
- In light of the nature of recent human rights issues, we identified the Group's key human rights risks in areas with significant risk.
- In addressing human rights issues, we believe it is important for directors, officers, and employees to have a better understanding of human rights issues and have an ownership when tackling. Accordingly, we overhauled the content of our human rights education training program that we continuously used until then, and began offering a new program.

(See page 123)

Review of human rights management system

1. Revision of human rights policy

The Group's human rights management system is operated as shown below, with the Human Rights Due Diligence Liaison Committee established in 2013 at the core.

Board of Directors	The Board of Directors supervises execution based on Sustainability Policy
Risk Committee	The Risk Committee receives inquiries from the Board of Directors regarding major issues and risks related to sustainability, deliberates the issues based on its expertise, and reports back to the Board of Directors.
Executive Committee	The Executive Committee is responsible for the overall execution of operations in accordance with Sustainability Policy, and discusses and decides on necessary matters. In addition, it proposes to the Board of Directors matters it deems important with respect to sustainability.
Human Rights Due Diligence Liaison Committee	The Human Rights Due Diligence Liaison Committee investigates the status of group-wide human rights efforts based on the human rights policy, identifies issues that need to be addressed, and discusses improvement measures. It conducts a survey on the status of human rights efforts once a year using the human rights due diligence self-check list.

The Group's human rights policy was formulated in accordance with the Guiding Principles for Business and Human Rights adopted by the United Nations Human Rights Council in June 2011. However, we have revised the human rights policy in light of the increasing importance

of respect for human rights in recent years, international demands for addressing human rights issues, and also changes in the human rights issues expected of us to tackle as a financial institution.

Key points of revision

We made revisions based on the following points of view, taking into account the contents of various international norms on human rights.

- Stipulated that the Group would identify significant human rights risks that might be caused by, encouraged by, or directly related to its operations, and would carry out human rights due diligence to prevent and mitigate these risks.
- Clearly stated that human rights were to be respected among directors, executive officers, employees, and all other parties working for SuMi TRUST Group.
- Stipulated that we would encourage the understanding of this policy and our approach to respecting human rights among clients and suppliers, and if negative impacts are identified through human rights due diligence and other means, we would have numerous careful conversations and build a cooperative relationship with clients, suppliers and their relevant parties, through which we would strive to prevent and mitigate such negative impacts.
- Stipulated that we would provide relief if it became clear that our business was causing negative impact, and that we had a grievance hotline.

Human Rights Policy

The Sumitomo Mitsui Trust Group will take responsibility for the next generation, recognize its mission as building a society with enhanced readiness for changes, and continuously fulfill its commitment to respect for “human rights” toward realization of its purpose (reason for existence)” creating new value with the power of trusts and let prosperous future for our clients and society bloom.”

This policy is respected in all business activities in each company of the Sumitomo Mitsui Trust Group, and by following the policy, we will strive to solve various tasks of each of our stakeholders such as societies, clients, suppliers, and the Group’s directors and employees.

1. Commitment to respect for human rights

We will always act with a highly ethical viewpoint and a socially good sense on all aspects of business activities, and fulfill our responsibility for respect for human rights, as a socially trusted company group.

2. Respect for internationally recognized human rights

We will not only observe all laws applied to business activities, but also respect internationally recognized human rights such as the UN “International Bill of Human Rights” and the International Labor Organization (ILO) “Declaration of Fundamental Rights and Principles at Work” which stipulates fundamental rights at work. As a globally acting financial institution, we will also support the UN “Ten Principles of the Global Compacts” and observe various standards for the promotion of the protection of human rights, such as the UN “Guiding Principles on Business and Human Rights” and the Japanese government’s “Guidelines on Respect for Human Rights in Responsible Supply Chains.”

If the rules in the country where we conduct business activities are different from the internationally recognized standards on human rights, we will support and respect the internationally recognized standards on human rights, etc., and, if they are inconsistent, we will strive to find a way to respect the internationally recognized human rights as much as possible.

3. Scope of application

This policy will be applied to directors/employees and all people working for the Sumitomo Mitsui Trust Group. We will strive to win the understanding on the policy of all stakeholders including individual/corporate clients, outsourcing companies, and suppliers of goods and services.

4. Human rights due diligence

In order to tackle severer negative effects on human rights as a priority, while recognizing the supreme target of our efforts on respect for human rights, we will specify significant risks on human rights which the Group may induce, encourage or directly participate in, as per the table below, and strive to prevent/mitigate them through human rights due diligence.

On such occasion, we will be counseled by the third parties, if necessary, and through constructive dialogues with our stakeholders, understand actual situations of negative effects and strive to improve them.

5. Human rights of directors/employees and all people working for the Sumitomo Mitsui Trust Group

We promise to create equal relations in which each of us respects liberty, equity and safety, respects each other, respects various senses of value and can freely exchange opinions, and to provide a workplace environment filled with job satisfaction, to directors/employees and all people working for

the Sumitomo Mitsui Trust Group. The Group will tackle development of capabilities of its employees and make efforts to promote their mental and physical health.

In every business activity, we will never allow discriminations and human rights violation based on race, nationality, age, gender, sexual orientation, gender identity, origin, social status, belief, religion, disability, physical feature, pregnancy, marriage or state of health.

We will clearly reject any bullying and harassment, which hurt human dignity. We will also respect freedom of association and collective bargaining rights.

We will conduct fair and just screening based on only capability and aptitude of applicants, in case of hiring of employees, etc.

6. Cooperation with clients and suppliers

We will make efforts to get our clients and suppliers to understand our approach to respect for human rights including the policy. If we identify a negative effect or fear of it through human rights due diligence, etc., we will strive to prevent or mitigate such a negative effect, through keeping close dialogues with our clients, suppliers and their participants and establishing cooperative ties with them.

7. Remedies

If it becomes clear that a negative effect on human rights is induced or encouraged by the Group through human rights due diligence, etc., we will make efforts to implement or to encourage implementation of remedies for stakeholders suffering from such a negative effect. In addition, if there is a negative effect on human rights directly related to the Group, our products or services, we will ask for cooperation of our clients and suppliers and make efforts to prevent/mitigate it.

We will establish a transparent grievance mechanism and strive to ensure convenience of users such as clients, suppliers, directors/employees and all people working for the Sumitomo Mitsui Trust Group.

8. Fostering our corporate culture which respects human rights

We will make efforts to get each of our directors/employees to have a right knowledge of respect for human rights and deepen understanding, and continuously strive to foster our corporate culture which respects human rights.

9. Disclosure

The Sumitomo Mitsui Trust Holdings will regularly report information about its efforts and progress on spread of the human rights policy, through its official homepage, other appropriate measures for communication, etc.

The policy mentioned above was approved at the board of directors of the Sumitomo Mitsui Trust Holdings on January 31, 2023.

2. Identification of key human rights risks

In line with the revision of the Group's human rights policy, we reviewed the risks to human rights posed by the Group's business activities and identified the following three items as key human rights risks in terms of scope of impact and severity.

- Prejudice and a sense of discrimination such as the DOWA caste issue
- Forced labor, child labor, and human trafficking
- Participation in conflicts and inhumane acts

In identifying the key human rights risks, we verified the scope of impact and severity based on the type of rights for each human rights category, after confirming where the risks may arise. As a result, we determined on the three items listed on the left because "prejudice and a sense of discrimination such as the Dowa caste issue," which is currently listed as a key theme, has a wide scope of impact, while "forced labor, child labor, and human trafficking" and "participation in conflicts and inhumane acts" have high severity and directly relate to physical infringement and life-threatening situations.

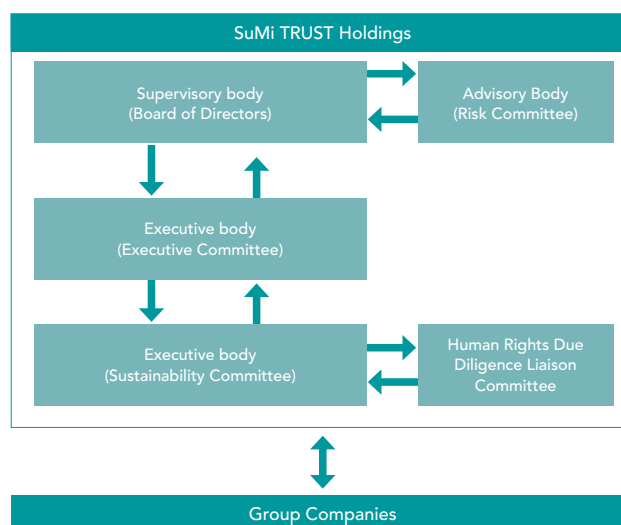
Key human rights risks

Types of rights by human rights category (prepared based on the types of rights in the Universal Declaration of Human Rights)		Scope of impact (frequency of occurrence)	Severity	Classification by party				
				Employees	Individual clients	Corporate borrowers	Investees	Suppliers and contractors
Physical infringement	Forced labor, child labor, human trafficking	Medium - small	Extra large	—	—	●	●	●
	Violation of workers' rights	Large - medium	Large - medium	●	—	●	●	●
Psychological infringement	Discrimination and harassment	Large	Large - medium	●	●	●	●	●
	Occupational safety and health	Large - medium	Large - medium	●	—	●	●	●
Societal infringement	Infringement on the life and culture of local residents (access to financial services)	Medium	Medium	●	●	●	●	●
	Restrictions on freedom of expression	Medium	Medium	●	—	●	●	●
	Invasion of privacy	Medium	Medium	●	●	●	●	●
	Personal injury based on misinterpretation of products	Medium	Medium	●	●	●	●	●
	Participation in conflicts and inhumane acts	Medium - small	Extra large - large	—	—	—	●	●

3. Review of human rights management system

We are reviewing the operational aspects of our human rights due diligence based on our human rights policy and key human rights risks. From FY2023, the Group will promote constructive dialogue with stakeholders and cooperate with clients and suppliers based on the new operation, in order to identify and improve the negative impacts on human rights that occur in the Group's business activities.

More specifically, we will deepen deliberations on human rights themes within the supervisory body (Board of Directors) and establish a Sustainability Committee as an executive body, which will engage in preliminary discussions on resolutions and reporting matters for the Executive Committee. Taking into account the discussions and report content of the Human Rights Due Diligence Liaison Committee, we will proactively pursue effective measures as a group to address various human rights issues.



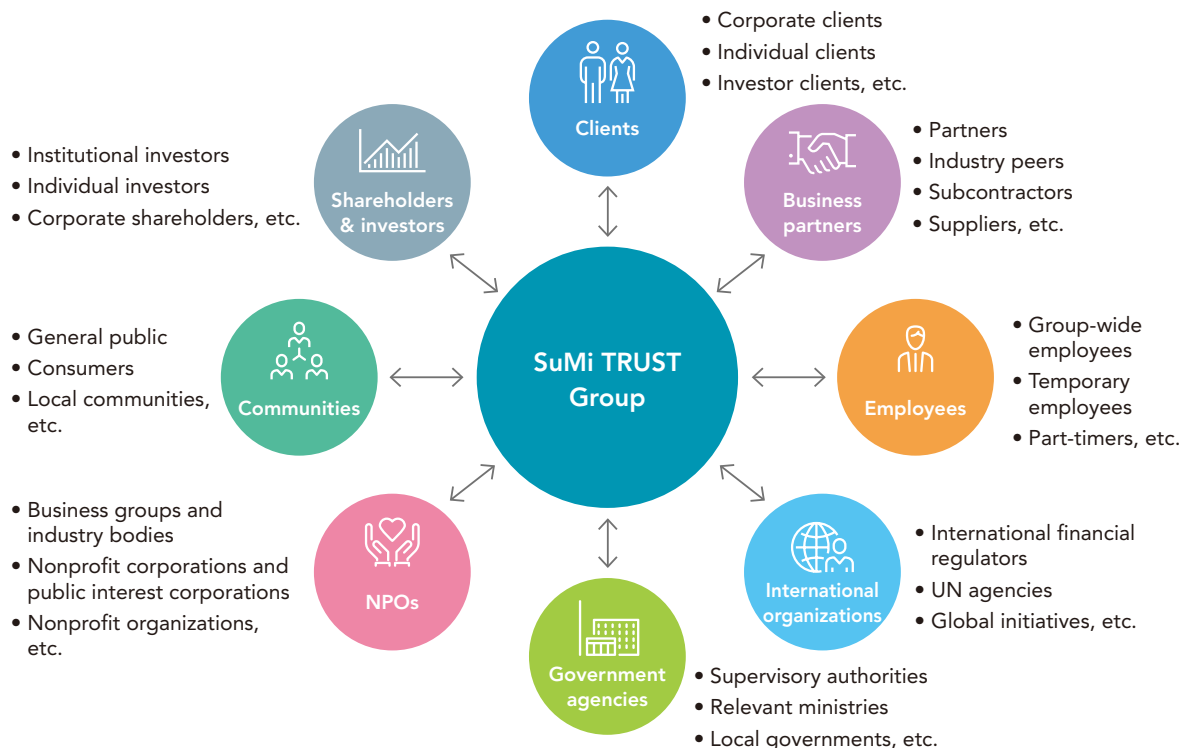
*See page 122 for progress on human rights due diligence conducted in March 2022 and page 123 for progress on human rights enlightenment initiatives in FY2022.

5. Stakeholder Engagement

The Company places clients, shareholders, employees, and society as its stakeholders in the Management Principles ("Mission"). In addition, in the basic policy on the social responsibility ("Sustainability Policy"), the Company further broadens the scope of stakeholders, listing clients, shareholders, investors, employees, business partners, local communities, NPOs, government

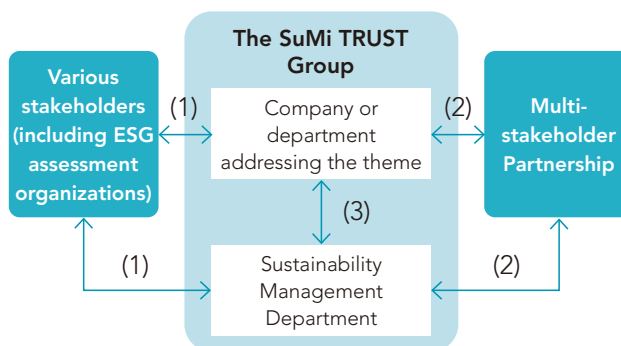
authorities, and international institutions as major stakeholders, and declares its commitment to respect dialogue and play an active role in building a sustainable society. By identifying stakeholders in this way, we aim to have a clear understanding of how the Group relies on and impacts each stakeholder.

Stakeholders of the Group



Three Approaches to Stakeholder Engagement

The Group's stakeholder engagement is divided into three approaches: (1) direct engagement by relevant affiliates/relevant departments (in the case of SuMi TRUST Bank) according to the theme, (2) direct participation in multi-stakeholder partnerships by relevant affiliates/relevant departments, and (3) internal engagement by the Sustainability Management Department with relevant affiliates/relevant departments based on its own dialogue with stakeholders and information gathered from ESG assessment organizations. These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.



Initiatives that SuMi TRUST Group participates in

To harness the power of trusts and undertake social issue-solving business, we actively participate in domestic and international initiatives and work with a wide range of

stakeholders to carefully execute each initiative in order to solve difficult social and environmental issues.

Main initiatives that SuMi TRUST Holdings has signed on or is participating in



United Nations Environment Programme
Finance Initiative (UNEP FI)



United Nations Global Compact
(UN Global Compact)

Founding Signatory of:



PRINCIPLES FOR
RESPONSIBLE
BANKING

The Principles for Responsible
Banking (PRB)



Principles for Financial Action for
the 21st Century (PFA21)



TCFD (Task Force on Climate-related
Financial Disclosures)



CDP



Natural Capital Finance Alliance
(formerly the Natural Capital Declaration)

Main initiatives that SuMi TRUST Bank has signed on or is participating in



The Principles for Responsible
Investment (PRI)



The Equator Principles



The Poseidon Principles



COLTEM



Well-being Initiative

Main initiatives that Sumitomo Mitsui Trust Asset Management and Nikko Asset Management has signed on or is participating in (excluding those signed by SuMi TRUST Holdings)



The Principles for Responsible
Investment (PRI)



International Corporate Governance Network



Climate Action 100+



AIGCC



Thirty Percent Coalition Member
30% Club UK and 30% Club Japan Investor Group Member



Access to Medicine



Ceres



FAIRR



Investor Agenda

Compliance and Fair Business Conduct

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, and is working to implement better best practices.

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

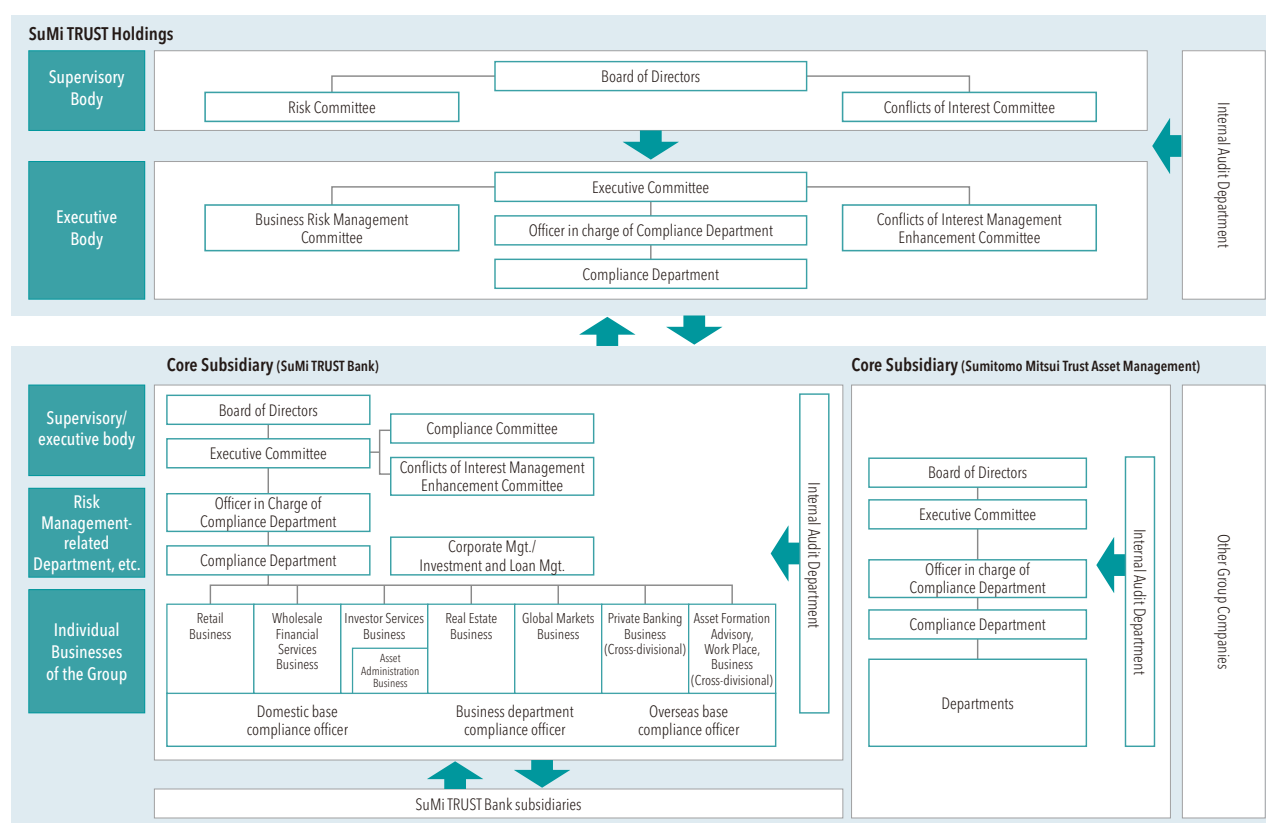
Compliance System of the Group

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. Additionally, risks related to compliance are designated as legal and compliance risk, which is one of the risk subcategories under operational risk.

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

Compliance Hotline System

In order to promptly and appropriately respond to any serious violation of laws/regulations and internal rules, to acts that likely constitute such violation, or to acts that are inappropriate, the SuMi TRUST Group has established a compliance hotline system*¹ 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 investigations. In addition, in order to make the hotline system more accessible, we have also established simple reporting methods, giving whistleblowers the option to call external law firms or use SuMi TRUST Bank's web-based 24-hour anonymous reporting system. Furthermore, in order to ensure unified management of the Group, SuMi TRUST Holdings has its subsidiaries establish systems equivalent to this system (as necessary).

Moreover, 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. We have put several measures into place, including providing our subsidiary companies with model internal regulations and conducting training sessions led by lawyers in response to the revision of the Whistleblower Protection Act, which bolsters safeguards for whistleblowers. As a result of the measures implemented to promote the use of the hotline system, the number of reported cases has

increased since fiscal 2019.

In addition to the above, the SuMi TRUST Group has established an accounting hotline system since fiscal 2017 to report inappropriate accounting, etc., and has disclosed contact points on its website*² while also raising awareness of the system among subsidiaries and others. In addition, SuMi TRUST Bank has a personnel consultation desk (LGBTQ Consultation Desk) and other services to provide various consultations regarding unfairness and injustice in personnel management as well as on workplace harassment and human rights issues (see page 124 for details).

The table below shows the number of reported cases across the various systems.

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Compliance Hotline System	12	16	30	31	35
Accounting Hotline System	0	0	0	0	0
Personnel Consultation Desk					
*Cases reported to SuMi TRUST Bank	65	76	68	73	85

*1 Overseas offices can report in their local language.

*2 For more information on the Accounting Hotline System, see the following page:

[WEB https://www.smth.jp/english/about_us/management/compliance](https://www.smth.jp/english/about_us/management/compliance)

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, determine whether a public announcement is necessary, 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 and 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, etc., such activity will be properly reported to authorities in accordance with the reporting standards and procedures set forth in the internal regulations, with reference to the Suspicious Transaction Reference Cases published by the competent authorities. 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 addition, we have a framework in place to check whether the counterparty to a transaction is an antisocial force after the commencement of the transaction. In the event that a party is identified as an antisocial force, we have established a framework that allows us to take measures in close coordination with external specialist organizations, such as the police, such as to dissolve transactions with the party.

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 addition to four rounds a year for Stock Transfer Agency 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 into Sumitomo Mitsui Trust Asset Management on October 1, 2018, SuMi TRUST Holdings will continue to take a lead in conducting regular monitoring of how the preventive measures are being implemented and entrenched to prevent recurrent insider trading.

*Details of the violation of insider trading regulations that occurred in 2012 are described in the 2012 CSR Report.

PDF https://www.smth.jp/english/-/media/th/english/sustainability/report/2012/2012e_04.pdf

Initiatives to Prevent Bribery and Corruption*

In order to prevent the exchange of entertainment and gifts in violation of laws, regulations, social practices, and customs, the Group has published its Anti-Bribery and Corruption Compliance Policy with the approval of the Board of Directors, 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. In addition, the Group complies with laws and regulations regarding political funds, etc., such as only targeting political parties and political fund organizations for donations related to political activities, and appropriately obtains the necessary prior approval for the expenditure of donations (the Group's political donations amounted to 10 million yen in fiscal 2021).

Next, 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. These training sessions are aimed at raising awareness of the Group's stance on bribery and corruption, the necessary pre-approval procedures such as the absence of conflicts of interest with counterparties (e.g., licensing, subsidies, contracts), and acceptable guidelines (e.g., when dealing with public officials who are not stakeholders of the Company). Additionally, departments that are more likely to face bribery risks, such as business management, wholesale, and investment and loan-related departments, are required to undergo additional specialized training and submit a pledge of compliance. For more effective training at overseas offices, the Group provides training based on the regulations of the country in which the office is located, as well as lecture-based training with local lawyers as lecturers.

There have been no incidents of bribery or corruption in the Group.

*The Group defines bribery and corruption as the act of offering, promising, or providing entertainment, gifts of money or goods, or other benefits with the intent to improperly influence the counterparty, and the act of receiving or requesting goods or services with the intent to improperly benefit the provider.

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 risks

The SuMi TRUST Group conducts a periodic bribery and corruption risk assessment, and based on it, implements and strengthens the Anti-Bribery and Corruption Compliance Program.

3. Pre-approval before providing entertainment and gifts

All officers and employees are required to obtain pre-approval before providing any form of facilities such as entertainment, gifts, or donations to any governmental officials or any related persons even where it is specifically permitted by law or regulation.

4. Compliance with laws and regulations regarding political activities and political funds

The SuMi Trust Group complies with all laws and regulations regarding political activities and funds, such as limiting donations related to political activities to political parties and political fund-managing organizations. In addition, the expenditure of donations related to political activities is appropriately handled with necessary prior approval.

5. Conducting appropriate due diligence

When establishing a new relationship with a third party, including an agent or consultant, or merger and acquisition targets, the SuMi

TRUST Group conducts due diligence regarding bribery and corruption risks through a risk-based approach.

6. Overseeing employment and trainee acceptance

The SuMi TRUST Group verifies the appropriateness of hiring employees and accepting trainees to clear up doubts that the Group offers illegal profits to any governmental officials or any related persons.

7. Training

All officers and employees are required to take appropriate training regarding anti-bribery and corruption on a regular basis.

8. 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 for anyone who makes a report in good faith.

9. Disciplinary proceedings

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-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.

Conduct Risk Management

1. Conduct Risk

As a trust bank group, we have a responsibility to meet the deserved expectations of our stakeholders and earn their trust, and we are expected to act in a way that fulfills that responsibility based in the high professional ethics and self-discipline that is born out of the fiduciary spirit.

Any inappropriate behavior that fails to meet these expectations could potentially have a negative impact on our clients, our working environment, the market, and society itself.

Examples would include damage to our credit and other non-financial burdens, or the levying of fines, lawsuit settlements, and other financial burdens.

The Group recognizes these risks as significant, and they are managed as conduct risk, a sub-category of operational risk.

The Group classifies conduct risk as any action that could have a negative impact on the Group, the working environment, our clients, the market, the financial infrastructure, or society due to an officer or employee of a Group company engaging in behavior that violates professional ethics or otherwise fails to meet expectations among stakeholders or damages their trust in us. Each Group company is working to create a PDCA cycle to

regulate this possibility by defining and evaluating conduct risk, implementing risk control measures, and more.

2. Conduct Risk Management Initiatives

The Group recognizes that any situation that could lead to public questioning of the Group’s corporate ethics and attitude is a risk, so we consider conduct risk management to be the effort to prevent such situations by regulating behavior that could lead there.

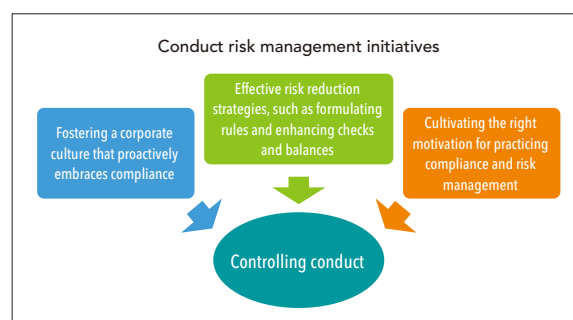
For example, the behavior of each Group company’s officers and employees is often a reflection of their own beliefs, and that is where risk begins. It is important for these officers and employees to not simply comply with the rules every day, but to rather return to the position of professional ethics and have a shared understanding that what is important is to act with the customer in mind.

For this reason, conduct risk management in the Group is founded on assumption that reducing risk can be achieved by maintaining professional ethics, having a positive impact on stakeholders, and promoting better and best practices for clients.

In order to manage conduct risk, the Group is simultaneously working on a combination of measures that include the establishment of a steadfast administrative system that keeps misconduct and other inappropriate behavior in check, the nurturing of a corporate culture that encourages individuals to independently address risks that arise in the course of their work, and incentives to encourage such autonomous behavior.

Primary Conduct Risk Initiatives

- Identification, evaluation, and preventative monitoring for signs of conduct risk
- Collection of information from both inside and outside the Group to gain a better understanding of potential and unrecognized risks
- Cultivation and dissemination of a corporate culture that looks out for risk
- Conducting of employee awareness surveys



Taking Appropriate Actions Guided by Our Standards of Conduct

At the Group, Our Standards of Conduct outline the basic philosophy that guides the actions of all executives and employees at Group companies. They are publicly accessible on our website.

Our Standards, shaped by the insights from discussions among Group employees, encompass 25 items revolving around four pillars: Actions for Our Clients, Actions for Ourselves (Employees), Actions for Society, and Actions for Shareholders.

By adhering to these guidelines, every executive and employee within the Group can help us to meet the expectations placed on us and contribute to the generation of new value.



WEB https://www.smth.jp/english/-/media/th/english/about_us/management/standard/pdf/our_standards_conduct.pdf

The SuMi TRUST Group's Basic Policies on Tax Compliance

The Group recognizes that properly fulfilling tax obligations is an important social responsibility.

The Group has established the basic policy on tax compliance by resolution of the Executive Committee in order to raise the tax awareness of the Group's officers and employees, appropriately manage taxation, and conduct corporate activities while balancing the interests of all stakeholders, including clients, investors, national governments, and local communities.

Based on this policy, we comply with the tax laws, notices and guidelines of each country, tax treaties, OECD transfer pricing guidelines, BEPS^{*1} action plan, etc., and strive to pay appropriate taxes and prevent tax avoidance activities in violation of these laws^{*2}.

The Group does not engage in transactions solely for the purpose of aiding tax avoidance or transfer of income. Under the direction of the Chief Financial Officer, who is responsible for taxation, the Group's tax team and the management of the Group's domestic and overseas offices work together to carry out tax-related work in line with this basic policy. In addition, we strive to improve tax literacy by utilizing specialists in order to comply with the tax laws of each country and contribute to proper tax payment.

In addition, highly important matters are reported to and resolved by the Board of Directors.

^{*1} BEPS: Base Erosion and Profit Shifting

^{*2} For more information, please refer to the UK Tax Strategy

PDF https://www.smth.jp/-/media/th/about_us/management/compliance/pdf/UK_Tax_strategy.pdf

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.

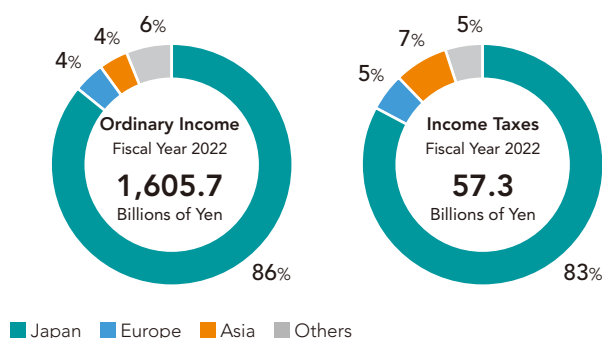
Response to Tax-related Risks

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.



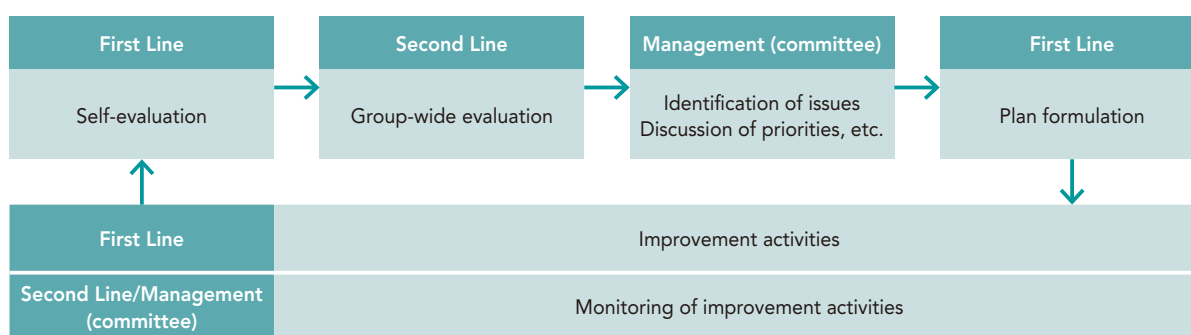
Ordinary income and tax payments by Country are posted based on the Country-by-Country Report submitted to the tax authorities.

Initiatives to Upgrade Operational Quality

Reflecting on the incidents of the past fiscal year, we have recognized anew that high-quality operations are the backbone of both the Group's strength as a trust bank group and the trust we have earned from our clients and society at large. In order that we not only meet but exceed the expectations of our stakeholders, we have striven to refine our operational framework for constant improvement and enhancement of operational quality.

In fiscal 2022, we began full implementation of the PDCA cycle for improving operational quality, which is something we had been considering since fiscal 2021. This approach has established a system that allows us to identify and resolve issues on an ongoing basis. We will keep pushing for further enhancements in our bid to improve and upgrade service quality.

PDCA Cycle for Operational Process Improvement



Specific Actions

(1) Initiate the PDCA cycle to improve operational quality

Amid growing expectations from its clients and society, the Group has persistently worked on improving our operational quality every single day. However, we recognized that to provide secure and reliable products and services, especially in light of previous incidents, a system for constant identification and improvement of operational process issues would be crucial. As a result, we implemented the PDCA cycle.

Specifically, the frontline staff perform self-evaluations of the quality of the products and services they provide, after which a Group-wide evaluation is conducted in the Second Line of Defense. Based on these evaluations, we engage in discussions at the management level to decide the necessary improvement activities.

Products and services that the First Line of Defense focuses on are considered to carry relatively larger risks. With these trends in mind, evaluations are carried out in the Second Line of Defense and at the management level which take into consideration factors such as societal, environmental, and strategic changes to identify issues for which the potential risk is especially high.

The issues that we identify are incorporated into the business plan for the following year and become subject to monitoring the year after. This aims to enhance the effectiveness of our improvement efforts.

(2) Enhance visualization of the operational processes

Visualizing processes is extremely effective when constantly monitoring and optimizing the entire value chain related to products and services.

By enhancing the visualization of processes, the First Line of Defense can eliminate potential risks by reassessing processes that were previously taken for granted. The Second Line of Defense can then objectively evaluate the visualized process, providing guidance, advice, and management to the departments handling the First Line of Defense. Finally, by independently and objectively verifying the efforts of the First and Second Lines of Defense, the department handling the Third Line of Defense can increase the effectiveness of the Group's operational quality improvement activities. By clearly defining the roles of the First, Second, and Third Lines of Defense as such and establishing common ground for risk awareness, we can promote mutual understanding, which will lead to preventing the occurrence of potential risks and fostering risk culture.

The visualization of processes can also help us identify similar operations that were handled by different departments within the Group. By incorporating the positive aspects identified within similar operations, we can aim to improve the quality of our operations in an efficient manner. In addition, obtaining and managing quantitative information on resources that are necessary to carry out the operational processes will facilitate business portfolio reviews and enable us to carry out faster and more flexible decision-making that meets the needs of clients and society.

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 risk management framework of the Group incorporates a Risk Appetite Framework*. It functions organically within the Group in an interconnected manner.

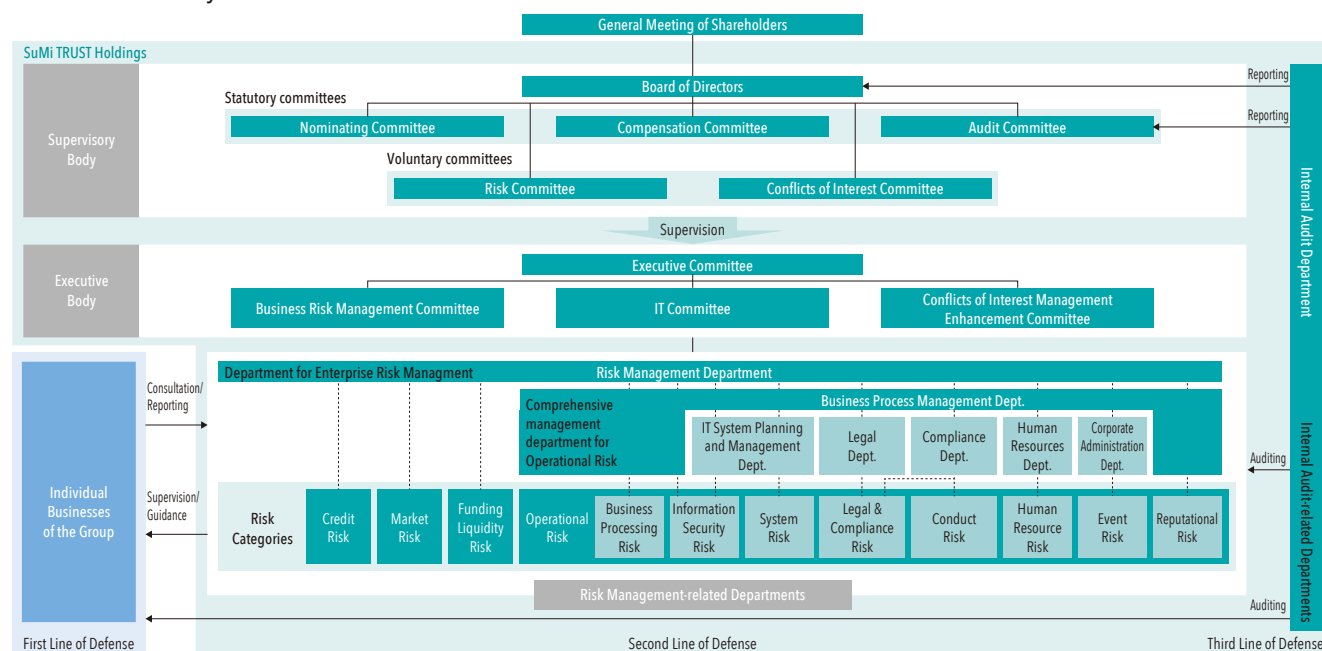
*The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process for determining risk appetite (the type and amount of risk to be willingly taken to achieve the management plan) within the Group's risk capacity, in order to achieve management strategies formulated based on the Group's reason for existence ("Purpose") and Management principles ("Mission"), together with an internal control system that monitors the process and ensures its appropriateness and sufficiency.

2. 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).

Risk Governance System



(1) 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. Businesses take risks within the scope of the risk appetite based on established risk-taking policies. They evaluate the risks, and if a risk falling outside the scope of the risk appetite materializes, risk control is implemented swiftly at the operational level. In addition, the status of risk management is reported to the second line of defense in a timely manner.

(2) Second Line of Defense

The Risk Management Department and risk management-related departments act as control departments responsible for the management of each risk category. In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, the Risk Management Department and risk management-related departments act as a check-and-balance function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system from an independent standpoint.

The Risk Management Department, as an Enterprise 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. Furthermore, it shares information with risk management-related departments appropriately, monitors the overall status of risks and risk management in an integrated manner, and reports the status to the Executive Committee and the Board of Directors.

(3) Third Line of Defense

The Internal Audit Department verifies the effectiveness and appropriateness of the Group-wide risk governance system and processes from a standpoint independent of the first and second lines of defense.

(4) 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.

(5) 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.

3. 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.

(1) 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. Of note, risks that are particularly important are managed as material risks.

(2) Risk Analysis, Evaluation, and Measurement

For the risks that are identified as subject to management, we conduct appropriate risk analysis, evaluation, and measurement that align with the scale, characteristics, and risk profiles of the Group's businesses. Among these, with regard to "significant risks," periodic evaluations are conducted to measure frequency, impact, and severity. Decisions are then made about whether they qualify as top risks (risks that require management attention due to their potential to have a significant impact on the Group's ability to conduct business or on its performance objectives within the year) or emerging risks (risks with the potential to have a significant impact in the medium to long term, over a year from now).

(3) Risk Monitoring

Risk conditions are monitored at an appropriate frequency while taking into consideration the internal environment of the Group (risk profiles, usage of allocated capital, etc.) and the external environment (economy, markets, etc.), with KRI* and other indicators being set. Recommendations, guidance, and advice are provided to the Group's businesses as required.

The details of the monitoring activities are reported and submitted to the Board of Directors, Executive Committee, and other bodies periodically, or on an as-needed basis.

*KRI: Key Risk Indicator

(4) Risk Control and Mitigation

When events that could have a significant impact on the soundness of management occur, such as the amount of risk exceeding the risk appetite's allowable range or risk limit, or when there is a fear that such limits might be exceeded, reports are made as appropriate to the Board of Directors, the Executive Committee, and other bodies, and necessary measures are taken in accordance with the severity of the risk.

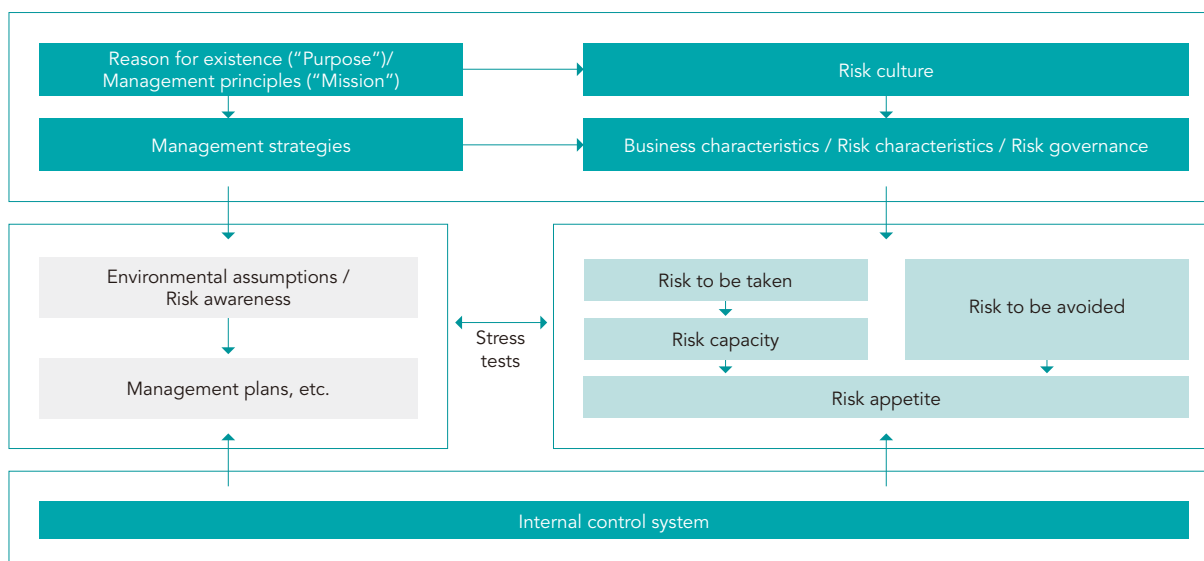
4. Risk Appetite

(1) Outline of the Risk Appetite Framework

The Risk Appetite Framework is a group-wide corporate management framework consisting of the process for determining risk appetite within the Group's risk capacity, in order to achieve management strategies formulated based on the Group's reason for existence ("Purpose") and management principles ("Mission"), together with an internal control system that monitors the process and

ensures its appropriateness and sufficiency. To improve profitability and enhance risk management, the Group's RAF establishes communication processes through the setting, propagation, and oversight of risk appetite and promotes the improvement of transparency in the decisionmaking process, the optimization of management resource allocation, and the strengthening of the monitoring system for the whole of risk-taking.

Outline of the Risk Appetite Framework



(2) Risk Appetite Controlling Process

1) Determining Risk Appetite Target

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 Board of Directors establishes a risk-taking policy, which is an overriding management policy based on its management principles, and takes into account the results of stress tests to set risk appetite indicators. In addition, the Executive Committee sets more detail risk-taking policy and risk appetite indicators for each group business within the scope of policy set by the Board of Directors. The risk-taking policy and risk appetite indicators are determined in accordance with the management plan, and are reviewed at least once a year or when necessary.

2) Monitoring of Risk Appetite Tolerance

In order to verify that risk taking is conducted appropriately

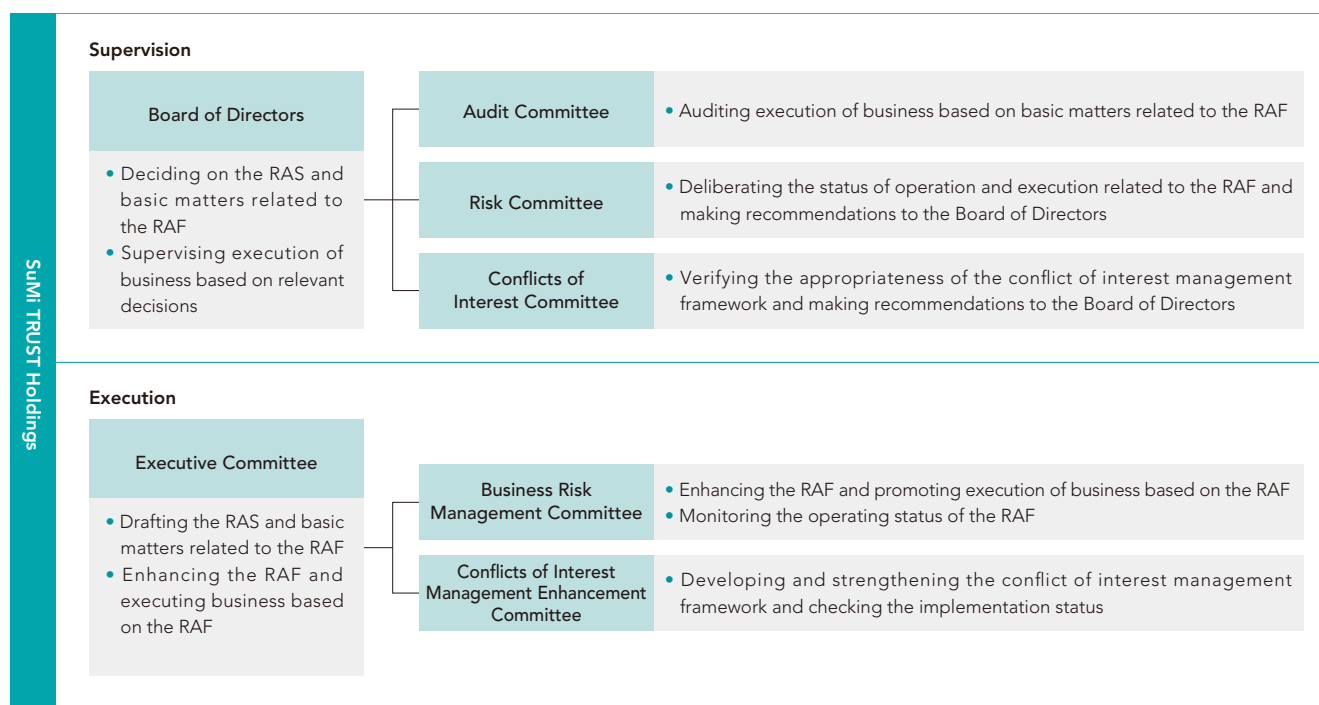
based on its business model, the Group sets separate risk appetite indicators from the three perspectives of return, risk, and cost, and monitors them regularly. If the indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or reconsiders the levels of risk taking.

3) 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 defining and monitoring risk appetite. The Group promotes the enhancement of risk governance, with the aim of achieving the sustainable and solid development of the Group. The Group is working on enhancing 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 Management

Risk Appetite Framework Management System



5. The Group's Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust banking group, 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 faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the Group's businesses.

In this context, as a basis for improving management of risks related to trust business operations, we have established Group-wide Trust Business Guidelines to provide information about basic matters that warrant caution. SuMi TRUST Bank primarily manages these risks 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.

In addition, SuMi TRUST Bank regularly assesses the status of major conduct risks and strives to reduce and manage risks and prevent risks from materializing by instilling and fostering awareness among executives and employees through internal training and other means.

From a forward-looking perspective, the Group's top management regularly identifies top risks and emerging risks, monitors and controls these risks, implements countermeasures, and reports to the Board of Directors

and other relevant parties. The Group's main top and emerging risks related to sustainability and the countermeasures taken to address them are listed below.

Risks related to the global COVID-19 pandemic

[Risk Details]

The global spread of COVID-19, if it becomes long-term, could have a negative impact on the world economy. For the Group, the quality of its credit portfolio may deteriorate, credit-related costs may increase, and adverse effects on business strategy might arise due to negative impacts on obligor businesses. In addition, if infections increase among Group employees and related parties, there is a possibility that business continuity may be compromised. These issues could have a negative impact on the Group's business operations and performance.

[Countermeasures]

The Group conducts periodic stress tests of its credit portfolio based on macroeconomic scenarios and formulates action plans in preparation for times of stress. With regard to the risks associated with loan-related costs, based on the economic environment and the fluctuation of internal ratings, etc., assumptions were made about the degree of future credit risk deterioration by industry and internal rating in accordance with the degree of impact on performance due to the spread of COVID-19 and the extent of

the prospects of recovery after the pandemic's end. An estimate was then made of the credit loss expected to occur in the future for a portion of loans in the industry, and an additional allowance for doubtful accounts (special allowance) have been provided.

With regard to the risks associated with business continuity, an emergency headquarters has been established on the following basic stances: ensuring the health and safety of employees and their families, ensuring business continuity as a key piece of social infrastructure, and preventing the spread of infection in society (including activities aimed at forming a society that is less likely to spread infection). We have been making flexible responses based on the infection situation domestically and overseas, government requests, customer trends, and other factors, and are trying to balance service maintenance and safety by implementing a variety of business continuity measures defined as crisis management and business continuity (BCP) in the event of disasters, as well as active utilization of telework and so on.

Risks related to cyberattacks

(See pages 47-49 for details)

Legal & compliance risk

[Risk Details]

The Group strictly complies with the Banking Act, the Financial Instruments and Exchange Act, the Act on Engagement in Trust Business by a Financial Institution, and other laws and regulations. However, any failure by executives and employees to comply with these laws and regulations could result in penalties or administrative action against the Group, or loss of reputation in the market. In addition, there is a possibility that the products and services provided by the Group may not meet client expectations, and that the Group may be sued for damages due to various problems and claims that arise in the course of conducting its business. These factors could adversely affect the Group's business operations, performance, and financial condition.

[Countermeasures]

The Group has formulated a compliance program and manages the state of progress and achievement of the program in order to maintain an appropriate compliance framework in line with the characteristics of each of the Group's businesses.

The Group is improving training on compliance throughout the entire Group to help foster an awareness of compliance matters. Specifically, we provide training materials used in e-learning programs and discussion-based study sessions to Group companies on themes that span the whole Group.

Each Group company conducts training and study sessions tailored to the characteristics of business and products at each company and the aspects of their clients, as well as e-learning programs on specific themes.

Risks related to data management

[Risk Details]

The Group manages client data and basic data necessary for business management (hereinafter referred to as "management information, etc.") through various systems, to provide a number of services to clients and for external reporting, etc.

In terms of handling management information, etc., the challenges are the expansion and enhancement of the scope of business to which the data governance system established in line with the "Principles for effective risk data aggregation and risk reporting" (BCBS 239) of the Basel Committee on Banking Supervision is applied, as well as the operation of an effective quality control framework for important reports.

Deficiencies in these data quality management processes for management information, etc., could lead to errors in management decision-making and not only lower the Group's corporate value and result in a loss of trust, but also have a negative impact on business operations and performance.

[Countermeasures]

The Group has established a control framework for the management of personal information and management information, etc., and is striving to continuously strengthen data management, as well as upgrade data governance in line with BCBS 239.

Every fiscal year, we formulate an MIS Plan (a resource allocation plan for improving the effectiveness of the Management Information System) and a Data Control Environment/Maintenance Improvement Plan. These plans aim to enhance our Management Information System and improve the quality of our reporting and data through the PDCA cycle of our Quality Management Framework for important reports.

We establish policies and procedures for information management, and we educate and train our staff thoroughly to ensure they understand its importance.

Risks related to climate change

[Risk Details]

Medium- to long-term climate change could potentially have a negative impact on the Group's performance and financial condition owing to greater risk of physical damage to, for example, the natural environment, social infrastructure, and client assets (physical risks), as well as the risk of a rapid transition to a low-carbon society owing

mainly to policy changes, changes in social norms, financial market preferences regarding climate change, and technological innovation (transition risks).

Specifically, we recognize that there are physical risks such as the deterioration in the credit status of our obligors and the value of pledged assets due to natural disasters, as well as transition risks such as the potential for a decline in the prices of assets held by the Group, such as securities issued by companies that emit a large amount of carbon dioxide and corporate credit loans offered to such companies, resulting from the rapid transition to a low-carbon society.

[Countermeasures]

The Group, based on the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) in June 2017, manages climate change-related risks within its Group-wide risk management framework.

In terms of credit risk management, we formulate sector-specific policies, and in principle prohibit new loans from going to coal-fired power plants that emit a large amount of greenhouse gases. We also periodically monitor related indicators.

From a medium- to long-term perspective, we conduct simulations to measure the impact that transition and physical risks may have on the Group.

For more details, refer to the separately issued TCFD report (Chapter 2: Strategy, Chapter 3: Risk Management).

 <https://www.smtb.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf>

Emerging Geopolitical Risks (Crisis in Ukraine, etc.)

[Risk Details]

The direct impact on the Group due to the prolonged Russia-Ukraine conflict is limited. However, if the conflict were to negatively impact the global economy, it could indirectly harm the Group by affecting the businesses of its obligors, increasing loan-related costs due to a deterioration in the quality of the credit portfolio, and negatively influencing our business strategy. In addition, international sanctions could disrupt some of our international operations. These issues could have a negative impact on the Group's performance.

[Countermeasures]

The Group regularly conducts stress tests based on macroeconomic scenarios for its credit portfolio and formulates action plans for periods of stress. The stress tests include simulations of rising resource prices due to the Russia-Ukraine conflict and estimate their impact on the Group's performance.

As for the impact on the Group's business operations, we monitor changes in the situation in Ukraine and respond in a flexible manner that takes government requests and customer trends into consideration.

Risks related to innovation

[Risk Details]

The advancement of fintech and other technologies related to the financial business is progressing beyond the boundaries of the industry and changing the behavior of clients. If the Group is unable to adapt to these changes, our competitiveness may decline or the scale of our business may shrink, which may adversely affect our business performance and financial condition.

[Countermeasures]

We will work to improve the efficiency of existing business operations by utilizing digital technology and create new platforms in areas unique to trust banks.

Risks related to Japan's declining birthrate and aging population

[Risk Details]

The demographic changes in Japan will result in changes in age composition of the Group's clients over the medium to long term. The number of clients for the Group's individual consulting and mortgage loan services may decline over the medium to long term, which may adversely affect the Group's performance and financial condition.

[Countermeasures]

As we enter an age of 100-year life, there is growing interest in asset formation due to concerns over retirement savings, and we are working to evolve and upgrade our business model to one unique to our Group, utilizing the diverse functions of a trust bank.

6. 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 (capital adequacy) (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when the need arises due to changes in the business environment or other circumstances, we will consider revisions to our risk category system, risk management system, and other policies.

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).

*VaR = Value at Risk

(2) Capital Allocation Operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each Group 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.

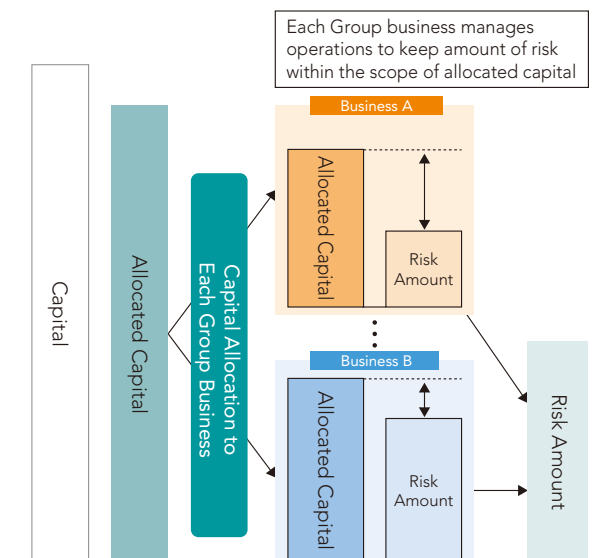
The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each Group 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.

Capital Allocation Scheme



Hypothetical Scenario Stress Testing

We assess capital adequacy level by formulating stress scenario that has a sufficiently strong impact and a realistic probability of occurrence and then estimating capital adequacy ratio, etc. in times of stress.

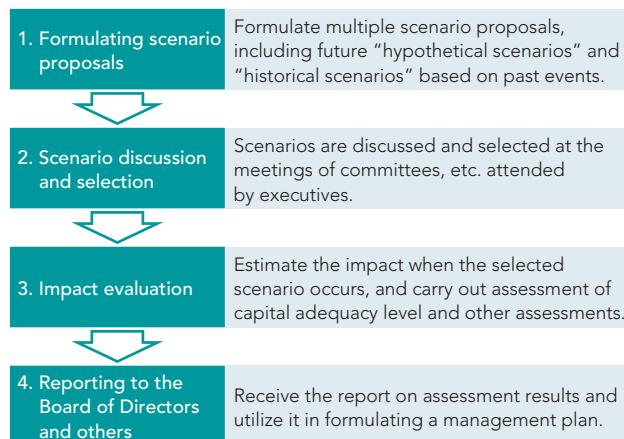
Historical Scenario Stress Testing

We also assess capital adequacy level through estimation of capital adequacy ratio, etc. in times of stress using parameters from stress times that had occurred in the past.

Examination of Probability of Occurrence

We further assess capital adequacy level by comparing the risk with 99.9% confidence interval with total capital defined under capital adequacy requirements.

Stress Test Framework



7. Developing Positive Risk Culture

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group, as well as its executives and employees, that flexibly execute 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 so that it will take root across the Group, we define risk-taking policies for each

Group business when formulating its management plan, and encourage appropriate risk-taking by all officers and employees. In this way, the Group aims to build sustainable business models that contribute to increasing corporate and stakeholder value. In addition, we have formulated a Risk Appetite Statement clearly stating our RAF, which is used as a common language in lively discussions concerning risk appetite within the Group.

8. Crisis Management and Business Continuity Plan (BCP) in Disasters

The Group's Initiatives

The Group has 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 Group's normal business operations and making it necessary to urgently make comprehensive and high-level management judgment, the Group will establish an emergency task force 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.

As for company-wide response, in order to enhance the effectiveness of the functions of the emergency task force, 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.

Code of Conduct for Executives and Employees

1. In preparation for emergencies, executives and employees are to take preventative and mitigation measures. They are to implement risk reduction measures to the extent possible to prevent adverse effects on business operations.
2. In the event of an emergency, executives and employees must make judgements and take actions based on the following principles:

(1) Securing the Safety of Life and Physical Health

In the event of an emergency, the top priority must be placed on securing the safety of clients, executives, employees, their families, and other stakeholders. Furthermore, during emergency responses, humanitarian considerations shall always take priority.

(2) Ensuring Business Continuity and Early Recovery as a Key Piece of Social Infrastructure

In the event of an emergency, considering the role of SuMi TRUST Bank and the Group as a key piece of social infrastructure, executives and employees must strive for the early recovery and continuity of priority operations in accordance with their level of importance.

(3) Cooperation with Local Communities

In the event of an emergency, executives and employees must strive to cooperate with local communities, which includes offering assistance and support for life-saving and emergency activities in the area.

(4) Protection of Corporate Assets

In the event of an emergency, executives and employees must aim to preserve the corporate assets of the Group.

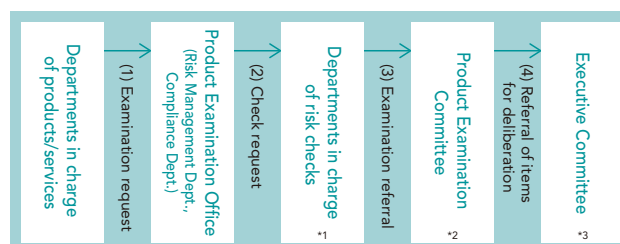
9. New Product and Service Examination System and Post-Introduction Management System

When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system. In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

For products and services that have been examined by the Product Examination Committee, after they are introduced, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective. Regular monitoring is also carried out from the viewpoint of providing clients with appropriate explanations for products and services that are expected to be affected due to changes in the environment and so on,

regardless of whether or not they have been deliberated by the Product Examination Committee.

Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.

*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.

10. Information Security Risks and Cybersecurity Measures

Information Security Risk Management Framework

The SuMi TRUST Group considers information assets to be one of the most important managerial resources, and has set the protection of personal information and customer data as one of the governance and management framework materiality. In addition, the Group also identifies information security risk as "Risk that the Group may incur losses due to the improper management or maintenance of information assets, including through information leaks, information errors, and misuse of information, as well as an inability to use the information system," and positions it as one of the risk subcategories under operational risk. It has assigned an officer in charge and established a control department to properly manage customer information and implement cybersecurity measures.

In addition, we have established and announced our Declaration for the Protection of Personal Information, which is a set of policies designed to ensure the protection of the personal information of our clients and shareholders, and have declared to abide by them.

We will establish internal rules regarding the management framework and handling of information in accordance with the Personal Information Protection Act, related laws and regulations, and the "Guidelines for Personal Information Protection in the Financial Field" established by the Financial Services Agency. We will also hold regular training sessions for all employees twice a year to ensure that they are fully acquainted with the points of concern regarding the handling of information in

their daily operations and to promote a principles-based understanding of information security.

Regulations related to information security risk management

Regulations	Declaration of the Protection of Personal Information, Risk Management Regulations
Rules	Risk Management Rules, Operational Risk Management Rules, Information Security Risk Management Rules, System Risk Management Rules
Guidelines	Information Security Risk Management Guidelines, System Risk Management Guidelines, Personal Information Handling Guidelines, Personal Data Administrative Guidelines, CSIRT Operational Guidelines, Internal OA Management Guidelines, Administrative Guidelines for Taking Client Information Outside the Company, etc.

Organizational structure, etc.

Matters related to information security risk, as a risk subcategory within operational risk, are deliberated comprehensively by the Business Risk Management Committee at SuMi TRUST Holdings and by the Operational Risk Management Committee at SuMi TRUST Bank, covering a series of processes such as the development of a management framework, formulation of plans, and the identification, evaluation, monitoring, and control of risks. In addition, policies and plans are decided by the Board of Directors after deliberation by the Executive Committee. Based on the rules regarding authority, the series of processes are executed by the Business Process Management Department, the IT System Planning and Management

Risk Management

Department, and other control departments responsible for information security risk management. The officer in charge of the Business Process Management Department and the officer in charge of the IT System Planning and Management Department are responsible for overall information security risk management.

Organizational structure	Board of Directors, Executive Committee Business Risk Management Committee (SuMi TRUST Holdings) Operational Risk Management Committee (SuMi TRUST Bank)
Officer in charge	Officer in charge of Business Process Management Department or officer in charge of IT System Planning and Management Department
Control departments	Business Process Management Department and IT System Planning and Management Department

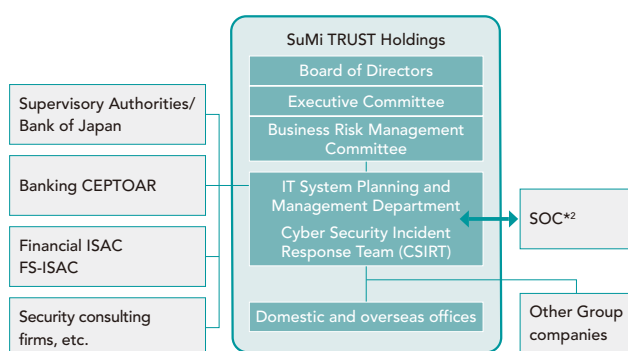
Cybersecurity Management Framework

The Group has designated cyber-attacks as one of the governance and management framework materiality as well as a top risk, and has formulated the “Cybersecurity Management Declaration” to plan and promote cybersecurity measures under the leadership of our management team.

We have established SuMiTRUST-CSIRT*¹ as a specialized organization for cybersecurity measures, and have built a management framework that collects and analyzes threat and vulnerability information from within and outside the Group, plans and implements security measures, and reports to management. We are also promoting the advancement of security measures through security review meetings and our IT Committee, as well as by utilizing outside expertise.

The Group has established internal rules and regulations based on US security standards, and has developed processes for responding to cyberattacks both in normal times and in emergency situations.

Cybersecurity Management System



*1 CSIRT (Computer Security Incident Response Team): In-house organization that collects, analyzes, and responds to early warning information about attacks

*2 SOC: Abbreviation for Security Operation Center. The SOC monitors networks to detects and analyzes cyberattacks.

In addition to conducting cybersecurity risk assessments and system vulnerability assessments on a regular basis for the SuMi TRUST Group and its subsidiaries and affiliates, we are promoting the standardization of cybersecurity rules and regulations to enhance and standardize the cybersecurity framework for the Group as a whole.

Monitoring System

The Group has built a common infrastructure for internet communications, and the Security Operation Center (SOC) monitors the common infrastructure network 24 hours a day, 365 days a year and detects threats by conducting correlation analysis of various types of data. This information is consolidated in SuMiTRUST-CSIRT, and we have established a monitoring system centered on the CSIRT.

Enhancing Cybersecurity Measures

We have established perimeter defense measures (multi-layered defense consisting of entry, exit, and internal measures) as a technical countermeasure against cyberattacks, and are working to reduce risk by implementing various measures to counter DDoS attacks, detect and block phishing websites, and handle other threats.

In addition, we periodically conduct risk analysis using cybersecurity heat maps and third-party assessments using international cybersecurity assessment tools such as FFIEC-CAT*². We also participate in cyber exercises organized by the Financial ISAC*³ and the Cabinet Cybersecurity Center, running through the PDCA cycle to enhance our countermeasures and cyber resilience. Furthermore, we are also prepared for emergencies through our cyber insurance.

Key technical measures	
Entry measures	• Detect and block malicious traffic (including countermeasures to DDoS)
Exit measures	• Stop viruses and malware (suspicious applications) from intruding
Internal measures	• Restrict suspicious traffic through behavior detection
	• Assess and enhance the internet route through vulnerability assessment through vulnerability assessment
Integrated monitoring	• Detect of malware behavior that has infiltrated endpoints (internal office automation terminals and servers)
	• Improve detection accuracy through integrated analysis of multiple access logs obtained from firewalls, proxy servers, etc.
	• Expand scope of detection by decrypting encrypted communications (e.g., HTTPS) before analysis

*1 FFIEC-CAT (Cyber Security Assessment Tool): A cybersecurity risk assessment tool published by FFIEC (Federal Financial Institutions Examination Council) for financial institutions

*2 Financial ISAC (Information Sharing and Analysis Center): Information sharing organization for Japanese financial institutions

Responding to the New Normal

In response to the COVID-19 pandemic, work from home and telework environments are rapidly expanding in the Group. For cybersecurity risks related to teleworking, we implement thorough security measures and information management for remote terminals and other equipment, and confirm safety through risk assessments and penetration tests.

Security Personnel Development

To develop personnel with advanced expertise in cybersecurity, CSIRT collaborates with external experts in internal review meetings, participates in external communities such as Financial ISAC and FS-ISAC*, provides external training and certification support, and sends employees to graduate schools.

We also make ongoing efforts to educate employees through information security training for all employees, phishing e-mail drills, and cyber exercises in cooperation with external organizations.

* FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States

System Risk Management Framework

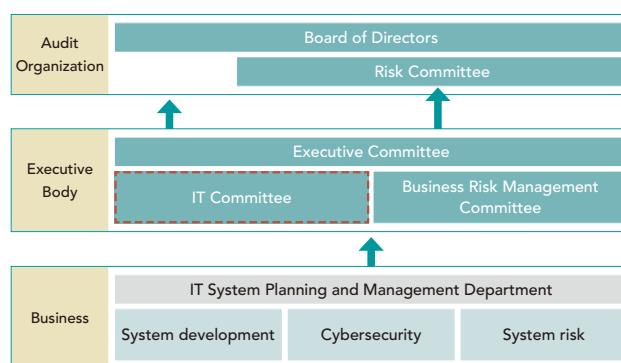
In order to minimize the impact of large-scale failures and disasters on our information systems and prepare for early recovery and business continuity, we are working to strengthen our resilience by specifying the Group's communication and response systems in detail, developing workarounds and recovery procedures, and conducting education and training in operations.

In addition, to address the risk of delays and cost increases resulting from system development over a certain scale, we monitor the progress and quality management of large-scale system development projects and report them to the IT Committee for discussion in an effort to ensure appropriate management of system development.

IT Committee

The IT Committee is composed of the Officers and general managers in charge of each business management department, including the IT System Planning and Management Department, as well as external members, and examines and discusses important system investments and system technology from a multifaceted perspective. In terms of risk management, the IT Committee shares and discusses risks arising from system development, cybersecurity, and system risks, etc., and as an advisory body to the Board of Directors, actively utilizes the knowledge of external committee members, who are experts from outside the company, to enhance discussions and improve management.

IT-related Risk Governance Structure



1. Initiatives to generate positive impact

The SuMi TRUST Group's initiatives to generate positive impact

Japan's long-standing financial challenges have been that abundant personal financial assets and corporate retained earnings have not flowed into investment or consumption, but have remained stagnant in the form of cash and bank deposits. To break away from this stagnation, we all need to make a move together, and we now have a great opportunity in the form of creating a decarbonized society.

Creating a decarbonized society will require huge amounts of money, and the public sector alone will not be able to cover the costs. Therefore, private funds are expected to be used, and the key here is the circulation of funds. As a specialized trust bank, it is part of our mission to connect the capital needs of industry with the investment needs of investors to create a virtuous circulation of funds.

The roles of financial institutions and institutional investors expected by companies are changing, and they must no longer focus solely on financial information when supplying funds, but must also take responsibility for creating social value, or generating impact, by providing funds. This is what is attracting international attention as impact finance, which involves investing funds at key points along the value chain where the best impact can be achieved, and monitoring the impact of the investment.

In 2019, SuMi TRUST Bank developed positive impact finance (solutions) as a form of sustainable finance, which does not specify the use of the funds. This is a financial approach that evaluates not only the economic return of a

company's business activities, but also the social return of its SDGs and other activities.

In addition, utilizing the capital surplus generated by the reduction in strategic shareholdings currently underway, the Sumitomo Mitsui Trust Group will make impact equity investments of ¥500 billion to meet the capital needs of carbon neutrality, and this will be used as a catalyst to stimulate investment demand of ¥2 trillion, creating a virtuous circulation in the economy, thereby creating social and economic value.

SuMi TRUST Bank has expanded the scope of its investments in this field to include loans, equity investments, real asset investments, and venture capital, and has developed an unrivaled business model by combining scientific knowledge and impact analysis, employing doctoral- and master-level experts in fields such as hydrogen, batteries, chemistry, and electricity. We will continue to be a leader in impact generation and create a virtuous circulation of funds, assets, and capital by connecting the capital needs of industry with global ESG money.

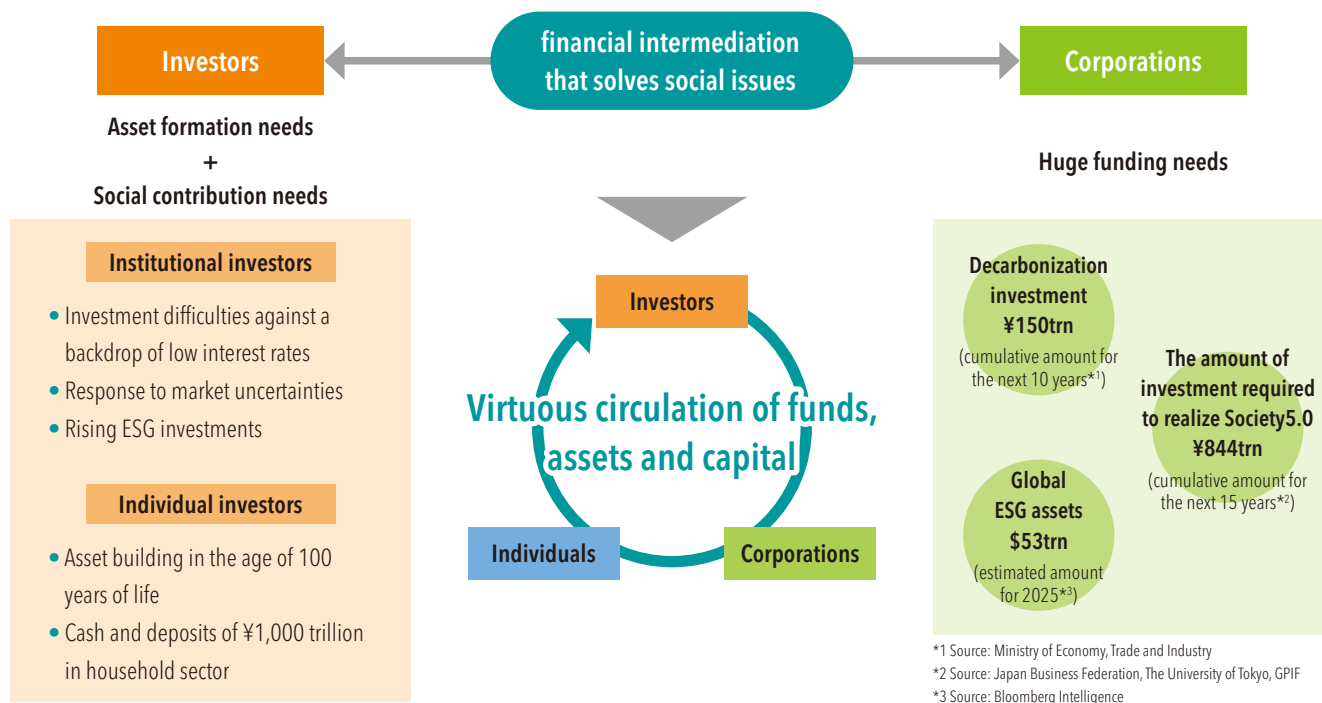
More specifically, in March 2019, we launched our Positive Impact Finance (solutions) product, and have since developed a broad-ranging impact business with a variety of business partners, including developing equity investment funds and undertaking various advisory services, as outlined below.

Corporate finance (March 2019)	SuMi TRUST Bank provided positive impact finance to Fuji Oil Group headquarters as a loan for operating companies with unspecified use of funds.
Equity investment (October 2019)	Sumitomo Mitsui Trust Asset Management developed a Japanese equity impact fund and launched it in 2020.
Advisory services for real asset investments (March 2021)	SuMi TRUST Bank began providing impact analysis services for ships to Anchor Ship Partners Co., Ltd.
Advisory services for venture capital (April 2021)	SuMi TRUST Bank began providing science-based impact analysis services for VC portfolio companies managed by Real Tech Holdings Co., Ltd.
Collaboration and knowledge sharing with academia (November 2021)	The project "Co-creation center for recycling-oriented society based on renewable polysaccharide plant-derived plastics" led by Kanazawa University, in which SuMi TRUST Bank began participating from the viewpoint of introducing impact finance in the future, was selected for JST's "COI-NEXT (Co-creation area full-scale type)" program, which supports the creation of places for co-creation.
Equity investment (April 2022)	SuMi TRUST Bank began full-scale initiatives to leverage the capital surplus created by the sale of strategic shareholdings to make impact equity investments totaling ¥500 billion using internal funds by FY2030. By using internal funds for investment, SuMi TRUST Bank aims to attract equity investment from other institutional investors, with a goal of providing a total of ¥2 trillion in equity funding by FY2030, including both internal funds and investor funds.
Provision of services to local governments (July 2022)	SuMi TRUST Bank conducted an impact evaluation of Odawara City's renewable energy local production for local consumption project on the local community and published a report on the city's website (in collaboration with The Bank of Yokohama and Hamagin Research Institute), encouraging behavioral changes among local residents and businesses.
Collaboration with regional financial institutions (November 2022)	The scheme of SuMi TRUST Bank conducting impact evaluations, and our multiple financing and regional financial institutions use the evaluations to provide loans, was selected as a model case study for the Ministry of the Environment's Green Finance Model Case Creation Project" in FY2022. This enables the setting, measurement, and management of long-term impact targets on a company-by-company basis, without being restricted to individual loans or loan periods.
Joint projects with companies (November 2022)	SuMi TRUST Bank and Amita Holdings Co., Ltd. agreed to jointly conduct an impact evaluation of MEGURU STATION®, a mutual aid and community-based resource recovery station, in order to accelerate its initiatives.

SuMi TRUST Group's initiatives to create a virtuous circulation of funds, assets, and capital

Under our Purpose of “creating new value with the power of trusts and let prosperous future for our clients and society bloom,” we are promoting initiatives to achieve the balanced creation of both social value and economic value. With wide-ranging functions such as banking, asset management, and real estate, the SuMi TRUST Group

itself will play a leading role in investing capital in areas that create new markets and opportunities to expand the economy and markets and attract Japanese investor funds, thereby creating a virtuous circulation of funds, assets, and capital.



Under the medium-term management plan launched in April 2020, we are undertaking various initiatives to create a virtuous circulation of funds, assets, and capital. In May 2021, we announced our zero strategic shareholding policy, which calls for the elimination of conventional strategic shareholdings in principle, and we have undertaken initiatives to promote the capital markets. Subsequently, in November 2021, we decided to make impact equity investments (¥0.5 trillion) that help solve social issues. For example, we would like to lead the way in demonstrating a new industrial finance system aimed at achieving a green society by creating a market and supplying investor funds to meet the massive demand for decarbonization and transition financing estimated at ¥150 trillion.

As a trust bank group, the SuMi TRUST Group has long maintained contacts with a wide range of economic entities, addressing a wide range of needs for investor clients, including pension funds and financial institutions, by providing information and other investment support

and offering investment opportunities in a wealth of alternative assets by expanding our product lineup. Recently, interest in alternative assets has increased on the back of a continued low interest rate environment and increasing volatility in the stock market in Japan. In addition, in the age of 100-year life, there is a growing need for asset classes that generate stable excess returns over the long term through alternative assets.

With this in mind, in July 2022 we decided to form a partnership with the Apollo Group and invest \$1.5 billion. Furthermore, we are expanding external partnerships to promote our carbon neutrality strategy, including participating in Breakthrough Energy Catalyst. Additionally, in January 2023, we entered into a business partnership with Energy Capital Partners (ECP), a US private equity firm specializing in the electric energy and environmental infrastructure, and decided to make a non-voting investment in ECP's holding company and an investment in ECP's flagship fund.

Initiatives that Address Environmental and Social Issues

To meet the long-term asset formation needs of individuals in the age of 100-year life, we must create investment opportunities not only in Japan, but also in global assets. In addition, the huge demand for funds, such as for carbon neutrality, requires circulating funds domestically, as well as attracting investment funds globally. The business partnerships with Apollo and ECP, which create private asset investment opportunities for domestic investors, are examples of this. In Japan, we have created a unique network with regional financial institutions and universities, and are working to build a regional ecosystem to solve the challenges of each region. We will accelerate the virtuous circulation of funds, assets, and capital by serving as a platform for connecting investment funds and investment opportunities, both globally and locally.

Impact equity investments

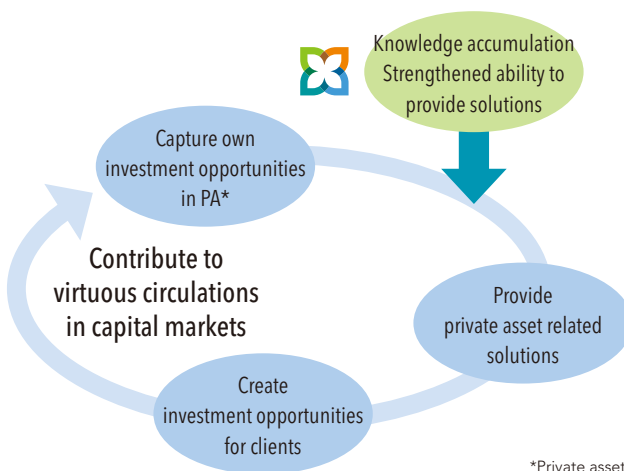
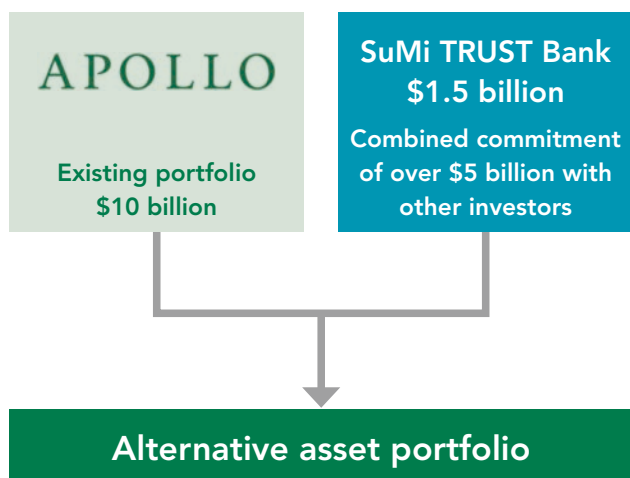
In November 2021, SuMi TRUST Bank decided to make impact equity investments (¥0.5 trillion) to help solve social issues, and launched initiatives in earnest in April 2022. In addition to investing a cumulative total of ¥0.5 trillion of its own money (up through FY2030) into businesses and projects aimed at resolving various environmental and social issues, SuMi TRUST Bank has also used this as a way to encourage other investors, calling for ¥2 trillion in investment, to conduct investment activities with a total scale of ¥2.5 trillion.

Collaboration with Apollo Global Management

SuMi TRUST Holdings and SuMi TRUST Bank have entered into a business partnership with Apollo Global Management Group ("Apollo") and Greensledge Capital Markets LLC ("GreensLedge"), and SuMi TRUST Bank invested a total of \$1.5 billion in an alternative asset* portfolio with Apollo Group company Athene Holding Ltd. ("Athene").

*Among alternative assets, this portfolio mainly refers to private assets in low-liquidity asset investments, such as private equity, real estate, infrastructure, and credit.

Apollo is a New York-based asset management firm with a world-class investment track record in alternative assets and other assets. Through a business partnership with GreensLedge, an independent US investment bank in which Apollo and SuMi TRUST Bank have a partial stake, we plan to accumulate more in-depth knowledge and strengthen our ability to provide financial solutions. Going forward, we will leverage Apollo's business platform and know-how to create a domestic private asset market by strengthening solutions for investors, including pensions and individuals, such as by jointly developing asset management business products for investors, and by creating a framework for offering investment opportunities.



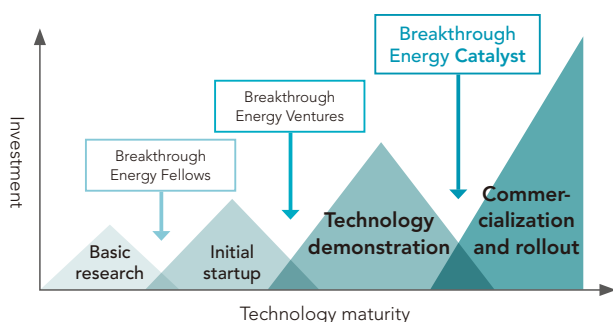
*Private assets

Participation in Breakthrough Energy Catalyst

SuMi TRUST Bank is the first ever Japanese financial institution to participate in Breakthrough Energy Catalyst ("Catalyst"), a funding program to accelerate the deployment of decarbonization technologies. Catalyst is the first-of-its-kind funding program launched in 2021 by Breakthrough Energy, a climate organization founded by Microsoft founder Bill Gates. The purpose of the program is to invest in individual projects that use innovative carbon neutral technology (green tech) that has been researched and developed/demonstrated in order to accelerate the social implementation of such technology.

Catalyst's investment target stage

Verified green tech in rollout phase toward commercialization



Catalyst is building a framework for accelerating the world's shift to carbon neutrality by using a combination of funds supplied by private companies, charitable organizations, and other organizations on the one hand with the support of green product consumers and government agencies on the other. The program will start by focusing on clean hydrogen, long duration energy storage, sustainable aviation fuels, direct air capture, decarbonize cement, decarbonize steel, and decarbonize plastics, with plans to expand to cover other technologies that contribute to carbon neutrality in the future.

By participating in Catalyst, SuMi TRUST Bank's aim is to acquire advanced knowledge and trends in the green tech field to promote and support the creation of business matching and other opportunities that contribute to carbon neutrality in order to help enhance the corporate value of clients in the medium to long term.

Collaboration with Energy Capital Partners

SuMi TRUST Bank has decided to form a business partnership with Energy Capital Partners ("ECP," Founder and Senior Partner: Doug Kimmelman), a US private equity firm specializing in the electric energy and environmental infrastructure sectors, and to invest in (1) a holding company (an affiliate of Energy Capital Partners) that consolidates ECP's asset management business, and (2) a flagship fund managed by ECP.

Founded in 2005, ECP is a leading US private equity firm based in New Jersey focused on the electric energy and environmental infrastructure sectors, and is one of the largest US firms in terms of combined portfolio company generation capacity and renewable energy generation capacity. ECP's strength is its investment expertise in a very broad range of domains*, developed over many years of investment experience.

*Key domains in which ECP has investment experience and expertise

Renewable energy (solar, hydro, wind, geothermal, waste)

Storage battery

Natural gas-fired power generation (including examples of conversion from coal to gas-fired power generation and demonstration experiments of hydrogen co-firing)

Renewable fuels (biogas/biodiesel)

Circular economy, recycling

Carbon dioxide capture and storage (including demonstration stage gas-fired power plants and commercialization stage ethanol plants)

Energy efficiency

Environmental infrastructure

Through this strategic partnership with ECP, we will leverage ECP's knowledge and investment know-how in the electric energy and environmental infrastructure domains accumulated in the US with the aim of expanding and upgrading our solutions to support the transition of our corporate clients in Japan. In addition, we aim to provide investment opportunities to domestic and overseas institutional investors together with ECP in the future by creating and expanding markets in the carbon neutrality domain in Japan.

Development of impact businesses

Japan Impact-driven Finance Initiative

On November 29, 2021, the first group of 21 private financial institutions signed the Japan Impact-driven Finance Initiative. The Japan Impact-driven Finance Initiative promotes the implementation of impact-driven investments

and loans by taking a proactive role in generating impact. SuMi TRUST Holdings served as the co-drafting chairperson for the Initiative. We will continue to work closely with other signatories to provide leadership in expanding impact finance in Japan.

Commitments and Actions of Japan Impact-driven Financing Initiative

1. We understand the importance of being impact-driven in management in order for financial institutions to fulfill the role expected by society, and we will practice impact investment in each of our financial institutions.
2. We will integrate IMM as a decision driver in every investment process and financial product, since we believe that impact visualization as well as impact management, which requires efforts to continuously create impact by utilizing impact information, integrating into investment strategies and a decision driver, are necessary.
3. We will develop each action plan for the above-mentioned actions (1 and 2), appropriate to the situation of each organization, and then share and discuss the best practices and challenges experienced among the signatories, so that we can develop the signatories' community as a platform in a sustainable manner.
4. We will engage in collaborative activities at the working level of signatories, including exchange of information, and necessary research and studies, with a view to improving the quality of IMM and increasing the volume of impact investing.
5. We will work collaboratively to ensure that the impact-driven management of financial institutions and the implementation of the IMM will spread throughout the Japanese financial industry, including financial institutions not participating in this declaration.
6. We will actively participate in global initiatives that promote impact investing and IMM, contribute to the promotion of international impact investing, and actively disseminate information from Japan.
7. We will continue these activities until Japan's financial sector is able to develop impact investing in a sustainable and autonomous manner.

Received the Principles for Financial Action for the 21st Century (PFA21) Minister of the Environment Award for the Best Initiatives in Fiscal Year 2022 (Comprehensive Category)

Our impact business development was recognized by the Principles for Financial Action for the 21st Century* (PFA21), and we received the Minister of the Environment's Award for the Best Initiatives in Fiscal Year 2022 in the Comprehensive Category.

In March 2019, we pioneered the commercialization of positive impact finance loans with unspecified use of funds, and since then we have continued to develop equity investment funds and offer a broad lineup of products and services, including various advisory services from a variety of players. This broad-ranging impact

business development has been highly evaluated and led to the award.

The following reasons were given for the award.

(1) SuMi TRUST Holdings has consistently been a leader in the field of sustainable finance, and this initiative shows that the company is serious about leading the way in impact finance in Japan. (2) There is growing interest in impact finance in Japan, including among regional financial institutions, and these initiatives can serve as a model for Japanese financial institutions in the future. (3) The high level of awareness of SuMi TRUST Holdings' commitment to research and dissemination of impact finance, including signing the Japan Impact-driven Finance Initiative and participating in the Financial Services Agency's study group, is also highly commendable. (4) The track record of ¥717.6 billion (as of September 30, 2022) embodies the proactive role of financial institutions in accelerating progress toward a sustainable society through impact finance, which pursues social returns in addition to economic returns.

Interest in impact finance is growing rapidly worldwide. We are proud to be a leading company in this field and will continue to expand the market and contribute to enhancing corporate value for our clients.

*The Principles for Financial Action for the 21st Century (PFA21) were formulated in October 2011 as general rules to guide the actions of financial institutions wishing to fulfill their responsibilities and roles in creating a sustainable society, and are currently signed by approximately 300 financial institutions. As a member of the Principles for Financial Action for the 21st Century (PFA21) since its drafting, we have actively participated in its initiatives and contributed to its development.



Sustainable Loan Initiatives

SuMi TRUST Bank has set a new long-term sustainable finance target of ¥15 trillion over the 10-year period from FY2021 to FY2030.

Through active financing for environmental and social fields, we will solve environmental and social problems, including climate change, and help create a sustainable society together with our clients.

Scope of sustainable finance

The scope of sustainable finance is based on international standards such as the Green Bond Principles and the Social Bond Principles, and includes financing operations for businesses and clients that help solve environmental and social issues (loans, syndicated loans, fixed income investments and related operations, fund investments, financial advisory services, trustee services, impact equity investments, etc.).

Category	Type	Examples of sustainable finance
Sustainable finance	Green finance	✓ Businesses that adapt to, or mitigate, climate change. For example, renewable energy, energy efficiency improvement, and green buildings.
	Social finance	✓ Employment creation, poverty reduction, nurturing of startup firms, regional revitalization, basic infrastructure like public transport and water supply, and essential services such as hospitals and schools.
	Finance based on assessments of ESG/SDGs	✓ Positive impact finance ✓ Sustainability-linked loans
	Transition finance	✓ Businesses that help society transition to net-zero carbon emissions. ✓ Businesses that help society adapt to a rapidly aging population.
	Impact Equity Investment	✓ Businesses that contribute to solving environmental and social issues
	Other	✓ Other businesses that help solve environmental problems and social issues.

Positive Impact Finance

In September 2019, SuMi TRUST Holdings became a signatory to the Principles for Responsible Banking (PRB), which call on banks to assess during the loan screening process whether a borrower company or project is maximizing the positive impacts and minimizing the negative ones in working towards the objectives of the Sustainable Development Goals (SDGs) and the Paris Agreement. In positive impact finance (PIF), we comprehensively analyze and assess the impacts (both positive and negative) of a client's corporate activities on the environment,

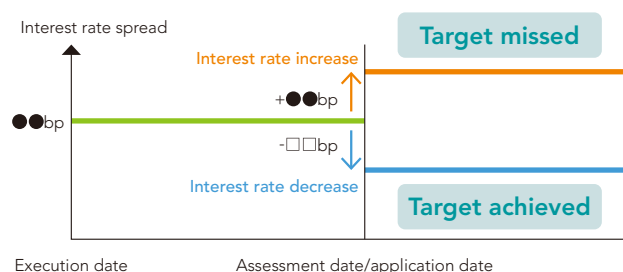
society, and economy from the viewpoint of the industry sector, business area, and the supply chain, and then we work together with the client to set goals for reducing the negative impacts and increasing the positive ones. The client then commits to achieving those goals as a condition for financing. In March 2019, SuMi TRUST Bank concluded a PIF loan agreement with a business in which the use of loaned funds is unspecified. By throwing our support behind corporate climate change initiatives, we aim to help enhance both social value and our clients' corporate value.

- Since the first initiatives in 2019, we have arranged 41 deals totaling ¥384.0 billion as of December 31, 2022
- In February 2020, we received the Gold Prize (Minister of the Environment Award) in the financing category of the first Environmental, Social, and Governance Finance Award Japan
- In November 2022, we introduced an impact evaluation framework and were selected as a green finance evaluation model example by the Ministry of the Environment

Sustainability-linked loans (SLLs)

SuMi TRUST Bank is also working on sustainability-linked loans (SLLs), which are not based on comprehensive KPIs like positive impact finance (PIF), but rather on a mechanism that enables SuMi TRUST Bank to set key performance indicators (KPIs) and ambitious sustainability performance targets (SPTs) on specific themes with the borrower company, and to vary the interest rate depending on the achievement of the targets. After thorough consultation with clients, the KPIs and SPTs are selected from the following and other items: energy efficiency (energy conservation and renewable energy), water consumption, sustainable procurement, circular economy (recycling

rate), biodiversity, and global ESG evaluation. Then, a third-party organization such as a rating agency evaluates the appropriateness of the established SPTs in light of the overall CSR strategies of the borrower company.

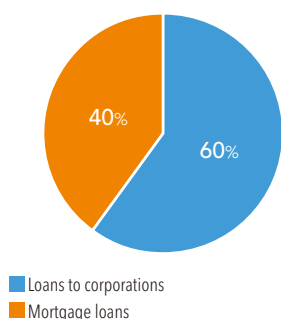


2. Lending Initiatives

Sector exposure

Outstanding loans account for approximately 48% of the Group's total assets of around ¥65 trillion. Mortgage loans to individuals account for some 40% of all loans, while loans to corporations make up the other 60%.

SuMi TRUST Bank
Weighting of loans to corporate and individual clients (end-March 2022)



Balance of loans by industry

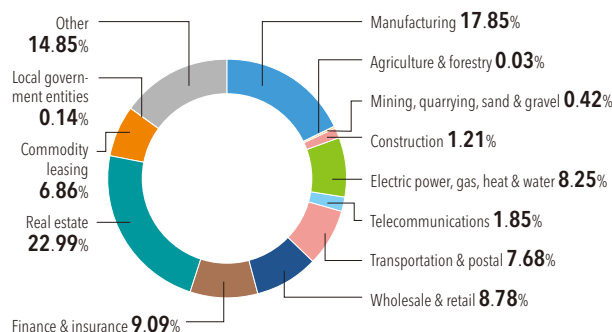
(end-March 2022)

	(¥100 million)
Manufacturing	28,164.62
Agriculture & forestry	41.05
Mining, quarrying, sand & gravel	665.03
Construction	1,907.47
Electric power, gas, heat & water	13,015.31
Telecommunications	2,922.33
Transportation & postal	12,112.65
Wholesale & retail	13,845.62
Finance & insurance	14,340.17
Real estate	36,262.02
Commodity leasing	10,829.26
Local government entities	222.67
Other	23,431.35

The chart on the right breaks down the balance of loans by industry. It shows our exposure of outstanding loans, excluding individual client mortgage loans (roughly ¥10 trillion), to each sector with the denominator being the balance of loans to corporate clients at domestic branches.

In terms of composition, the real estate industry has the largest percentage, followed by manufacturing and then finance & insurance. These three sectors make up approximately 49% of the total.

Balance of loans to corporate clients at domestic branches indexed as 100%



In October 2021 the SuMi TRUST Group issued a carbon neutral declaration.

In it, we set a target of net zero by the year 2050 for not only the GHG emissions generated by the Group itself, but also for the GHG emissions from the Group's investment and loan portfolios—that is, the portion our investments and loans contribute to the volume of GHG emissions produced by the activities of companies and individuals to whom we extend investments and loans.

As we work towards achieving the 2050 goals, our policy going forward will be to formulate specific milestone targets (chronological GHG emission reduction targets through 2030), as well as concrete initiatives and action plans for reducing GHG emissions, beginning sequentially with the major industry sectors in line with the framework of the Net Zero Banking Alliance (NZBA).

Policies for specific sectors

In view of the need to prohibit, limit, or adopt a cautious approach to lending practices that may have a negative impact on society, SuMi TRUST Bank has established lending policies for specific sectors and periodically reviews

them at the Executive Committee and other meetings. Also, the policies for specific sectors are taken into full account as part of the process for deciding on investment and loan initiatives.

(1) Cross-sector

1) Because the businesses below involve significant environmental and social risks or negative impacts, we will not finance them.

- Businesses that negatively impact wetlands designated under the Ramsar Convention
- Businesses that negatively impact UNESCO World Heritage Sites
- Businesses that contravene the Washington Convention
- Businesses that use child labor or forced labor

2) Similarly, because the businesses below are highly likely to involve environmental and social risks or negative impacts, we will carefully consider financing them, including confirming whether environmental and social considerations have been accounted for.

- Businesses that negatively impact indigenous communities
- Businesses that negatively impact high conservation value areas
- Businesses involved in the expropriation of land leading to the forced removal of residents

(2) Individual sectors

1) Weapons

<Risk awareness>

Based on major humanitarian concerns related to cluster munitions, Japan has strictly prohibited their manufacturing and largely prohibited their retention as stipulated by the Act on Prohibition of Manufacturing of Cluster Munitions and Restriction on Retention of Cluster Munitions.

In addition—from a humanitarian perspective—there is a strong demand

to avoid supplying funds used to manufacture inhumane weapons, including nuclear weapons, chemical weapons, biological weapons, and other weapons of mass destruction as well as anti-personnel land mines.

<Policy>

Given SuMi TRUST Bank's public mission and social responsibilities as a banking institution, we will not provide financing to companies that manufacture cluster munitions, regardless of whether they are in Japan or abroad.

Similarly, we will not provide finance that will be used to manufacture inhumane weapons, including nuclear weapons, chemical weapons, biological weapons, and other weapons of mass destruction as well as anti-personnel land mines.

2) Coal-fired power generation

<Risk awareness>

Coal-fired power generation causes higher greenhouse gas emissions than other power generation methods, which means it has a high environmental burden and involves a risk of negatively impacting climate change and air pollution.

<Policy>

We will not finance the establishment or expansion of coal-fired power plants. However, we will support initiatives aimed at transitioning to a decarbonized society.

We will not provide financing to companies whose main business is coal-fired power generation if they do not already have existing loan transactions with SuMi TRUST Bank.

3) Coal mining

<Risk awareness>

Unless coal mining is suitably managed, there is a risk of negative impacts on the environment and society, such as the impact of toxic waste discharged from coal mines on the ecosystem, casualties from coal mines caving in, and violations of human rights. These projects might also cause an increase in GHG emissions that affect climate change.

<Policy>

We will not finance the start or expansion of coal mining projects (thermal coal) or the start or expansion of coal mining projects using the mountaintop removal mining (MTR) method.

We will not provide financing to companies whose main business is thermal coal mining if they do not already have existing loan transactions with SuMi TRUST Bank.

4) Oil and gas

<Risk awareness>

Oil and gas mining operations pose the risk of a negative impact on ecosystems, biodiversity, the living and natural environments of local residents, etc.

Pipeline operations also pose a risk of negatively impacting both nature and the social environment of indigenous people due to oil leaks, deforestation, and other problems that can occur both during construction and after the pipelines are complete.

In the Arctic Circle (the region 66°33' north of the equator), it is necessary to consider both the protection of rare species and the lifestyles of indigenous people, and—due to the major environmental impact of oil sand, shale oil, and gas development—there is a risk of such operations negatively impacting both nature and the social environment of indigenous people.

<Policy>

We will carefully judge initiatives by giving due consideration to the impact on the environment and any problems that may exist with the original inhabitants and local communities.

In particular, we will carefully consider the following initiatives, including confirming whether environmental and social considerations have been accounted for: oil sand mining, shale oil and gas projects, mining in the Arctic Circle, and pipeline construction.

5) Hydroelectric power generation

<Risk awareness>

Large-scale hydroelectric power projects pose the risk of a negative impact on ecosystems, biodiversity, the living and natural environments of local residents, etc.

<Policy>

We will carefully judge initiatives by giving due consideration to the impact on the environment and any problems that may exist with the

original inhabitants and local communities.

In particular, we will carefully consider the following initiatives, including confirming whether environmental and social considerations have been accounted for: large-scale hydroelectric power generation initiatives (output of 25 MW or more) that involve the construction of dams.

6) Forestry

<Risk awareness>

The rapid spread of deforestation poses the risk of various problems, such as a reduction in biodiversity, decline in the stability of ecosystems, lower watershed protection, and lower fixation of carbon dioxide.

<Policy>

Before engaging with timber manufacturers and manufacturers using timber as raw materials, we will carefully judge initiatives by giving due consideration to the manufacturers' international forest certification status as well as any problems that may exist with the original inhabitants and local communities.

In particular, we will take careful measures when it comes to logging business in countries other than high-income OECD member countries, such as requiring the acquisition of internationally recognized certification—including the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification Schemes)—and giving due consideration to any problems that may exist with the original inhabitants and local communities. In cases where certification has not been acquired, we will require the submission of plans to do so.

In addition, we will require the formulation of a policy that establishes respect for the Free, Prior and Informed Consent (FPIC) of local residents, etc. We will also require enhanced supply chain management and improved traceability so that similar initiatives are implemented throughout the business counterparty's supply chain.

7) Palm oil

<Risk awareness>

The demand for palm oil is rapidly increasing due to both its convenience and the increasing awareness of its health food benefits, but overdevelopment also poses the risk of reducing tropical rainforests and biodiversity.

<Policy>

Before engaging with palm oil manufacturers and manufacturers using palm oil as raw materials, we will carefully judge initiatives by giving due consideration to the manufacturers' international/local sustainable palm oil certification status as well as any problems that may exist with the original inhabitants and local communities. In particular, we will take careful measures when it comes to palm oil plantation development business, such as requiring the acquisition of local RSPO (Roundtable on Sustainable Palm Oil) sustainable palm oil certification and giving due consideration to any problems that may exist with the original inhabitants and local communities. In cases where certification has not been acquired, we will require the submission of plans to do so.

In addition, we will require the formulation of a policy that establishes respect for the Free, Prior and Informed Consent (FPIC) of local residents, etc. as well as following NDPE (no deforestation, no peat, no exploitation) policies. We will also require enhanced supply chain management and improved traceability so that similar initiatives are implemented throughout the business counterparty's supply chain.

8) Large-scale plantations

<Risk awareness>

The development of large-scale plantations poses the risk of deforestation and the violation of human rights as well as a negative impact on ecosystems, biodiversity, the living and natural environments of local residents, etc.

<Policy>

We will carefully judge initiatives by giving due consideration to the impact on the environment and any problems that may exist with the original inhabitants and local communities.

In particular, we will carefully consider forest and peatland development initiatives, such as requiring the formulation of a policy that establishes respect for the Free, Prior and Informed Consent (FPIC) of local residents, etc. as well as following NDPE (no deforestation, no peat, no exploitation) policies. We will also require enhanced supply chain management and improved traceability so that similar initiatives are implemented throughout the business counterparty's supply chain.

Project finance initiatives (Equator Principles)

We are cognizant of the fact that financing large-scale projects may indirectly have an adverse effect on the natural environment and regional communities. Based on this awareness, we deemed it necessary to introduce a risk management framework that monitors whether a project's impact on the environment and community has been duly considered in the decision-making process for project finance. As such, in February 2016 we signed on to the Equator Principles, a set of international private sector guidelines for assessing environmental and social risks in mainly project finance.

The revised Equator Principles, known as EP4, were adopted in November 2019 and we currently apply EP4 to projects for which we acquired a client mandate after October 1, 2020. With EP4, we will continue to contribute to the achievement of a sustainable environment and society by making sure that projects take into account environmental and social considerations based on the Equator Principles.

*For more information, please refer to the TCFD report.

 <https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf>

Ship finance initiatives (Poseidon Principles)

For many years, SuMi TRUST Bank has given top priority to steadily providing ship finance to meet the varied needs of clients in the marine transportation industry. The shipping market is heavily influenced by mainly global economic fundamentals alongside supply and demand for vessels, but efforts aimed at decarbonization in the maritime shipping industry have become pressing issues and will most likely alter the future direction of the sector

and significantly affect shipping market trends up ahead. In March 2020, SuMi TRUST Bank became a signatory to the Poseidon Principles—established for the purpose of supporting decarbonization efforts in the marine transportation industry from a financial perspective.

*For more information, please refer to the TCFD report.

 <https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf>



3. Initiatives in the Asset Management Business

Initiatives of Sumitomo Mitsui Trust Asset Management

Approach to ESG

ESG issues reside in non-financial domains and do not manifest themselves in financial reporting, but they can have a considerable impact on corporate financial value over time. Based on this thinking, SMTAM considers the actions taken to address such issues to be integral to stewardship activities, alongside engagement and the exercise of voting rights. Through these activities, SMTAM aims to maximize returns for its clients and contribute to the achievement of the SDGs by actively fulfilling its role as an asset manager in the investment chain.

Specific ESG initiatives

(1) Initiatives for engagement

There are three approach methods: (1) top-down approach; (2) market cap approach; and (3) risk approach. In the top-down approach, SMTAM identifies target companies based on SuMi TRUST Holdings' ESG materiality. In the market cap approach, it selects companies in light of the importance of management issues and their market capitalization. In the risk approach, SMTAM identifies companies mainly by focusing on those against which it cast dissenting votes in the exercise of voting rights (low ROE, etc.) or companies where misconduct has occurred. With these three approaches, SMTAM seeks to carry out efficient and exhaustive engagement activities.

Total assets under management

¥82.9 trillion
(as of end-September 2022)

ESG initiative asset balance

¥30.5 trillion
(as of end-September 2022)

(2) Initiatives for the exercise of voting rights

SMTAM views the exercise of voting rights as an opportunity to call for the minimum standard of governance and considers it one method for expressing its views on governance. SMTAM emphasizes three key points: (1) high-quality governance that respects shareholder interests; (2) efficient utilization of shareholders' equity for sustainable growth; and (3) appropriate action in the event an incident occurs that damages corporate value. It has published detailed guidelines for the exercise of voting rights. SMTAM has also established criteria pertaining to ESG issues and it makes decisions on shareholder proposals in the same way as company proposals from the perspective of whether or not they will help maximize shareholder value over the medium to long term.

ESG Investment Policy

As a signatory asset manager to the PRI, Sumitomo Mitsui Trust Asset Management (SMTAM) undertakes investment activities (ESG investments) with a focus on medium- to long-term environmental, social, and governance (ESG) issues on the basis of the United Nations Global Compact and the values reflected in the SDGs. SMTAM believes that fulfilling its role as an asset manager in the investment chain through ESG investments will encourage value improvement and sustainable growth at mainly investee companies, thereby maximizing medium- to long-term investment returns for clients, minimizing downside risks, and contributing to the realization of a sustainable society. In addition to identifying 12 ESG materiality items that systematize ESG evaluation items, SMTAM has also identified ESG investment methodologies to systematically pursue ESG investment activities with assured consistency and continuity.

ESG Engagement Policy

SMTAM positions engagement as an opportunity to call for best practices from companies and engages in dialogue and expresses its views so as to contribute to the enhancement of corporate value over the medium-to-long term by solving the ESG issues of investee companies. SMTAM identifies key topics according to the 12 items of materiality—for example, climate change and improvements in corporate governance—and carries out top-down engagement activities alongside a bottom-up approach linking these key topics to the business strategies of each corporation. In addition to its own engagement activities, SMTAM also conducts activities through collaborative engagements by participating in global initiatives that aim to address numerous agenda items, such as greenhouse gas emissions, palm oil, forest conservation, access to medical care, and diversity (appointment of women to management positions).



Initiatives that Address Environmental and Social Issues

Initiatives of Nikko Asset Management

Approach to ESG

As an asset management company, Nikko AM's mission is to always act in the best interests of its clients. For that reason, it places utmost importance on fiduciary and ESG principles in its corporate philosophy and corporate activities. Guided by the belief that reflecting ESG in investment practices enhances the long-term value of corporations and contributes to sustainable economic growth, Nikko AM strives to incorporate ESG principles into all investment decision-making processes so that it can fulfill its fiduciary duties.

In 2022, we became a signatory to the UK Stewardship Code recognized for our commitment to integrating ESG

into our investment approach and process, and efforts in governance practices, proxy voting and engagement with investee companies.

Total assets under management

¥27 trillion
(as of end-September 2022)

ESG initiative asset balance

¥10 trillion
(as of end-September 2022)

Specific ESG initiatives

(1) ESG Global Steering Committee

Formed in November 2016, Nikko AM's ESG Global Steering Committee is chaired by the Global Head of Investment. Its members include investment managers from Japan and overseas, as well as a large number of observers. The Committee is tasked with promoting and discussing the incorporation of ESG investment, methods for implementation, and new approaches. It also reports on its activities to the Board of Directors and is incorporated into Nikko AM's governance structure.

(2) ESG investment strategy

Nikko AM believes that appropriately incorporating ESG

into investment processes is key to achieving excess returns over the medium to long term. Its active Japan equity investment strategies incorporate Creating Shared Value (CSV) evaluations, which take ESG factors into consideration. The evaluation score is based on the application of the CSV theory and assesses how companies balance their engagement of ESG issues, the pursuit of market competitiveness, and financials, as well as their creation of shareholder value by solving social issues. Through continuous engagement with companies, Nikko AM's research analysts actively evaluate how proactive they are in addressing ESG issues.

ESG guideline

Principle 1: Nikko AM will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: Nikko AM will be active owners and incorporate ESG issues into ownership policies and practices.

Principle 3: Nikko AM will seek appropriate disclosures on ESG issues by the entities in which it invests.

Principle 4: Nikko AM will promote acceptance and implementation of the Principles within the asset management industry.

Principle 5: Nikko AM will work together to enhance effectiveness in implementing the Principles.

Principle 6: Nikko AM will report on activities and progress towards implementing the Principles.

ESG engagement

Nikko AM's engagement involves exchanging opinions not only on the business continuity and financial strategies of investee companies, but also on management policies, business strategies, shareholder returns, ESG issues, and other matters referred to in publicly disclosed non-financial information, from a long-term perspective and in line with the company's growth phase. Nikko AM's engagement activities cover a wide range of stakeholders, from senior management to finance, corporate planning, and business managers. In addition, for companies that are particularly reluctant to provide information, Nikko AM proposes meetings with senior management to increase the effectiveness of engagement. Nikko AM is working to achieve closer engagement with investee companies, with the aim of sharing the company's situation from a third-person perspective and supporting the creation of corporate value over the medium to long term. In March 2022, Nikko AM released the Nikko Asset Management Group Engagement and Stewardship Strategy. One of its objectives is to outline the engagement process and escalation methods of each Nikko AM Group company to the companies in which it invests.

4. Consulting Business Initiatives

Consulting in support of sustainable management

There is no shortage of economic, social, and environmental problems affecting us all, including the growing problems of climate change and human rights issues. As such, there is a growing call for companies, which play a leading role in the economy, to incorporate sustainability-conscious management and play a proactive role in solving issues.

SuMi TRUST Bank's approach to sustainable management is to establish a process that creates value for stakeholders as well as for itself from the three angles of economy, society, and environment and then fully incorporate

it into management. The Bank offers consulting services that are supportive of sustainable management by drawing on its strengths of bringing together the perspectives of ESG institutional investors accumulated over many years in investment management with the perspectives of forward-thinking sustainable management practitioners. More specifically, the Bank will put together a project team comprising highly experienced, expert consultants to accommodate the needs of clients and provide convincing advice.

Factors that hamper the implementation of sustainable management

- Insufficient understanding of global trends (assuming sustainability does not suit Japanese culture).
- Sustainability being viewed as "corporate social responsibility" and not integrated into core strategic issues.
- Incomplete instructions and information sharing with employees caused by vague motives for promotion of sustainability. Lack of a sense of conviction among employees preventing the progress of initiatives in the field.
- Insufficient involvement of the board of directors and lack of awareness among management. Department in charge not given enough authority to promote sustainability.
- Lack of balanced dialogue with a variety of stakeholders, including NGOs (inadequate response to negative external criticism).

Sustainable Management Implementation Support

Analyzing the reports of ESG rating agencies, identifying company issues, and supporting the company's in-house approach to developing a roadmap for accelerating sustainable management based on its current sustainability promotion framework, progress on measures, and information disclosure

Sustainable Management Promotion Support

Helping the company formulate a value creation process essential to the pursuit of sustainable management, identify materiality items, and improve the management of materiality items

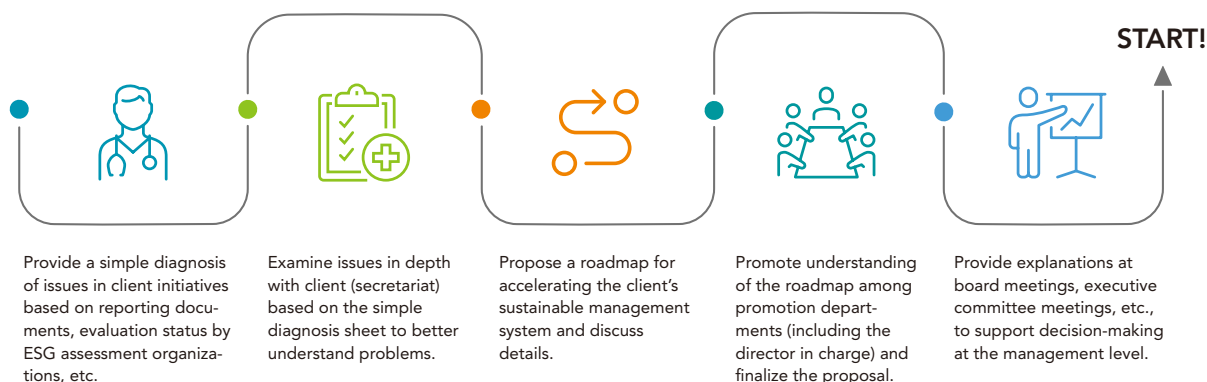
Sustainable Management Disclosure Support

Helping the company enhance its disclosure of information, mainly in its integrated report, as a way of specifically communicating easy-to-understand sustainable management information to shareholders, investors, and other stakeholders

Sustainable Management Dialogue Support

The Sustainable Management Dialogue Support service assists clients in enhancing dialogue with investors, who have become increasingly interested in sustainable management and are beginning to incorporate ESG factors into their engagement and exercise of voting rights.

Process for supporting the introduction of sustainable management



Governance consulting

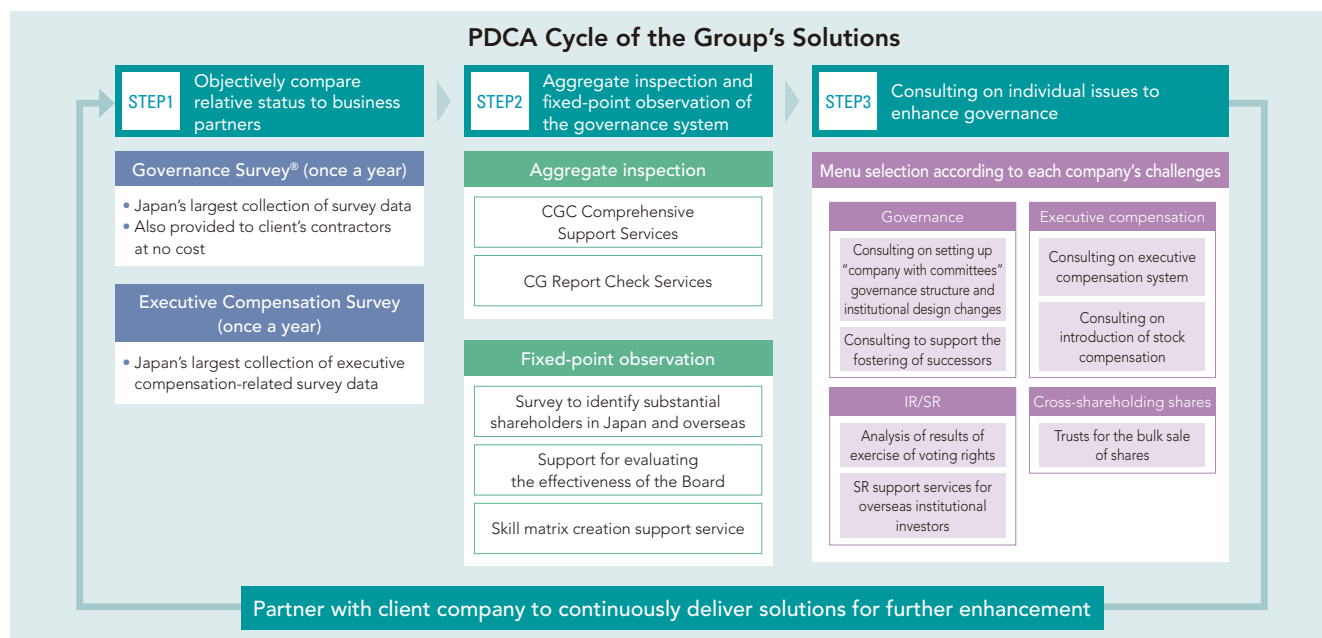
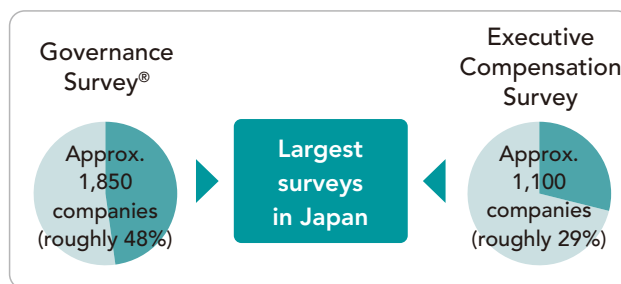
Corporate governance reforms in Japan have strengthened governance on the part of both companies and investors through the introduction and revision of the Stewardship Code and the Corporate Governance Code. Based on these codes and various guidelines/guidance, companies are now expected to strengthen governance and further expand their measures through dialogue with investors. The Group's stock transfer agency services support the initiatives of Japanese companies to enhance corporate governance with a Governance Survey® and Executive Compensation Survey, both of which leverage the industry's leading client base.*

The Governance Survey®, one of Japan's biggest, provides governance index data (indexed to substantive progress) under the supervision of Professor Kunio Ito. Now in its sixth year, more questions have been added to the survey concerning sustainability, a topic of heightening global interest. Approximately 1,850 companies took part in the survey this year, representing just under 50% of all listed companies in Japan. The Executive Compensation Survey, conducted in collaboration with Deloitte Tohmatsu Consulting, is also in its sixth year and is also one of the largest in Japan in terms of company participation, with approximately 21,000 executive compensation data points from some 1,100 companies broken down by company attribute. The survey sheds light on compensation levels, how compensation and ESG evaluation metrics are linked, and how compensation

committees are run at companies. In this way, the two surveys enable us to make a relative comparison of the actual situation at companies and discuss the existence or absence of issues with participating companies.

The other services we offer for checking the corporate governance of companies include our board effectiveness evaluation, skill matrix development support, identification of substantial shareholders, and analysis of results from the exercise of voting rights. And depending on what individual issues have been confirmed to exist, we can assist in changes to institutional design and reviews of executive compensation systems, and arrange a place to facilitate constructive dialogue between companies and their institutional investors in Japan and overseas. By offering this kind of PDCA cycle to clients, we are supporting improvements in their corporate governance in a continuous and multifaceted manner as a partner of our client companies.

*As of the end of September 2022, 1,697 listed companies under management for a market share of 42.9%, the highest in the industry.



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 sustainable finance, M&A advisory services, real estate brokerage and effective utilization, support for introducing and changing corporate pension schemes, and wealth management.

HR consulting

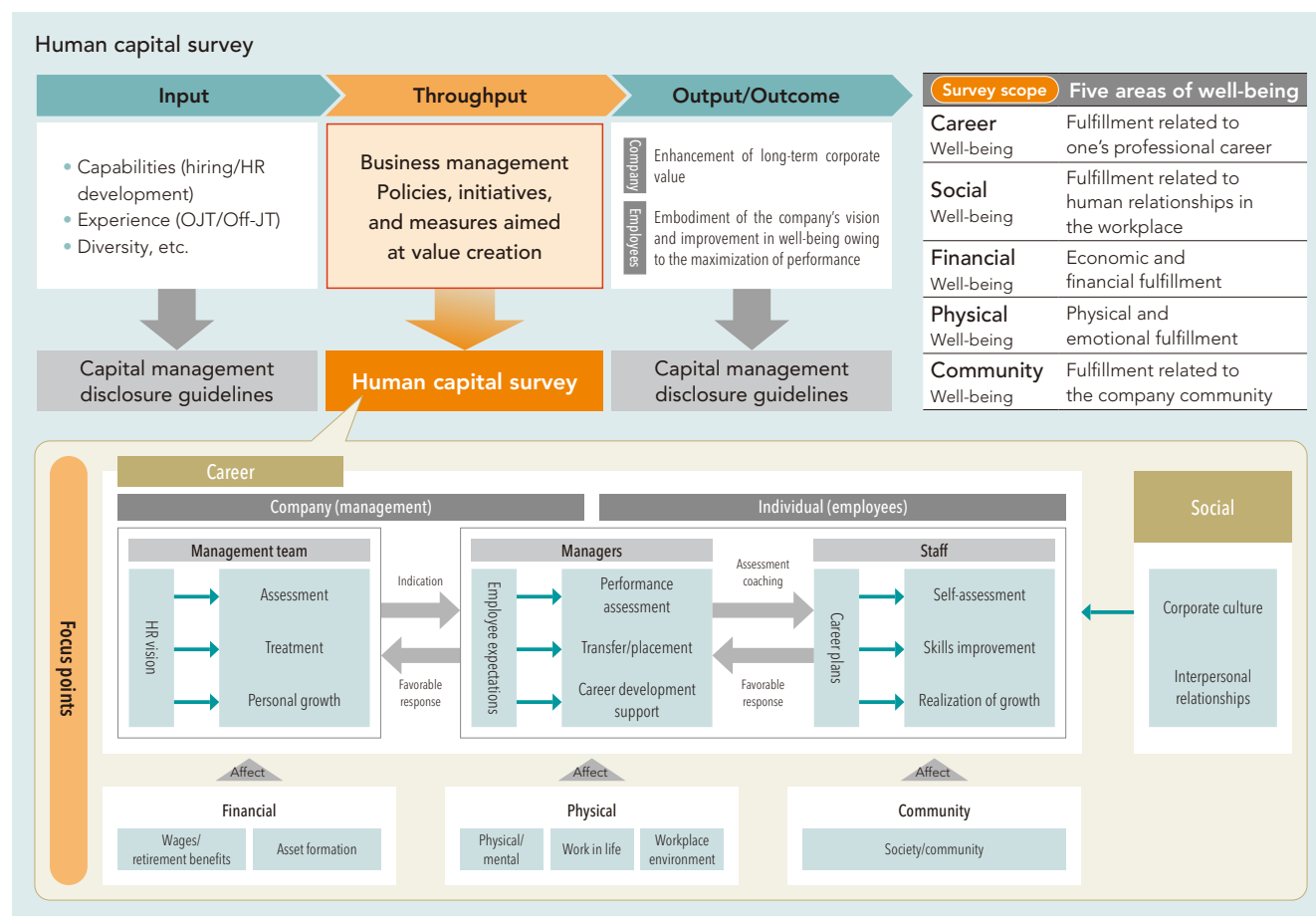
Heightened global interest in sustainable management is pressuring companies to address social issues from not only a financial point of view, but with the addition of non-financial perspectives. In this environment, SuMi TRUST Bank is holding “management discussions” as an engagement activity that aims to solve the management issues of its clients.

Against the backdrop of the recent publication of various guidelines, including the Ito Report on Human Capital Management and the Guidelines for Human Capital Visualization, there is growing interest in human capital management as an initiative to address the “social” component of ESG. It is for this reason that the Bank is now offering a consulting service in accordance with the needs

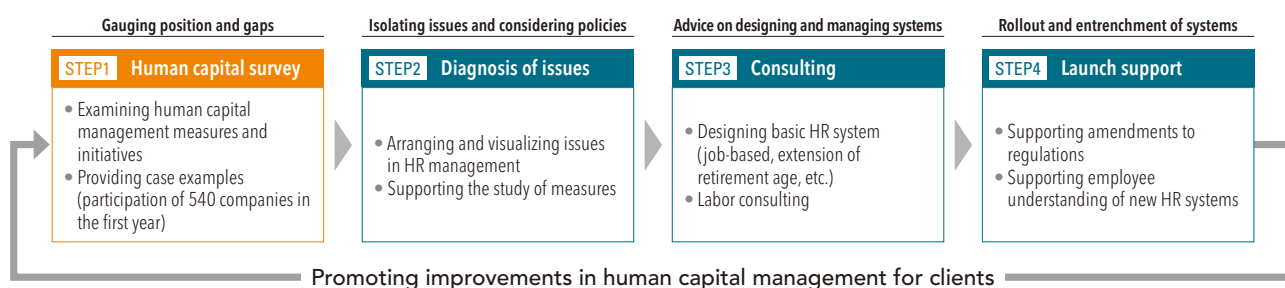
of clients to gain an understanding of their human capital management issues and design personnel systems that deliver much-needed solutions in the HR space.

In 2022 the Bank conducted a new human capital survey with the participation of 540 companies to visualize the state of corporate policies, measures, and initiatives concerning human capital management and so that the gap between a company’s relative position/policy and measures could be ascertained.

SuMi TRUST Bank is spearheading improvements in human capital management for its clients by providing these consulting services and conducting human capital surveys.



Supporting improvements in human capital management starting with human capital surveys



2

Planet

—Environmental Considerations

064

Without a healthy planet to provide the clean air, fresh water, agriculture, forests and fisheries on which human life depends, societies cannot succeed and companies cannot create long-term value.

From the World Economic Forum White Paper “Measuring Stakeholder Capitalism”

065 The Group’s Approach to Environmental Issues

067 Climate Change Initiatives

070 Natural Capital (Biodiversity Issues)

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The Group's Approach to Environmental Issues

The fact that environmental issues are undermining the very foundations of societal survival, as evidenced by large-scale natural disasters triggered by abnormal weather patterns and enduring issues with energy sources due to the protracted crisis in Ukraine, has been attracting attention. This suggests that the economy cannot function unless society is managed in a sound manner, and such a society should not place undue burdens on the environment. In light of this perspective, the Company has been viewing global environmental issues as they relate to the economy, establishing environmental policies, and accelerating multifaceted initiatives.

Policies Regarding the Sustainability of The Sumitomo Mitsui Trust Group

In its Medium-Term Management Plan, the Group places the “balanced creation of both social value and economic value” at the core of its management, and has declared generating positive impacts geared towards solving social issues to be one of its basic strategies. It identifies social issues that each business or Group company should

prioritize and makes responding to these issues a core business strategy. Sustainability issues, including the issue of climate change, are positioned as important social issues that the Group should prioritize, and it is formulating strategies and promoting Group-wide efforts while cooperating with international organizations and other entities.



Under our Sustainability Policy, we have established the following Environmental Policy, Action Guidelines for Mitigating Climate Change, and Action Guidelines for Preserving Biodiversity.

Sumitomo Mitsui Trust Holdings Environmental Policy	
<p>1. Provision of Products and Services</p> <p>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.</p> <p>2. Environmental Burden Reduction</p> <p>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.</p> <p>3. Pollution Prevention</p> <p>We will strive to ensure continuous verification and improvement of our environmental activities and make efforts to prevent pollution.</p>	<p>4. Regulatory Compliance</p> <p>We will comply with the laws, regulations, rules, and agreements concerning the preservation of the environment.</p> <p>5. Monitoring</p> <p>We will strive to ensure the continuous improvement of our environmental activities by setting and periodically reviewing and revising environmental objectives and targets.</p> <p>6. Education & Training</p> <p>We strive to ensure group-wide awareness of compliance with the Environmental Policy and to provide appropriate environmental education.</p> <p>7. Information Disclosure</p> <p>We will strive to promote activities to preserve the environment through communications with external organizations by publicly disclosing the Environmental Policy.</p>

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Key Stakeholders	Main Responses
Environmental, Social, and Governance/Sustainability Management	Risk/Opportunity	Society, clients, and employees	Addressing climate change, biodiversity, recycling of resources and the circular economy, and atmospheric/water/soil pollution, and supporting Environmental, Social, and Governance management at the companies to whom we extend investments and loans

Related Action Guidelines

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.

Sumi TRUST Group Carbon Neutral Commitment

- (1) Contribute to achieving carbon neutrality in society by leveraging a trust bank group's wide-ranging and flexible functions
- (2) Target net-zero greenhouse gas emissions in investment and loan portfolios by 2050
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA*
- (3) Achieve net-zero greenhouse gas emissions in SuMi TRUST Group by 2030

*Our commitment has been announced in October 2021

2. Provision of Products and Services

We are committed to developing and providing products and services that help mitigate climate change, such as using our financial functions to promote the use of renewable energy and carbon offset products.

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.

Action Guidelines for Preserving Biodiversity

1. Implementing Measures and Providing Support for Biodiversity Preservation

We will proactively engage in the protection of endangered species, and in our capacity as a corporate citizen, we will support activities aimed at conserving biodiversity.

2. Providing Products and Services

We will strive to develop and provide products and services that contribute to the conservation of biodiversity, such as promoting the sustainable use of biological resources through financial functions that include appropriate economic and social evaluations of ecosystems.

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.

Climate Change Initiatives

Our Approach to Climate Change

Awareness of climate change issues

Climate change is one of the most serious environmental issues that threaten the sustainability of the global economy and society. Around the world, abnormal weather—including wind and flood damage in particular—is becoming ever more extreme, and the impact of this is starting to materialize: promoting inequality and poverty, which have a negative effect on the weak including developing countries, and becoming a financial risk of traditional financial businesses such as loan and insurance services for companies, individuals, real estates and projects.

At the same time, to control global warming—the main cause of climate change—at a level consistent with the Paris Agreement, it is essential to develop new technologies which help reduce, absorb and utilize greenhouse gases and to socially implement them in various countries and regions. Financial institutions have a mission that includes not only responding to massive funding demands—which cannot be covered by financial support from the government alone—but also organically integrating the knowledge and know-how of parties related to climate change such as companies, local governments and researchers and actively facilitating commercialization of them.

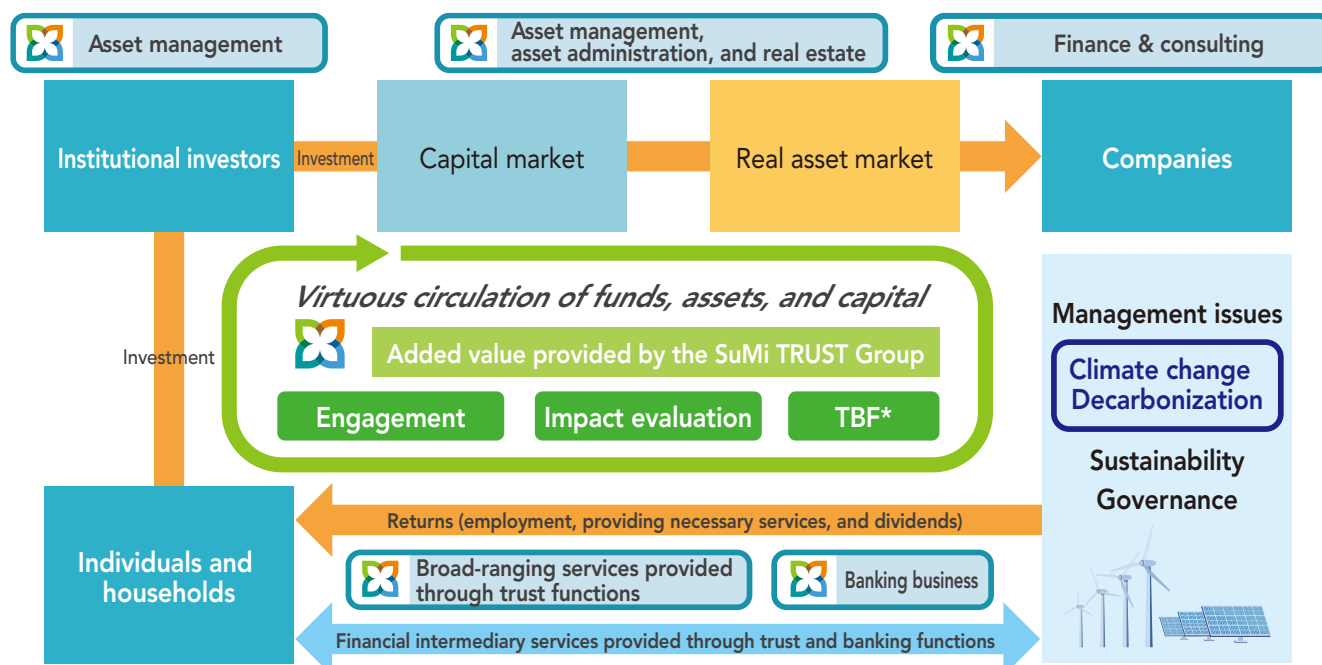
In addition, to resolve climate change issues, it is also necessary to deal with complicated interests which derive from existing legal systems, life styles and corporate activities. It is therefore important to steadily promote the transition to a carbon-neutral society, while collaborating with a diverse range of stakeholders and considering the negative effects on the weak.

The Group's risks and opportunities

Given the above, we consider the most important factors that facilitate or inhibit the Group's value creation process to be issues of "materiality," one of which is "ESG/ Sustainable management," which includes "climate change". Under the Group's shared Action Guidelines for Mitigating Climate Change, we strive to maintain an appropriate awareness of risks and opportunities stemming from climate change, and—through our diverse lines of business as a trust banking group—we endeavor to minimize our negative impact while maximizing our positive effects.

More specifically, we have defined physical damage to social infrastructure and nature due to medium- to long-term climate change and abnormal weather (physical risks) as well as the rapid transition to a low-carbon society through changes of climate change-related policies, changes of market preferences/social norms, and technological innovations (transition risks) as climate change-related risks, and we strive to limit greenhouse gas emissions due to our business activities while also implementing risk management and monitoring targeting our orderly investments and loans, which are governed by policies for specific sectors, etc. At the same time, we hope to contribute to the circulation of funds between individuals (households), companies, and investors, by providing investments and loans that promote the use and utilization of solar power, wind power, and other forms of renewable energy, creating new opportunities for investment—such as in the establishment of locally produced and consumed renewable energy business—and making the Group's own investment a trigger.

Virtuous circulation in sustainable areas



*Technology-based Finance Team

Group Initiatives

The Sumitomo Mitsui Trust Group declared its commitment to carbon neutrality in 2021 and launched initiatives to reduce greenhouse gases. The main initiatives to date are as follows:

	FY2020	FY2021	FY2022	...	FY2030	FY2040	FY2050
① Net zero GHG Emissions in inv. & loan portfolio (NZBA)							Net Zero
Electricity (Emission intensity, g-CO ₂ eq/kWh)	249				138 – 173		
Oil/Gas (Emission reduction rate, MtCO ₂ e)	5.7				-13% to -31%		
Other Highly Carbon Intensive Sectors*1			Successively set by Sep. 2024				
② Net zero GHG Emissions in investment portfolio (NZAMI)							Net Zero
SuMi Trust Asset Management				➤	Halve emission intensity for 50% of managed assets*2 from 2019		
Nikko Asset Management				➤	Halve emission intensity for 43% of managed assets*3 from 2019		
③ Total amount of cumulative sustainable financing*4		0.83 trillion yen		➤	Total 10 trillion yen		
④ Loan balance for coal-burning power plants							
Loan for projects		142.7 billion yen		➤	Halve from Mar. 2020	Zero	
Corporate loans (new/expansion)		20.1 billion yen		➤		Zero	
⑤ Net Zero GHG Emissions of SuMi TRUST Group			Completed shift to electricity from renewable sources in domestic branch offices of the trust bank	➤	Net Zero		
⑥ Strengthen risk control set-up							
Scenario analysis							
Transition risk	Elect. utilities sector	Shipping sector	• Simple analysis per sector • Detailed analysis of each energy company		Successively expand targeted sectors for specific analyses		
Physical risk	Mortgage loans		• National real estate finance		Start analysis of national project finances and others successively		
GHG Emissions in loan & investment portfolios		Initial trial calculation	• Successively set and update measurement		Continuous review and enhancement		
Manage portfolio (Revision of Sector Policy)		Clarify trades banned/to note	• Partial ban on loans for coal-fired power generation • Clarify transition supports		Continuous review and enhancement		

*1: Highly carbon-intensive sectors are 9 sectors to which targets should be set with priority according to the NZBA guideline: agriculture, aluminum, cement, coal, commercial/residential real estate, steel, oil/gas, power generation, transportation.

*2: Targeting 43 trillion yen, 50% of 85 trillion yen of total managing assets as of Jun.30, 2021. Excluded managing assets are sovereign bonds, etc., for which a method to calculate has not been established yet but will be successively added as target assets, when a method is established from now on.

*3: Targeting 13 trillion yen, 43% of 31 trillion yen of total managing assets as of Dec.31, 2021.

*4: Sustainable financing is a general term for financial services to businesses and clients which contribute to solving environmental/social issues based on international standards such as the Green Bond Principle and the Social Bond Principle. Initially SuMi TRUST Bank set the target to tackle to a total of 5 trillion yen, but has changed to a total of 10 trillion yen including 2.5 trillion yen by impact equities since FY2022, responding to expanding financial needs for accelerated environmental/climate change.

Refer to the following documents for additional details.

TCFD Report (2022/12/29)

Progress on Carbon Neutrality Initiatives (2022/10/31)

Progress on Carbon Neutrality Initiatives (2023/2/2)

[PDF https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf](https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf)

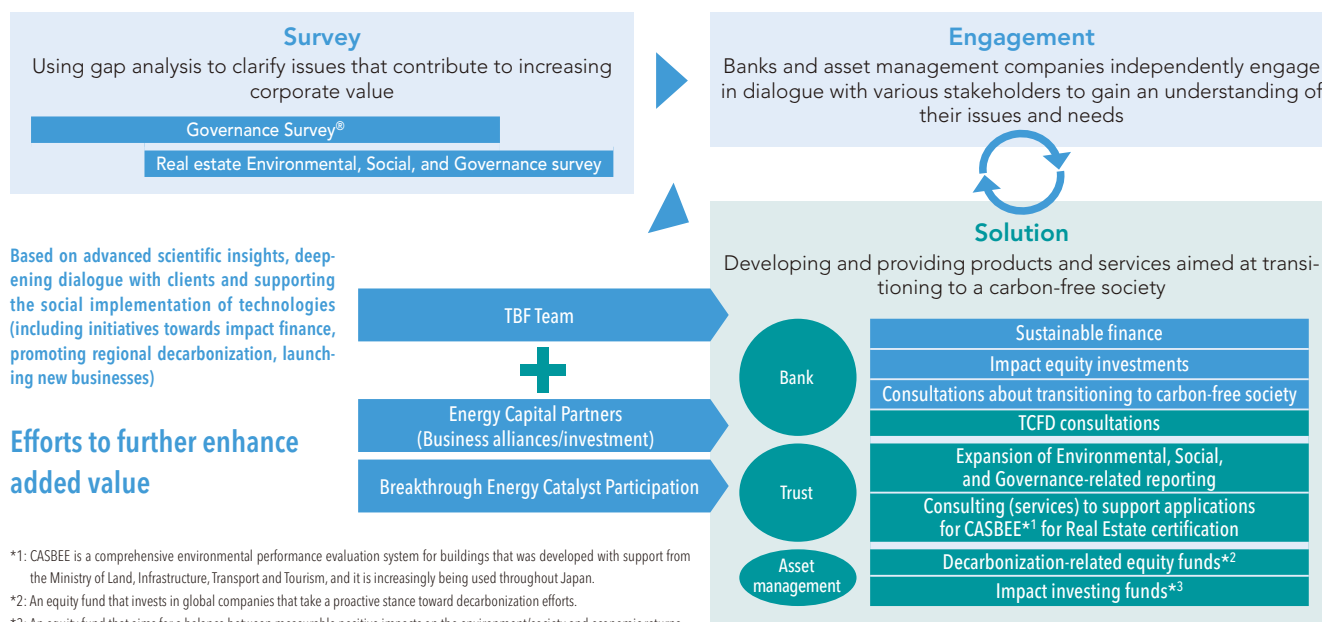
[PDF https://www.smth.jp/english/-/media/th/english/news/2022/Project_English_NetZero.pdf](https://www.smth.jp/english/-/media/th/english/news/2022/Project_English_NetZero.pdf)

[PDF https://www.smth.jp/english/-/media/th/english/news/2023/Project_English_NetZero.pdf](https://www.smth.jp/english/-/media/th/english/news/2023/Project_English_NetZero.pdf)

Engagement & Solutions

When pursuing these initiatives, the Group will engage in sincere dialogue with various stakeholders regarding climate change issues and emphasize various approaches (engagement) based on a deep understanding and analysis of the relevant issues and needs. In addition, the Group will fully utilize

its internal functions—including banking, trusts, real estate, asset management, and asset administration—to take on the challenge of developing and providing innovative products and services (solutions), thereby contributing to the transition of borrowers and investees as well as society as a whole.



Participation in International Initiatives

In order to more steadily promote its initiatives toward carbon neutrality, the SuMi TRUST Group has become a member of the Net-Zero Banking Alliance (NZBA); NZBA is a financial sub-sector net-zero initiative of the Glasgow Financial Alliance for Net-Zero (GFANZ), a sector-wide coalition of net-zero finance initiatives.

NZBA is an international initiative for banks committed to aligning their lending and investment portfolios with net-zero GHG emissions by 2050; it was convened by the UN in April 2021. NZBA members are required to systematically reduce operational and attributable GHG emissions from their lending and investment portfolios, with the goal of achieving net-zero emissions by 2050 or earlier.

The SuMi TRUST Group became a member of NZBA in October 2021. Going forward, in line with NZBA guidelines, the Group will draw up interim reduction targets and

concrete reduction schedules for GHG emissions, and promote initiatives aimed at achieving net-zero.

The Net-Zero Asset Managers initiative (NZAMI) is an international group of asset managers committed to achieving net-zero GHG emissions in investee companies by 2050; it was launched in December 2020. NZAMI members are required to systematically reduce GHG emissions in assets under their management, with the goal of achieving net-zero emissions by 2050 or earlier.

Sumitomo Mitsui Trust Asset Management became a signatory of NZAMI in July 2021, with Nikko AM following in November 2021. Going forward, in line with NZAMI guidelines, both companies will formulate interim GHG emissions reduction targets for assets under their management, and promote initiatives aimed at achieving net-zero.

TCFD Report Publication

TCFD stands for "Task Force on Climate-related Financial Disclosures." It was established by the Financial Stability Board (FSB) to develop recommendations for how companies ought to disclose climate-related financial information. SuMi TRUST Holdings declared its support for TCFD and its recommendations in 2018. Since then, Group companies have followed these recommendations in their activities,

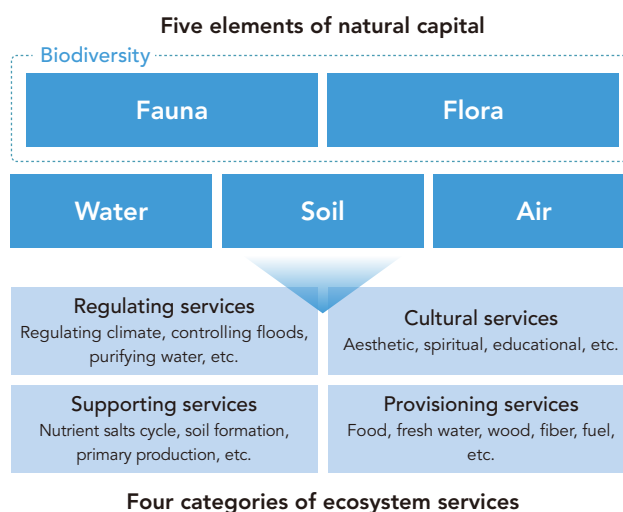
with a focus on the core recommendations related to information disclosure. The Group has published a TCFD Report covering its Group-wide initiatives every year since fiscal 2020.



Natural Capital (Biodiversity Issues)

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.



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.

The initiatives of NCD signatories have been expanded through NCD's reorganization into Natural Capital Finance Alliance (NCFA).



Major Initiatives in the Group's Business to Date

2000	SuMi TRUST Bank is entrusted with the Keidanren Nature Conservation Fund, a charitable trust from the Keidanren Committee on Nature Conservation
2008	SuMi TRUST Holdings signs the Leadership Declaration of the Business and Biodiversity Initiative SuMi TRUST Holdings establishes the Basic Policy for Addressing Biodiversity Issues (currently Action Guidelines for Preserving Biodiversity) SuMi TRUST Bank translates the TEEB (The Economics of Ecosystems and Biodiversity) Interim Report
2010	Asset management company develops Ikimonogatari, a Japanese equity investment trust specializing in biodiversity
2012	SuMi TRUST Holdings signs the Natural Capital Declaration (now the Natural Capital Finance Alliance) proposed by UNEP FI at the United Nations Conference on Sustainable Development (Rio+20)
2013	SuMi TRUST Bank develops environmental rating loans with natural capital evaluation; SuMi TRUST Bank forms the the Natural Capital Study Group
2016	SuMi TRUST Bank signs the Equator Principles
2018	Asset management company joins Farm Animal Investment Risk & Return (FAIRR), an engagement organization working primarily with the fisheries and livestock industries
2019	SuMi TRUST Bank develops Positive Impact Finance (PIF)
2020	SuMi TRUST Bank establishes financing policies for specific sectors SuMi TRUST Bank is entrusted with a forestry trust by Okayama Prefecture's Nishiawakura Village
2021	Asset management company participates in the working group of TNFD (Task force on Nature-related Financial Disclosures)

SuMi TRUST Bank Initiatives to Address Natural Capital Issues

Forestry Trust

Japan is one of the most forested countries in the world, and half of the forests that were planted after the war are now in full-scale use. However, their use has not progressed and is, on the contrary, causing a negative impact. The main reasons for the lack of appropriate use of forests are the small-scale ownership structure of forests, the increase in the number of landowners outside of villages due to the concentration of population in urban areas, and the emergence of forests with unknown owners.

In order to help solve these social issues, SuMi TRUST Bank developed the forestry trust. The forestry trust is the kind of SDGs initiative that only a trust can provide, promoting forestry and regional revitalization.

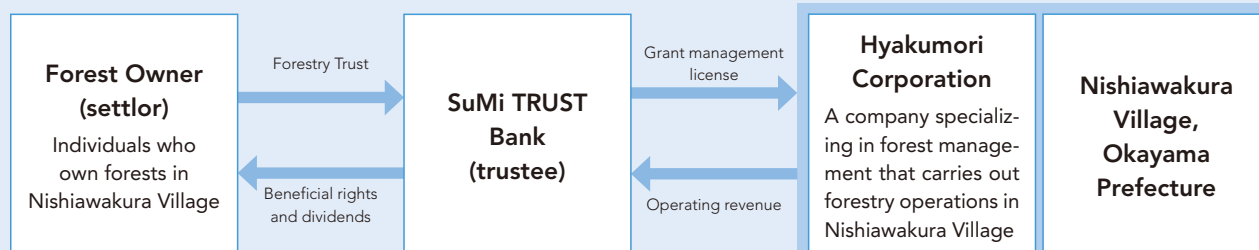


Forestry Trust Business

In August 2020, SuMi TRUST Bank was entrusted with a "Forestry Trust" as a commercial trust from individual clients (hereinafter the Owners) that own approximately 10 hectares of forest in Nishiawakura Village, Okayama Prefecture. SuMi TRUST Bank has entrusted management activities to forestry entities on behalf of the owner,

managed revenues, and distributed dividends. The forestry entity that performs the work combines multiple forests to ensure more efficient forestry management and prevent the situation where the owner of the land becomes unclear due to inheritance and other factors.

Forestry Trust Scheme



Thinning of Forests

In the summer of 2021, thinning work was carried out in Okayama Prefecture's Nishiawakura Village. Forest maintenance and conservation are carried out by repeating the cycle of thinning at intervals of five years or more, followed by clear-cutting and reforestation. Appropriate maintenance can help prevent disasters such as landslides and increase carbon dioxide absorption.

This thinning has created a healthy environment for the forest to grow by creating adequate space between the trees and allowing sunlight to shine through.

Thinning materials are used for construction materials, furniture materials, and woody biomass (chips) for boilers, etc., which are utilized without waste in the local ecosystem and generate profit.



Sumitomo Mitsui Trust Asset Management's Initiatives to Address Natural Capital Issues

Issues Associated with Natural Capital

Much like climate change, environmental degradation poses a significant potential risk to businesses and finance. The various benefits provided by nature support economic and social activities, and the term natural capital refers to the concept of treating resources such as forests, water, soil, the atmosphere, and biodiversity as capital. According to the 2020 report by the World Economic Forum, it is estimated that economic activities equivalent to more than half of the world's GDP, US\$44 trillion, are dependent on natural capital, and environmental

degradation is considered a barrier to the sustainable growth of society and the economy. Biodiversity, the part of natural capital that supports ecosystems, has been rapidly decreasing in recent years. The World Wide Fund for Nature (WWF), an NGO active in environmental issues, estimates that biodiversity decreased by 69% over the approximately 50 years from 1970 to 2018. According to a report from the British government, compared to other types of economic capital, natural capital as a whole has significantly decreased.

Domestic and International Frameworks for Natural Capital Protection and the TNFD

Efforts are underway to establish global frameworks to prevent the destruction of ecosystems and loss of natural capital, as well as work toward their restoration. In December 2022, the Kunming-Montreal Global Biodiversity Framework (GBF), a new global target for biodiversity, was adopted. This framework established 23 targets aimed at stopping and reversing the loss of biodiversity by 2030. By 2050, the goal is to achieve a world "in harmony with nature," with goals for the year 2050 established for the recovery of ecosystem health, maintaining genetic diversity, fair and equitable sharing of benefits arising from the use of genetic resources, and narrowing the funding gap. In Japan, based on the GBF, the national biodiversity strategy derived from the Basic Act on Biodiversity was revised in March 2023.

In response to these developments, there is growing momentum for businesses to disclose the impact of their activities on natural capital and the impact of natural capital on their business activities as part of their business strategy. The Task Force on Nature-related Financial Disclosures (TNFD), which was launched in June 2021, aims to establish a disclosure framework by 2023, following in the footsteps of the Task Force on Climate-related Financial Disclosures (TCFD) climate change disclosure framework.

The operation of the TNFD is different from the TCFD, which was led by financial regulators. It was voluntarily established on the initiative of the private sector, with the Secretariat consisting of the UNEP Finance Initiative

(UNEP FI), the United Nations Development Programme (UNDP), Global Canopy (a UK NGO), and the WWF. Starting in September 2020, Sumitomo Mitsui Trust Asset Management (SMTAM) participated in the informal working group that laid the groundwork for the establishment of the TNFD, and it contributed to the launch of the TNFD by discussing the framework and future operation methods. The TNFD, in line with the recommendations of the TCFD, is designed to reveal and perform scenario-based evaluations of the physical risks a company faces when the natural capital it relies on for economic activities is lost, the transition risks resulting primarily from strengthened regulations, the systemic risks stemming from destruction of ecosystems, and the environmental and financial impact a company experiences due to changes in the natural environment.

Furthermore, this framework aims to disclose and verify the overall impact on natural capital, and it is characterized by a gradual disclosure process and prioritized disclosure for businesses believed to have a significant impact. For the time being, it is anticipated that there will be considerable interest in the disclosure status of sectors involved in agricultural supply chains (such as the consumer goods and retail sectors), which have a large environmental impact. It is hypothesized that the impact on the value chain's natural capital will be significant across the entire market, so it is believed that there will be a high demand for corporate disclosure irrespective of the sector.

Policy and Plans for SMTAM Initiatives

At SMTAM, we have been engaged in the preservation and regeneration of natural capital as a key environmental issue, and we have conducted engagement activities related to palm oil production and made recommendations through government engagement activities aimed at the governments of Brazil and Indonesia regarding

tropical rainforest conservation. Going forward, in addition to these activities, we will promote activities that encourage investee companies to disclose information in line with the TNFD, as well as participate in global collaborative engagement activities.

The Group's Initiatives to Reduce Its Environmental Impact








Initiatives to Reduce Environmental Impact

The Group has an effect on natural capital and the environment through the consumption of resources such as energy and paper, as well as CO₂ emissions and waste generated from its business activities. We are committed to reducing the environmental impact stemming from our operations and to minimizing the negative impact on society, and we consider this an issue of materiality.

We are striving to reduce both the environmental impact directly attributed to our business activities as well

as the indirect environmental impact created by our borrowers and investees. Our goal is to reduce the burden on the environment at the societal level.

The Sustainable Development Goals (SDGs) have set numerous goals and targets related to environmental issues. The initiatives we are undertaking in relation to the 17 SDGs in response to environmental issues resulting from the Group's business activities include the following.

Reduction, appropriate management, recycling, and disposal of general waste such as paper waste, PCBs, and waste that contains chemicals like chlorofluorocarbons		Acquiring certification for our main office building under the CASBEE for Real Estate system for displaying building environmental performance	
Efficient water use		CSR procurement of paper that takes the environment and human rights into consideration when cutting down trees in tropical rainforests for raw materials	 
Utilization of renewable energy through solar power generation at four branches that have been established since 2013		Energy-saving activities primarily focused on reducing power usage	

Our Group's Initiatives to Reduce Emissions

The Group operates an Environmental Management System (hereinafter EMS) based on its Sustainability Policy.

Our goal is to contribute to the realization of a sustainable society by systematically and continuously engaging in environmental conservation activities.

Specifically, we have set targets and are making efforts toward the following five items.

- (1) Paper (usage amount, ratio of recycled and eco-friendly paper purchases, paper waste)
- (2) Electric power (power usage, GHG emissions)
- (3) Waste (waste generation, paper waste)
- (4) Green procurement (ratio of green procurement when purchasing stationery)
- (5) Water (usage amount)

In the SuMi TRUST Group Carbon Neutral Commitment announced in October 2021, we declared that the GHG emissions (Scope 1, 2) of the SuMi TRUST Group will be net zero by 2030. We also disclosed the "Progress of Our Approach to Carbon Neutrality" report in October 2022 in accordance with the declaration.

We will continue to reduce energy consumption and accelerate the transition to renewable energy, with a focus on electric power. We will also ensure that efforts to reduce GHG emissions take root throughout the Group, and we will aim for the early achievement of net zero GHG emissions Group-wide, including at key overseas offices and Group companies.

Status of EMS Initiatives

	KPI	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Paper	Paper usage	t	738	706	676	472	450
	Ratio of recycled and eco-friendly paper purchases	%	100	100	100	100	100
Waste	Waste generated	t	1,332	1,304	1,268	1,269	1,059
	Paper waste	t	1,050	1,025	933	950	752
Green procurement	Green procurement ratio	%	87	86	89	81	80
Water	Water usage	1000m ³	139	127	122	114	119

Calculation range: Domestic bases (some branches excluded for water usage)

The Group's Initiatives to Reduce Its Environmental Impact

Zero CO₂ Emissions Initiatives

The details of the Group's efforts to achieve net zero greenhouse gas emissions by fiscal year 2030 are as follows. For a more detailed report on the status of our efforts.

refer to the TCFD Report (December 29, 2022). [PDF https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf](https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/TCFD-E-all.pdf)

Reductions in Scope 1 and 2 emissions

Energy Consumption and CO₂ Emissions (Domestic Offices)

Energy use		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Total floor space		thousand m ²	396	370	365	366	363
Scope 1 (direct emissions)	Example: City gas	thousand m ³	1,996	1,869	1,893	1,890	1,954
Scope 2 (indirect emissions)	Example: Electric power	thousand kWh	60,444	56,003	54,753	53,940	52,370
Total energy consumption		MWh	204,448	191,375	188,100	186,174	181,678

CO ₂ emissions		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1 (direct emissions)		t-CO ₂	4,575	4,362	4,421	4,297	4,211
Scope 2 (indirect emissions)	Basic emission factor	t-CO ₂	32,493	29,142	26,906	25,732	24,138
	Adjusted emission factor	t-CO ₂	31,665	28,502	26,419	25,198	16,940
CO ₂ emissions (Scope 1 + 2 total)	Basic emission factor	t-CO ₂	37,068	33,504	31,327	30,029	28,349
	Adjusted emission factor	t-CO ₂	36,240	32,864	30,840	29,495	21,151
Emission intensity (CO ₂ emissions per floor space)	Basic emission factor	t-CO ₂ /1000m ²	94	91	86	82	78
	Adjusted emission factor	t-CO ₂ /1000m ²	92	89	84	81	58

Scope of calculations: Offices of SuMi TRUST Bank in Japan subject to the Act on the Rational Use of Energy.

Group companies, including Sumitomo Mitsui Trust Asset Management, are tenants in some office buildings.

Calculation methods: Calculated according to provisions set out in the Act on the Rational Use of Energy.

CO₂ Emissions and Reduction Obligation of Offices Covered by the Tokyo Metropolitan Government's Environmental Preservation Ordinance

Plan period: FY2020 to FY2024		Unit	Fuchu Building		Head Office Building	
			FY2020	FY2021	FY2020	FY2021
Targets	(1) Base emissions	t-CO ₂	25,704	25,704	13,287	13,287
	(2) Emissions upper limit	t-CO ₂	18,764	18,764	11,294	11,294
	(3) Mandatory reductions	t-CO ₂	6,940	6,940	1,993	1,993
Results	(4) CO ₂ emissions	t-CO ₂	10,670	9,845	9,053	9,112
	(5) Emission reductions	t-CO ₂	15,034	15,859	4,234	4,175
	(6) Excess reductions (5)-(3)	t-CO ₂	8,094	8,919	2,241	2,182

*The reduction situation of the Fuchu Building and Head Office Building, which have a responsibility to reduce emissions under the Tokyo Cap-and-Trade Program of the Tokyo Metropolitan Environmental Security Ordinance.

Regarding the Head Office Building, which is jointly owned, the obligation rate of each unit owner has not been stipulated. The reduction obligation rates of the Fuchu Building and Head Office Building are 27% and 15%, respectively, and the maximum emissions and reduction obligations were calculated on a single-year basis. Emissions values were verified by a third-party verification agency.

Other Initiatives to Reduce Environmental Impact

SuMi TRUST Bank Initiatives

CSR Procurement

Goal 12 of the SDGs, “Responsible Consumption and Production,” aims to ensure sustainable manufacturing and consumption patterns, and calls on consumers to engage in activities that lead to sustainable management and efficient use of natural resources, prevention of soil, air and water pollution, and waste reduction.

SuMi TRUST Bank, based on the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” strives to prioritize the procurement of goods and services that take the environment and society into consideration.

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.

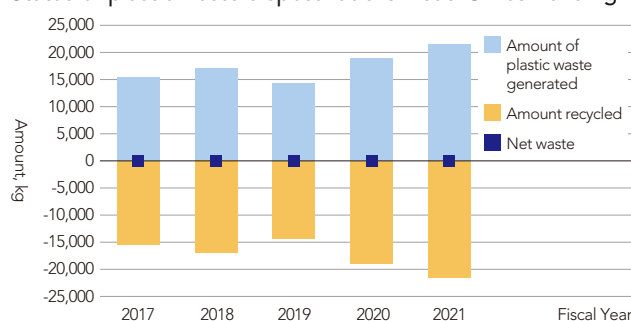
Measures to Address Plastic Garbage

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.

In April 2019, the Group has established the “SuMi TRUST Group Zero Plastic Waste Declaration,” which aims to eliminate plastic garbage that is thrown away without recycling by 2030, as concrete action against this global marine pollution problem. Based on this declaration, we are now promoting concrete initiatives under the two pillars of: (1) not producing plastic waste by our employees and (2) not allowing our clients to produce plastic waste.

SuMi TRUST Bank has not provided items such as shopping bags and straws with purchases at the convenience stores operated for employees in our large office buildings. Since the formulation of the Zero Plastic Waste

Status of plastic waste disposal at the Head Office Building



Declaration, original posters calling for waste separation and plastic waste reduction have been displayed throughout the Group, and mainly domestic branches have established their own Plastic Waste Reduction Activity Month to visualize the actions of each individual, and efforts to have

The Group's Initiatives to Reduce Its Environmental Impact

employees bring their own bags and bottles are expanding. That being said, plastic waste generated in the Head Office Building was on the rise between fiscal years 2017 to 2021. At the Head Office Building, we make sure that plastic waste is recycled, and we have secured a 100% recycling rate. We will continue to strive for the reduction and recycling of waste plastic. In addition, as an initiative for preventing clients from producing plastic waste, we are encouraging the review and replacement of materials used for various distribution products.

In June 2022, as a continuation of the nationwide online in-house study sessions conducted in fiscal year 2021, we conducted "How to Handle Plastic - Advanced Edition," in which 708 participants from 85 branches took part. Two

members of the Sustainability Management Department explained the issues with plastic, the law promoting resource circulation related to plastic (the New Plastic Law), and materials that can serve as alternatives to plastic. They also called for practical ways to start immediately handling plastic effectively.

The biannual With You Eco Festival (see page 170), which targets sales branches, has been working on increasing the visibility of the results of activities based on the theme of "eco-friendliness," such as power conservation and plastic reduction. In the first half of 2022, the With You Eco Festival contributed to a reduction of 7,215 kg of CO₂ as of the end of September.

Chronology of Activities

April 2019	Formulation of the SuMi TRUST Group Zero Plastic Waste Declaration ¹
October 2019-	The entire Group will gradually switch from biochemical film to Graphan (pulp material) as the material for the plastic windows of windowed envelopes used in business operations and for mailing to clients
October 2019	Promote reduction of plastic at celebrations and informal receptions
April 2021-	Gradually switching from plastic to LIMEX as the material for handbag plastic bags to be given to clients ²
July 2021-	Exhibition of Thinking about Plastic Waste posters at branch offices nationwide ³
August 2021	Hold internal online study session on how to engage with plastic
October 2021- January 2022	Hold With You Eco Festival for branch offices nationwide
November 2021-	Changed the tea serving service to clients visiting office buildings to environmentally friendly paper-bottled beverages (tea) ⁴
June 2022	How to Handle Plastic - Advanced Edition online in-house study session held ⁵
July-August 2022	With You Eco Festival held for all sales branches nationwide
August 2022	Switched the material used for plastic sleeves handed out to clients at some branches from plastic to "Clearpreco" made with paper

1



Zero Plastic Waste Declaration poster

2



Handbag plastic bags made with LIMEX mix

3



Thinking about Plastic Waste poster

4



Environmentally friendly paper bottle beverage (tea)

5



How to Handle Plastic Advanced Edition online in-house study session

Nikko Asset Management Initiatives

Nikko Asset Management Co., Ltd. recognizes the threat that climate and environmental risks pose to the world, believing that it has a responsibility to minimize the impact of its business activities on the environment. Ever since first introducing an environmental policy in 2010,

it has committed to actively considering environmental issues in its business activities.

The revised 2021 Environmental Policy focuses on the following eight areas.

1. Compliance with laws and regulations, etc.
2. Reduction of greenhouse gas emissions
3. Pursuing resource efficiency
4. Selecting vendors and purchasing products with consideration to the environment

5. Reduction of disposable plastic
6. Protecting biodiversity in the natural environment
7. Enhanced reporting and disclosure
8. Promoting employee education and advocacy

In addition, as a quantitative goal, we aim to reduce the greenhouse gas emissions per employee of the entire Nikko Asset Management Group by 40% compared to 2019 by 2030.*¹

*1 Covers direct and indirect emissions by the company under Scope 1 and Scope 2 (emissions from fuel combustion, electricity supply, and other uses) as defined in the Greenhouse Gas Protocol, as well as some indirect emissions under Scope 3 (emissions from fuel and energy activities and business trips not included in Scope 1 and Scope 2).

The company has been measuring, evaluating, and offsetting the Group's greenhouse gas emissions since 2018. Based on data for power usage, transportation, and business trips at global sites, external consultant Carbon Footprint Ltd. converted these factors into carbon dioxide (CO₂) emissions and performed an evaluation.

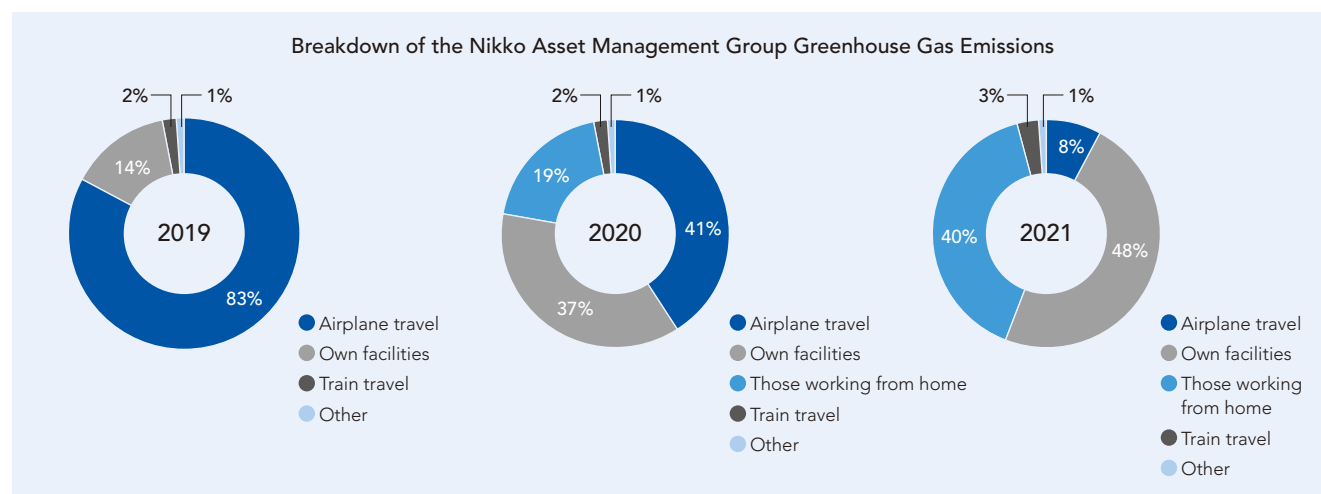
We have confirmed the total CO₂ emissions of the Nikko Asset Management Group and the emissions per employee in 2021 as follows.

Nikko Asset Management Group Greenhouse Gas Emissions

Item	2019	2020	2021	Compared to base year (2019)
Total CO ₂ emissions (tCO ₂)	5,906.90	1,822.80	1,127.3	-80.9%
CO ₂ emissions (tCO ₂) per employee	6.36	2.10	1.2	-81.0%

Including Nikko AM Group's officers, contract employees, and temporary staff (as of December 31, 2021)
Past performance is not indicative of future results.

The following graph shows how various elements contributed to Nikko Asset Management Group's greenhouse gas emissions over the past three years, including the baseline year of 2019.



The Group's Initiatives to Reduce Its Environmental Impact

Continuing from 2020, the factor that most significantly contributed to the total reduction in emissions was the decrease in business travel due to the COVID-19 pandemic and associated travel restrictions. As a result of reduced business travel, emissions from air travel were cut by 98% compared to the baseline year of 2019. While power usage at our offices was also reduced by 36%, this was surpassed by the increase in power usage associated with employees working from home.

Even in 2021, there was a significant decrease in emissions compared to the baseline year (2019), continuing the trend from 2020. However, we fully recognize that this was achieved under exceptional circumstances. As the world gradually returns to normal, the company is aware of the need to leverage what it has learned during this period to mitigate any rebound increase in greenhouse gas emissions. By clearly defining our long-term emission reduction goals, we are confident that we can facilitate the achievement of these goals.

With regard to the two major sources of greenhouse gas emissions at the company, namely power usage and

business travel, we have transitioned to renewable energy as much as possible and revised our travel guidelines.

To reduce greenhouse gas emissions associated with power usage at our Tokyo office, we have entered into "Green Power Contracts" similar to the "Green Tariff" system that the company already introduced in the UK beginning in fiscal year 2022. While the 2019 power usage of the Tokyo office constituted approximately 10% of total greenhouse gas emissions, the introduction of green power is expected to reduce the office's market-based emissions to zero.

Given that business travel by plane is indispensable to our operations, we do not anticipate maintaining low levels as the pandemic subsides. However, in the long term, we aim to curb any rebound increase as much as possible. As the first step, we have added to the application process for overseas business trips the requirement that CO₂ equivalent emissions be calculated and submitted based on the specified method. This aims to raise employee awareness about greenhouse gas emissions associated with business trips.

Sumitomo Mitsui Trust Panasonic Finance Initiatives

At Sumitomo Mitsui Trust Panasonic Finance, in addition to continuing to make efforts to reduce power usage, photocopying paper usage, and gasoline usage, we are also committed to Reduce-Reuse-Recycle (3R) activities in an effort to make effective use of resources.

In fiscal year 2021, the spread of remote work and paperless meetings, as well as the utilization of workflow-enabled electronic approval processes, enabled us to reduce photocopying paper usage by 5.7% year on year. Additionally, while activity restrictions due to COVID-19 were relaxed compared to fiscal year 2020, leading to increased office use and opportunities for power usage, we have managed to limit the increase to a marginal 0.5% year on year by continuing internal initiatives to conserve electricity.

Moreover, we are promoting efforts that contribute to the environment and society (health and safety), such as reducing CO₂ emissions by switching from the use of company vehicles for business activities to public

transportation (such as the utilization of trains and rental cars), and reducing long-distance drives to alleviate driver fatigue and prevent traffic accidents. As a result of these efforts, the amount of gasoline used in our company vehicles has been trending downward every year, and we have managed to reduce it by 1.9kℓ (2.8%) year on year. This reduction is equivalent to approximately 4.4t-CO₂ when converted to CO₂ emissions.

Furthermore, as part of our 3R activities, we are not only facilitating the reuse of surplus stationery and other items within the company and providing used plastic sleeves to resource recycling businesses to be recycled, but we are also committed to initiatives that make effective use of resources and contribute to society. These include donating unused envelopes for which the period of validity has passed to special needs schools as teaching materials for practical training.

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	YoY comparison
Electricity consumption	thousand kWh	982	984	938	906	911	+0.5%
Gasoline consumption	kℓ	80.3	77.4	73.5	66.7	64.8	-2.8%
Copier paper consumption	thousand sheets	17,508	17,567	18,499	14,984	14,121	-5.7%

Technology-Based Finance (TBF) Team Initiatives

At SuMi TRUST Bank, we established the Technology-Based Finance (TBF) team in April 2021 as an organization that approaches various issues such as energy, environment, and resources from a technological perspective. The team is composed of researchers and specialists from a diverse array of fields including hydrogen, batteries, electric power, organic chemistry, inorganic chemistry, machinery, agriculture, urban areas, and more.

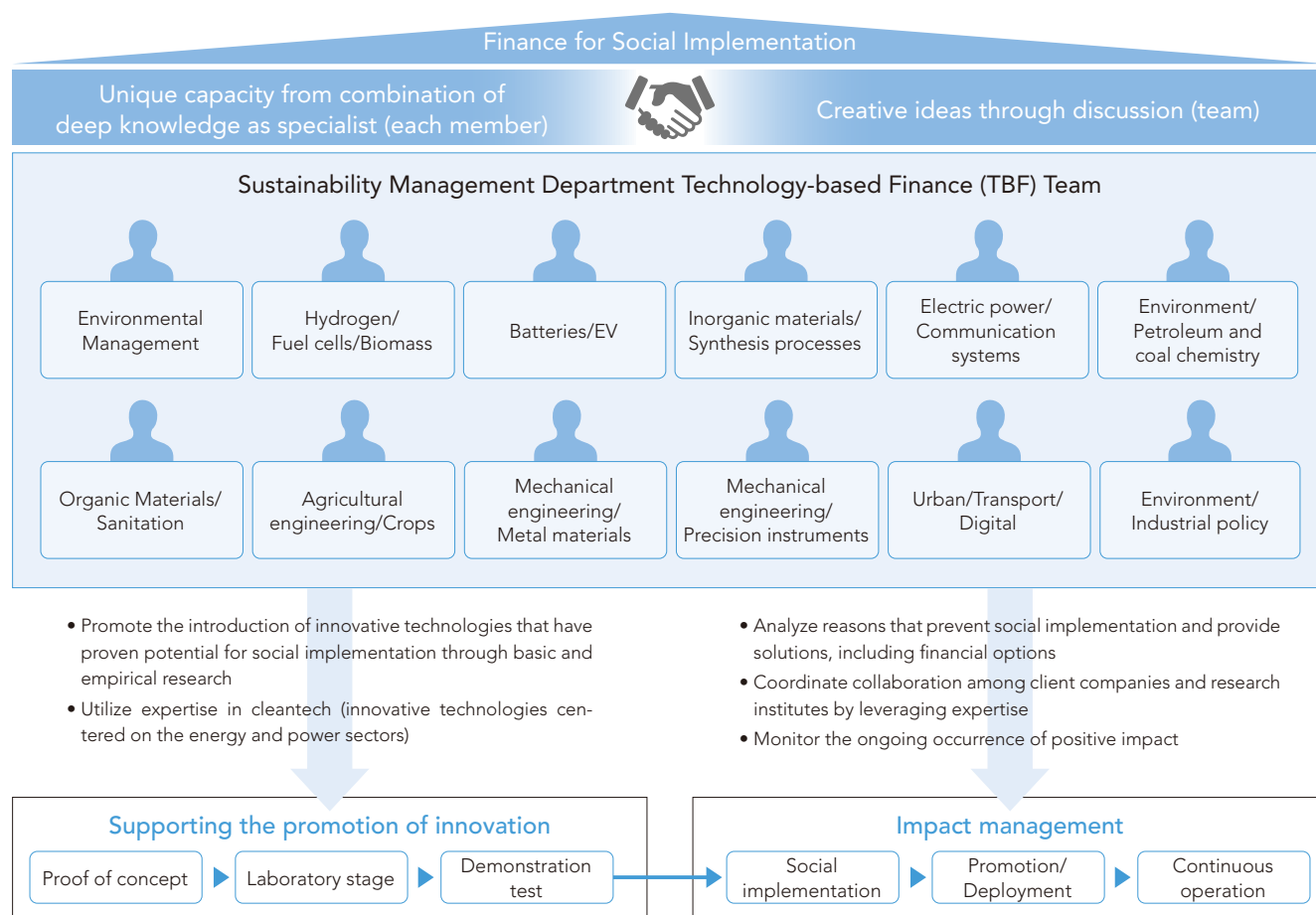
The TBF team incorporates technical insights into the impact evaluation process, striving to increase positive impacts and mitigate negative ones by promoting the deployment of innovative technologies, thus aiming to contribute to the resolution of social issues. To solve issues such as climate change, resource circulation, and biodiversity, we need to aim for the deployment of innovative technologies while making full use of existing ones through research and development. The establishment of the TBF team was based on the belief that we need to understand the latest technologies, deepen dialogue with our clients,

and approach finance from a scientific perspective.

The fusion of technology, policy, and finance is crucial to the deployment of technology. The TBF team, in addition to initiatives for impact investments and loans from a technological perspective and the generation of impact businesses, is advancing collaboration with various stakeholders. Its involvement has expanded to include joint research with universities and companies, and exchanges with members of academia, and it has made policy recommendations to government agencies, launched demonstration and model projects in coordination with the policies of various agencies, generated regional support through ESG community finance, and developed financial schemes with local governments and regional banks.

Through technological innovation and the deployment technology, we aim to address social issues and promote the "virtuous circulation of funds, assets, and capital" by creating new businesses and expanding business opportunities.

Technology Based Finance (TBF) Initiatives



Individual Initiative Themes

Contributing to Building a Carbon-Free Society

To achieve a carbon-free society, it is necessary to introduce existing technologies on a large scale during the transition period and to develop and deploy new technologies in a shift towards carbon neutrality. Moreover, mitigation of and adaptation to climate change are intertwined with resource circulation, biodiversity issues, and political and economic issues such as energy and resource issues. According to a report from the IPCC, it is said that temperatures will rise by 1.5 degrees within the next 10

to 20 years, and addressing this will require both urgency and a significant amount of money.

The TBF team will accelerate initiatives aimed at achieving carbon neutrality through a number of efforts, including demonstrations and joint research directed at decarbonization, support for the formation of regional carbon-free societies, and global initiatives supported through funds, among others.

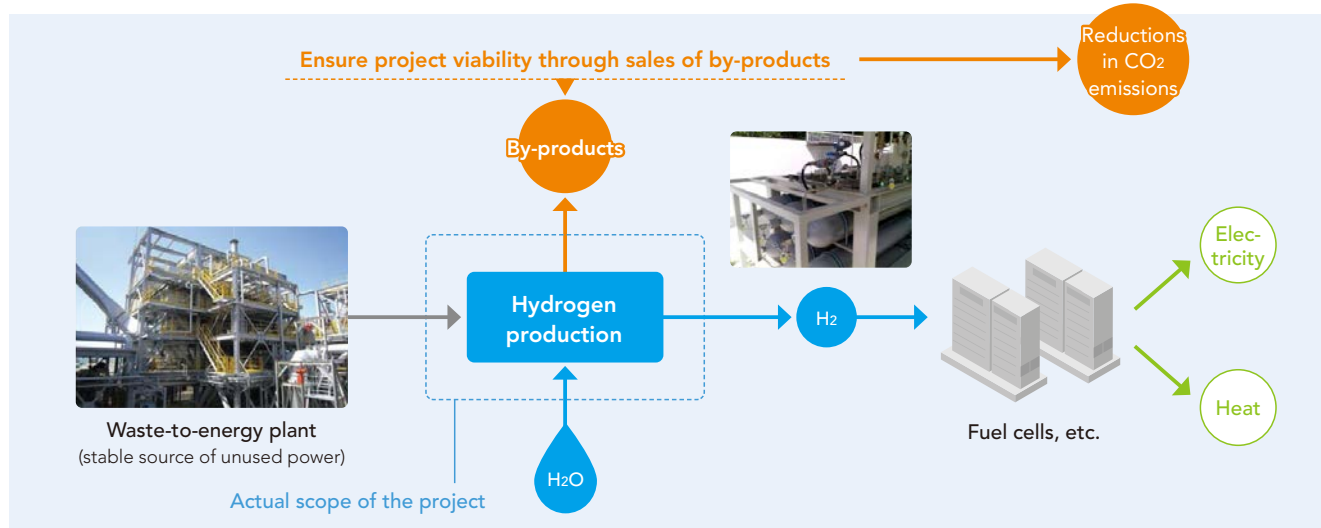
Theme #1: Establishing a Green Hydrogen Supply Chain (Ministry of the Environment Demonstration Project)

Asahi Pretec Corp., FC Development Co., Ltd., X-Scientia Co., Ltd., and SuMi TRUST Bank have started developing systems and carrying out verification tests on building a green hydrogen supply chain through the effective use of by-products. The parties proposed the “Development of a system for building a green hydrogen supply chain through the effective use of by-products” project for consideration as part of the “2021 Low Carbon Technology Research, Development and Demonstration Project,” promoted by the Ministry of the Environment’s Global Environment Bureau, and have been awarded a partial subsidy.

The project seeks to develop hydrogen co-production systems capable of utilizing unused electricity from waste-to-energy plants to jointly produce both hydrogen and by-products, with the goal of significantly reducing

hydrogen production costs. After the completion of the project, the parties will discuss utilizing renewable energy and unused regional energy; their goal is to contribute to regional decarbonization by producing affordable hydrogen, and creating a green hydrogen supply chain that uses both hydrogen and any valuable by-products locally.

In April 2021, SuMi TRUST Bank established a technology-based finance (TBF) team—a group of experts in the fields of environment and energy—with the aim of financing the social implementation of decarbonization technologies. This project is the first case being handled by the team, and it has been working with X-Scientia to achieve its business plan. In this project, the team was in charge of developing demand with a view to commercialization and establishing a business scheme.



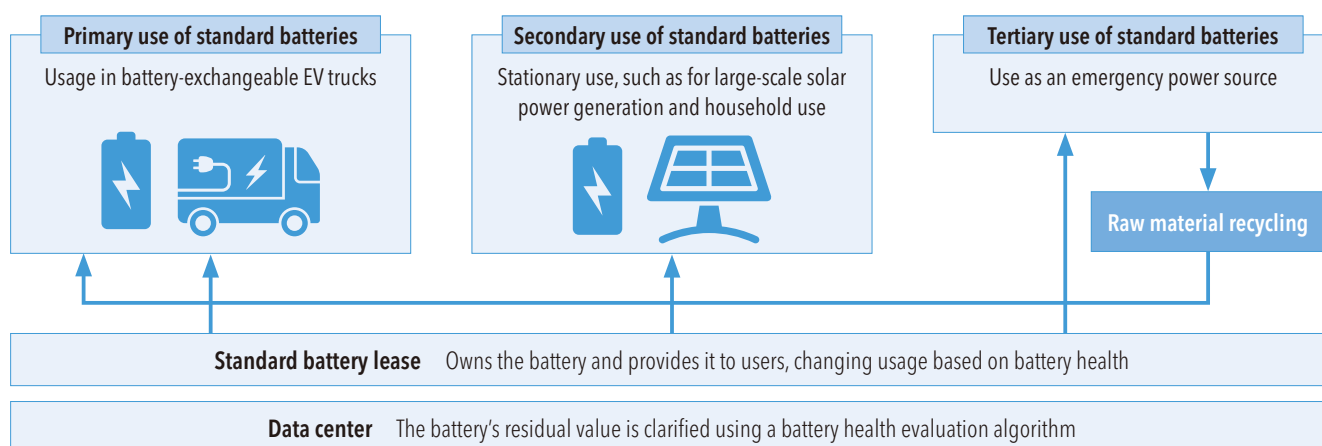
Theme #2: Cost Reduction Strategy Based on Battery Multi-Use (Ministry of the Environment Demonstration Project)

SuMi TRUST Bank and ACR Co., Ltd will begin discussions with a major battery manufacturer and a major logistics company regarding the standardization of detachable batteries and secondary use of battery packs (hereinafter standard cells) to reduce initial costs and battery costs.

It is anticipated that introducing commercial electric vehicles (BEVs) will increase the burden on society and businesses compared to vehicles with conventional internal combustion engines. This includes longer battery charging times, leading to an increase in non-operational vehicle time and in peak facility power due to concentrated charging timings. Introducing detachable batteries is expected to reduce non-operational time resulting from battery replacements, as well as peak power from standard charging of replacement batteries during vehicle operation.

Furthermore, establishing a system to monitor the health of battery packs and repurposing them from vehicle use to stationary use or for social infrastructure depending on the degree of degradation enables batteries to be used effectively. This demonstration will prove the potential for reducing vehicle battery costs, or initial costs through subscriptions, as well as effective utilization of batteries and energy through cooperation with local governments and regional financial institutions.

SuMi Trust Bank is committed to promoting the formation of a sustainable society through the construction of a regional economic ecosystem in cooperation with regional financial institutions, local governments, and businesses, with the aim of achieving carbon neutrality by 2050.

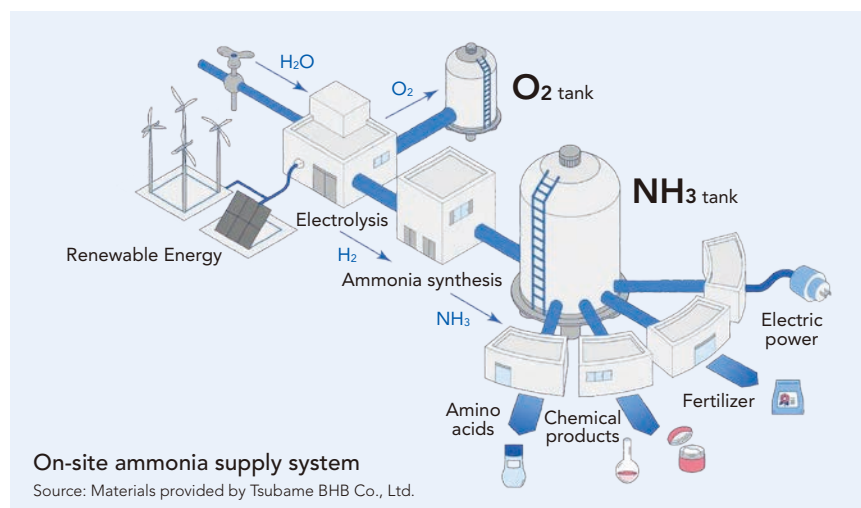


Theme #3: Investment in Tsubame BHB Co., Ltd. to advance the practical application of an ammonia synthesis system for local production and consumption

Since 2021, SuMi Trust Bank has been working on the development and demonstration testing of a system that manufactures hydrogen cheaply from unused regional energy, and it is promoting initiatives to build a green hydrogen supply chain that utilizes manufactured hydrogen in the region. The investment in Tsubame BHB Co., Ltd. is part of the initiatives promoted by SuMi Trust Bank to build a green hydrogen supply chain, such as by adding nitrogen to the manufactured green hydrogen and causing a reaction to allow for the synthesis of even greener ammonia.

By investing in Tsubame BHB and positioning the company as a strategic partner in building a green hydrogen supply chain, as well as promoting collaboration that includes supporting

the sourcing of sites for ammonia synthesis systems, we will contribute to generating impacts geared towards achieving our 2050 Carbon Neutral Commitment.



Theme #4: Capital participation in EV Motors Japan Co., Ltd., which is committed to domestic commercial EVs

In September 2022, SuMi Trust Bank began capital participation in EV Motors Japan Co., Ltd., a start-up that deploys commercial EV vehicles and related equipment to contribute to decarbonization in the transport sector. EV Motors Japan is committed to addressing social issues such as decarbonization, phasing out fossil fuels, enhancing disaster prevention, and promoting the battery industry, all through the deployment of domestic commercial EVs. The bank will support the company in increasing its corporate value and generating/expanding impacts not only through financial support, but also through the expertise of its technology-based finance team. They are also working together toward comprehensive business development, such as creating a local production for local consumption system for energy and developing related charging and discharging infrastructure for the purpose of regional decarbonization and encouraging the use of commercial EVs.



EV community bus deployed by EV Motors Japan
Source: EV Motors Japan website

Theme #5: Supporting the creation of an impact report on local production for local consumption of energy

SuMi Trust Bank has developed a “Odawara City Local Energy Production for Local Consumption Impact Report” that summarizes the results of an impact evaluation of local energy production and consumption in Odawara City. This report elucidates the concrete path (logic model) of the impact that the local energy production for local consumption business, which the city has established as a future goal, will have on the environment, society, and economy. By setting KPIs (Key Performance Indicators), we have built a system to monitor the status of initiatives. SuMi TRUST Bank, in collaboration with Yokohama Bank, a core regional financial institution, and its think tank, Hamagin Research Institute, has identified and evaluated the impact this project will have on the regional economy, society, and environment in

the city, which is working alongside businesses to promote the construction of a local production for local consumption-type regional microgrid.

The impact evaluation was conducted by the Technology-Based Finance Team and involved an impact analysis of the environment and society based on scientific and technical expertise. Odawara City considers the impact evaluation initiative to be highly significant not only for making the project’s connection to the regional contributions valued by the city visible, but also for improving the value of companies working towards a carbon-free society, creating and expanding new companies that offer carbon-free services, and promoting financing in the carbon-free field in collaboration with financial institutions.

Title	Partnership Agreement to Assess the Impact of the Local Production for Local Consumption of Energy Project in Odawara City
Target	<ul style="list-style-type: none"> Establish a platform for cooperating with The Bank of Yokohama, Ltd., Hamagin Research Institute, Ltd., and Odawara City, with the goal of carrying out impact evaluations and formulating impact finance methods for the Local Production for Local Consumption of Energy Project Carry out impact evaluations on renewable energy management, including the use of primarily solar-based distributed power supplies, and the multi-purpose use of electric vehicles (for transport, BCP, and adjusting supply and demand) Select groups of companies to promote the project, and carry out impact evaluations on them; construct a logic model for understanding the collective impact of the initiatives of each company group
The role of SuMi TRUST Bank	<ul style="list-style-type: none"> Identify businesses and projects to undergo impact evaluations Carry out practical affairs related to impact evaluations Provide know-how and support for the execution of practical affairs related to impact evaluations, including conducting interviews with Odawara City and companies involved in the project; managing changes in external environments; and tracking both the quantitative and qualitative effects of the project on regional finance Provide support for understanding the technologies required for Odawara City’s local production for local consumption of energy model Provide support for minimizing negative impacts and for creating and enhancing positive impacts

Theme #6: Joint research with the University of Tokyo that aims to maximize the impact of introducing battery storage

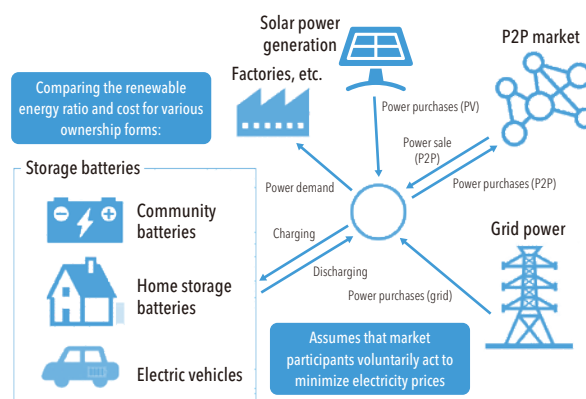
SuMi TRUST Bank and the Graduate School of Engineering at the University of Tokyo are conducting joint research on decarbonization policies tailored to the characteristics of urban spaces.

Many cities have declared their commitment to decarbonization, which entails reducing carbon dioxide emissions to virtually zero by 2050, and they are trying to foster virtuous circulation within the local economy through local production of renewable energy for local consumption. However, in terms of expanding local production of renewable energy for local consumption, there are challenges when it comes to securing a balance between regional supply and demand. Moreover, it is necessary to formulate policies for each city tailored to differences in climate, population, industrial composition, and land use.

For this joint research initiative, we believe that a mechanism for collectively and effectively utilizing small-scale surplus power in distributed renewable energy installations is effective, and we are investigating the optimal ownership structure for storage batteries, taking into consideration cities' characteristics and the incentives of residents and industries. By comparing power costs for consumers and the effect of increasing

the ratio of renewable energy, we aim to propose measures on allocation methods for storage battery resources to allow for efficient decarbonization to be achieved.

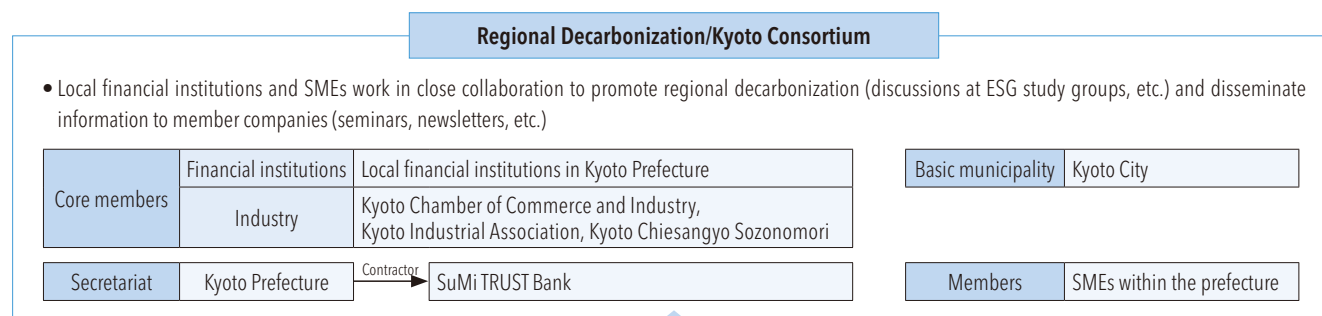
The company will promote the formation of a sustainable society through scientifically based policy proposals and deployment to achieve its 2050 Carbon Neutrality Commitment.



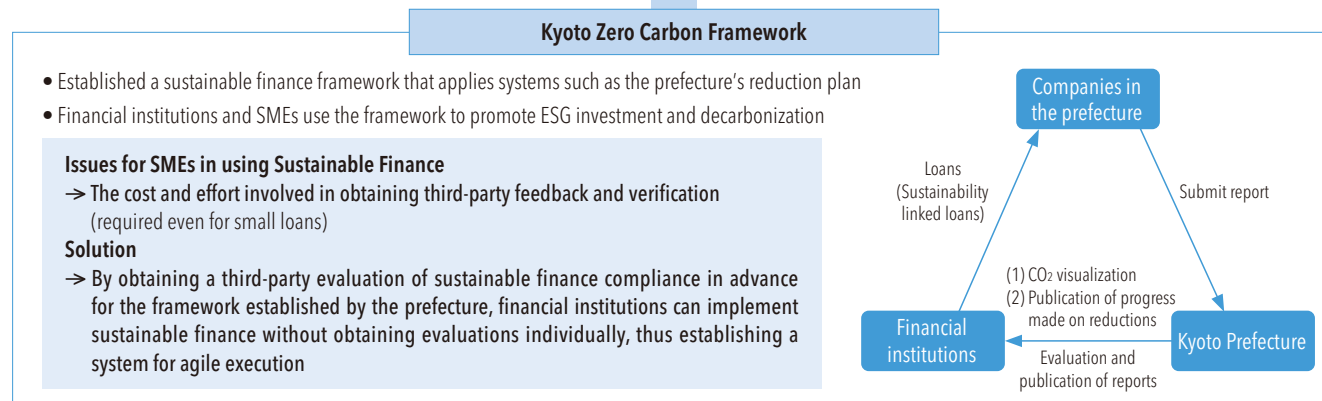
Theme #7: Supporting the construction of Kyoto Prefecture's unique sustainable finance framework

SuMi Trust Bank was entrusted by Kyoto Prefecture with the task of supporting the construction of the Kyoto Zero Carbon Framework, a finance framework allowing small- and medium-sized enterprises (SMEs) and other entities in Kyoto Prefecture to promote decarbonization with the support of local financial institutions. This scheme supports SMEs that have ambitious greenhouse gas emission reduction targets

set by Kyoto Prefecture using sustainability-linked loans from local financial institutions. This framework is a cooperative support system between financial institutions and the policies led by local governments. It was selected as part of the "FY2022 Green Finance Model Case Creation Project" operated by the Ministry of the Environment.



Sharing the prefecture's financial support with the consortium leads to discovering new projects



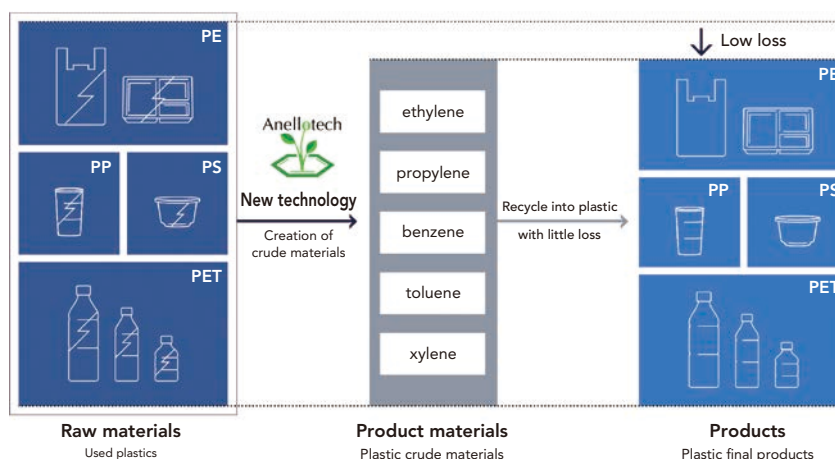
Assisting the Transition to a Circular Economy

We are taking steps towards building a circular economy, which is becoming increasingly important from social perspectives such as decarbonization, natural capital, and well-being, not only because of the severe depletion of resources. It is essential to create a supply chain for the circular economy and have stakeholders in various roles

work together to solve problems in a comprehensive manner. SuMi Trust Bank contributes to the transition to a circular economy by collaborating with numerous companies, local governments, and financial institutions, participating in partnerships and alliances, and engaging in university research projects.

Theme #1: Capital participation in R Plus Japan

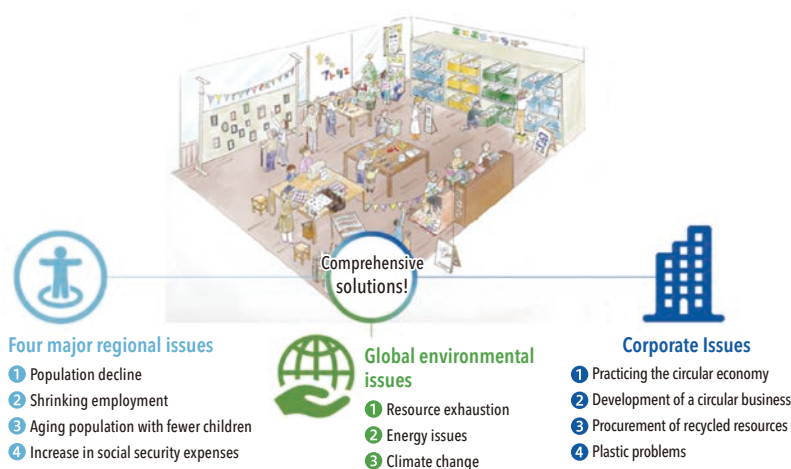
In February 2022, SuMi Trust Bank made a capital investment in R Plus Japan Co., Ltd. (RPJ), with the goal of helping to solve plastic issues and achieve a sustainable society through the recycling of used plastic. RPJ, in collaboration with Anellotech Inc., a U.S. biochemistry venture company, is advancing the development of efficient recycling technology for used plastics with a lower environmental impact. To contribute to the global solution of plastic issues, we aim to recycle 200,000 tons of plastic annually in Japan by 2030 through cross-industry collaboration (40 companies participating as of March 2023) involving the sorting and processing of collected plastics, monomer manufacturing, polymer manufacturing, and container manufacturing, along with trading companies, beverage and food manufacturers, and others.



Source: R Plus Japan Co., Ltd. website

Theme #2: Impact evaluation of mutual aid community-type resource collection

In November 2022, SuMi Trust Bank signed a memorandum of understanding with Amita Holdings Co., Ltd. (hereinafter Amita HD) to carry out a joint impact evaluation of MEGURU STATION® (hereinafter the Station), a mutual aid community-type resource collection station. The station promotes a regional circular economy based on residents separating their household waste and bringing in resources. It provides both a "resource collection function" and a "community development function" that allows residents to interact with each other across generations. Amita HD has been working with local governments and residents in Minamisanriku Town, Miyagi Prefecture; Ikoma City, Nara Prefecture; Kobe City, Hyogo Prefecture; and Tachiarai Town, Fukuoka Prefecture to demonstrate the station. Through this impact evaluation, we will visualize the positive impact (social, environmental, and economic) that the station has



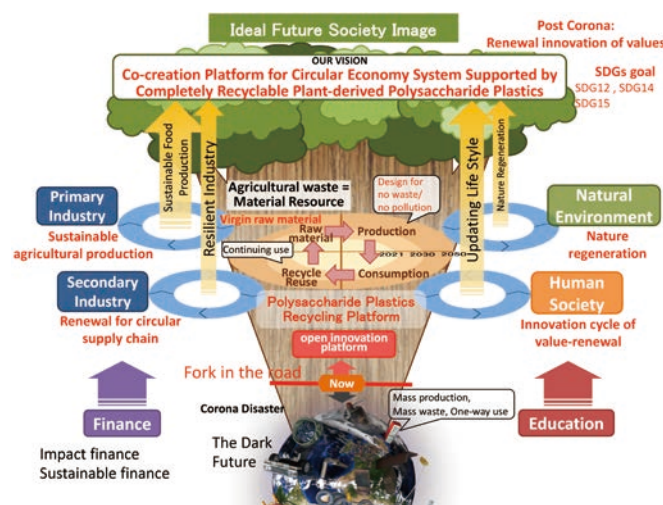
Source: Amita HD website

on society, accelerate collaboration with local governments and companies, and increase the pace at which the circular economy project is deployed.

Theme #3: Participation in “Co-creation Platform for Circular Economy System Supported by Completely Recyclable Plant-derived Polysaccharide Plastics”

In December 2021, SuMi Trust Bank joined the “Co-creation Platform for Circular Economy System Supported by Completely Recyclable Plant-derived Polysaccharide Plastics” project represented by Kanazawa University, which was selected as part of the “Program on Open Innovation Platforms for Industry-academia Co-creation (COI -NEXT)” by the Japan Science and Technology Agency (JST) in FY2021.”

At this research center, polysaccharide agricultural waste is regarded as a resource, and we aim to build a cyclical bioplastic platform that redesigns bioplastic products that do not produce plastic waste in accordance with their applications, produces only the right amount, collects them after use, and continues to use them without producing waste. The TBF team at SuMi Trust Bank is working on building a logic model that generates the impact that research results have on the environment and society. It is also pursuing impact evaluations and technical collaboration with participating companies.

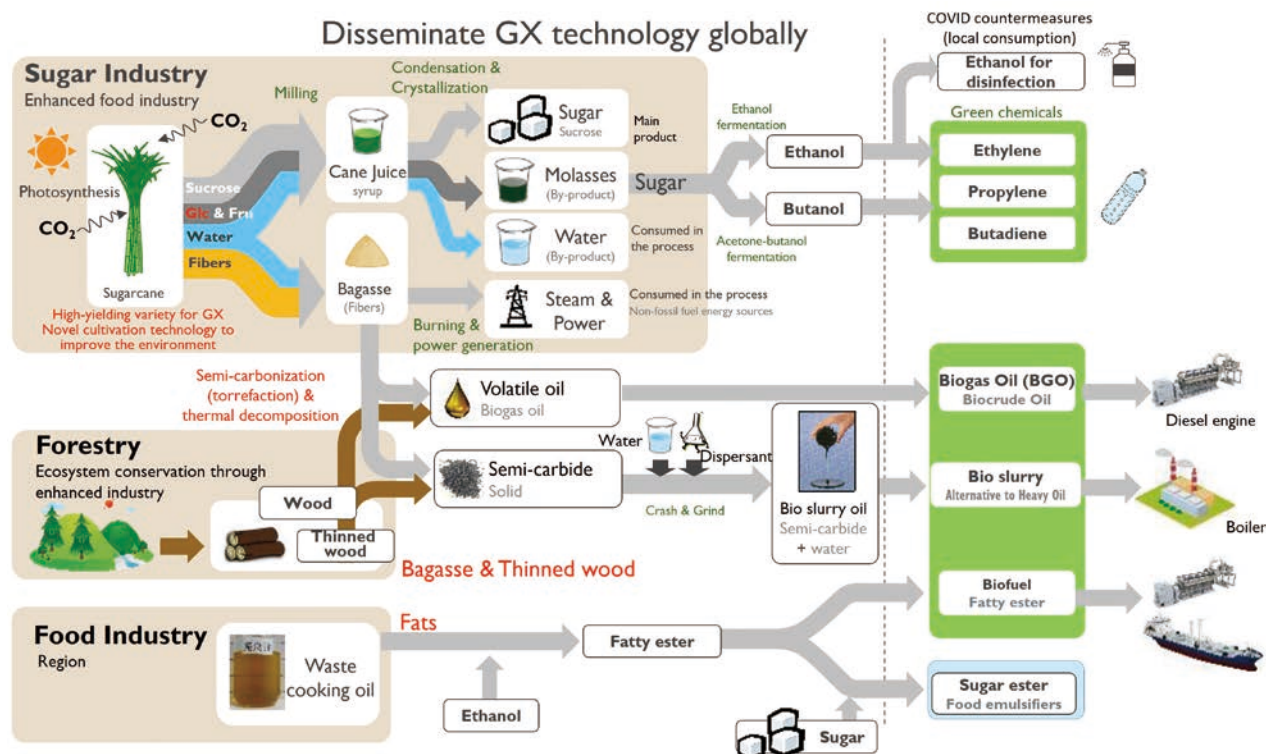


Source: Materials created by Kanazawa University

Theme #4: Participation in the “Co-JUNKAN Platform that Goes Beyond ‘Zero Carbon’” Research Center

In September 2022, SuMi Trust Bank joined the “Co-JUNKAN Platform that Goes Beyond “Zero Carbon” represented by the Tokyo University Institute for Future

Initiatives, an advanced project part of the “FY2022 JST Full-scale Co-creation Site Formation Support Program (COI-NEXT).”



Source: Tokyo University Institute for Future Initiatives, The University of Tokyo (COI-NEXT) website

Please also refer to the separate edition of this report, "ESG Real Estate."

[PDF https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/esg-real-estate.pdf](https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/esg-real-estate.pdf)



ESG Real Estate: New Initiatives

Factors behind demand for ESG in real estate

ESG considerations are indispensable to the attainment of the Sustainable Development Goals (SDGs) and carbon neutrality by 2050. Companies are also required to take concrete action.

The amount of CO₂ emitted from the construction and management of buildings is said to account for approximately 40% of all CO₂ emissions in Japan, including indirect emissions. And given that humans spend a lot of time indoors, indoor environments affect the health and productivity of occupants. As such,

real estate is the foundation that supports all kinds of activities in society, as well as people's lives, and has a significant impact on the three aspects of environment, society, and economy.

The Group aims to further promote the spread of environment-friendly real estate, such as energy- and resource-efficient cities and buildings, and buildings that contributes to improvements in productivity.

POINT

What is environment-friendly real estate?

It refers to real estate that takes environmental considerations into account and "delivers environmental value brought about by exceptional environmental performance and sound management."

As calls in society for environmental considerations and well-being have grown louder in recent years, environment-friendly real estate that provides comfortable spaces to users, is environmentally friendly, and is resilient enough to ensure business continuity even in the event of a disaster, is growing increasingly important in the real estate industry.

High level of environmental quality

High levels of comfort and productivity in places where people live or work

Low levels of environmental impact

Reduced burdens on the environment from, for example, global warming, resource exhaustion, heat island phenomenon, ozone layer depletion, air pollution, noises, vibrations, and offensive odors, loss of traditional streetscapes, and loss of biodiversity

Strong resilience

Enough sturdiness for a building to bounce back and recover from a disaster caused by a giant earthquake or abnormal weather event



ESG initiatives in the real estate sector and expected benefits

Tackling ESG issues in the real estate sector is expected to enhance corporate value and asset value for clients and solve management issues.

Environment

- Promoting greater energy savings
- Using renewable energy
- Promoting the use of recycled resources
- Addressing soil pollution
- Biodiversity

Social

- Enhancing health and comfort of buildings
- Guaranteeing safety (earthquake-resistance of buildings)
- Fighting COVID-19 and other infectious diseases
- Preparing for disasters (BCP measures)
- Contributing to regional communities and economies

Governance

- Ensuring transparency as a corporation, compliance, and internal controls
- Disclosing non-financial information in integrated reports
- Properly managing and utilizing property holdings (managerial resources)

Anticipated value creation



Cost reductions

- Lower utility costs owing to energy savings
- Lower repair costs and depreciation ratio due to longer building lifespans



Greater productivity

- Improved health and comfort and greater productivity thanks to improvement in workplace environment



Less likelihood of future risks

- Preparedness for more stringent regulations, such as future tax levies



Higher market valuation

- Higher property market valuations taking into account environmental factors

Enhancing corporate value and earning the support of stakeholders

Support from investors

Messages to investors that emphasize ESG

Support from employees

Improvements in employee health, intellectual productivity, and motivation, as well as potential advantages in hiring

Support from communities

Gaining positive recognition as a corporate citizen by enhancing local environments mainly by curbing the "heat island" effect and improving the landscape

Study on economic incentives of acquiring environmental certification

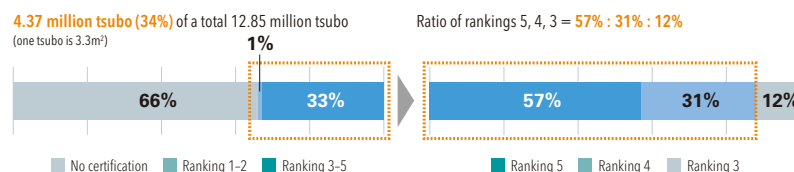
In a joint study with Sumitomo Mitsui Trust Research Institute, we examined the state of environmental certifications in the rental office market in Tokyo's five central wards.

Percentage of environmental certifications obtained

We learned that 34% (GFA basis) of all rental office buildings in Tokyo's five central wards have obtained an environmental certification and that the evaluation rankings are particularly high.

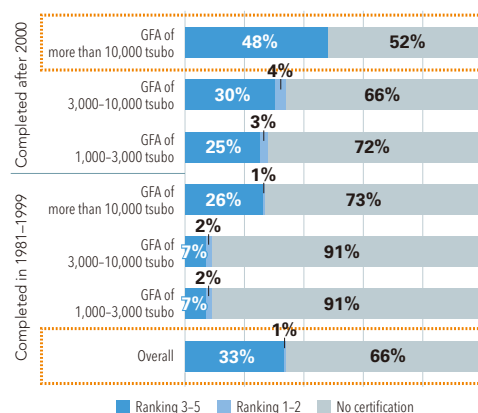
The study focused on an area in Japan where obtaining an environmental certification is relatively common. We think it could serve as an example of the ranking that companies should aim for when they consider acquiring an environmental certification in the future.

34% of all buildings have an environmental certification and the higher rankings of 5 and 4 make up 88%



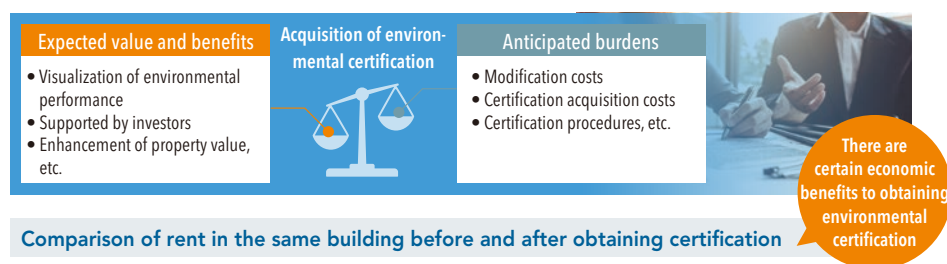
Source: Prepared by Sumitomo Mitsui Trust Research Institute and partially modified by SuMi TRUST Group, based on the Office Building Database of Nikkei Business Publications and publicly available information

The percentage of environmental certifications tends to be higher among large scale buildings completed after 2000



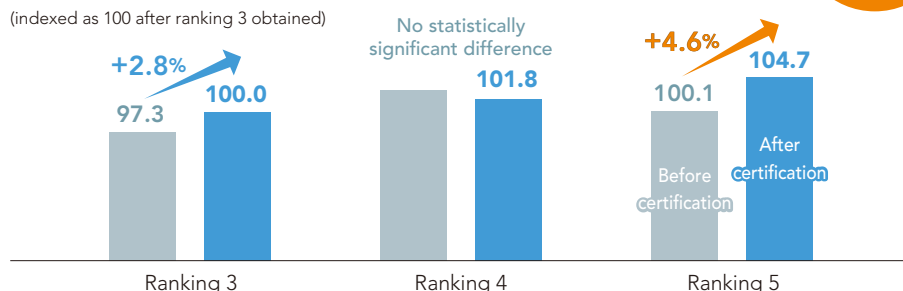
Economic benefits of environmental certification

Taking the environment into consideration does incur extra costs and requires more effort, but on the other hand, it is estimated that there are some economic benefits for properties certified with a high level of environmental performance.



Comparison of rent in the same building before and after obtaining certification

(indexed as 100 after ranking 3 obtained)



It is estimated that rent is boosted by 4.6% when comparing before and after an environmental certification (ranking 5) is obtained for the same building.

Going forward, we hope to conduct further research to demonstrate the economic benefits that an environmental certification can have on rent and contribute in some way to promoting the acquisition of environmental certification.

Survey overview

- Survey targets: Rental office buildings completed after 1981 in Tokyo's five central wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya) with a minimum total GFA of 10,000 tsubo
- Rents: Expected rents for new contracts in SMTRI's office building data
- Environmental certifications: Collection and analysis of publicly announced certification results up until the end of December 2021 under the following three certification schemes: CASBEE (Comprehensive Assessment System for Built Environment Efficiency), DBJ Green Building Certification, and BELS (Building-Housing Energy-efficiency Labeling System)
- Rankings: Under the CASBEE for Real Estate scheme, a ranking of 5 corresponds to S rank, 4 corresponds to A rank, and 3 corresponds to B+ rank

ESG Real Estate: New Initiatives

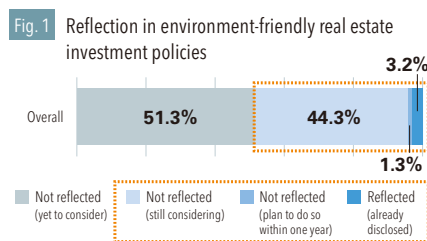
2022 survey of ESG in real estate

ESG measures in the field of real estate investment management are wide-ranging and the stances and priorities of each company's initiatives vary. The purpose of this survey was to shed light on the state of ESG initiatives undertaken by property owners as part of their investment and management practices, and by aggregating the results, it

will give us a better understanding of current ESG trends in real estate.

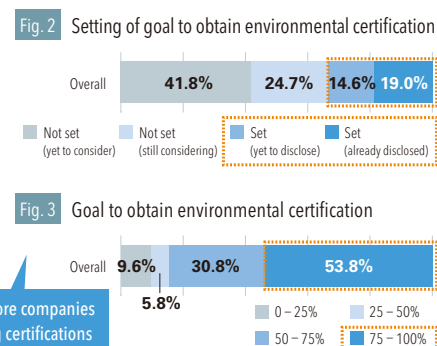
We have plans to conduct surveys on a regular basis up ahead so that we can grasp the changes in how ESG measures in real estate are implemented over time.

Key point 1 More than 40% of respondents answered that they are thinking about evaluating prices of environment-friendly real estate more highly



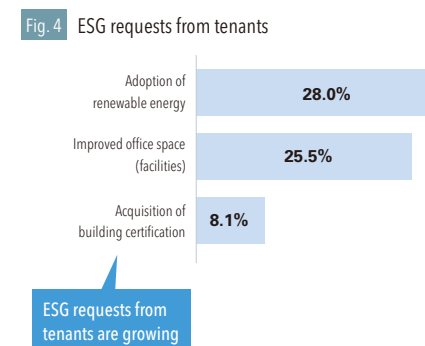
Companies are reviewing their investment policies

Key point 2 Companies that seek to obtain environmental certification set themselves ambitious targets



More and more companies are acquiring certifications

Key point 3 Approximately 30% of respondents have been asked by tenants to switch to renewable energy



Survey overview

- Survey period: Wednesday July 13, 2022 to Wednesday August 24, 2022
- Number of questions: 46
- Participating companies: 161 (major property holders in the real estate market, including asset managers, real estate firms, construction companies, and insurance companies)

Supporting the decarbonization of entrusted properties

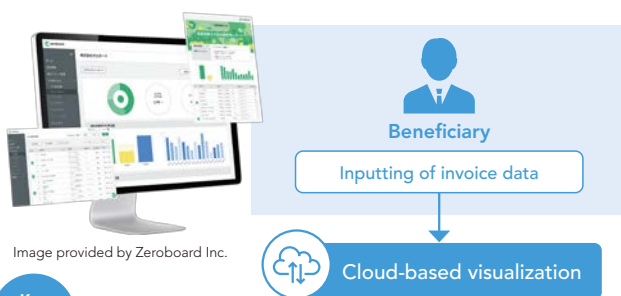
As the trustee of one of Japan's largest real estate securitization trusts, we started offering some new support services to promote the decarbonization of real estate together with our clients.

From the visualization of GHG emissions, the entry point

to achieving decarbonization, right through to renewable energy conversion with the purchasing of non-fossil fuel energy certificates, we will support carbon-neutrality efforts at held and managed properties while reducing costs and time for beneficiaries.

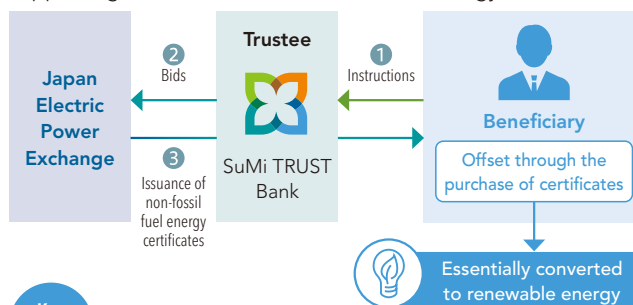
Support on calculating GHG emissions

Supporting the "easy" calculation of GHG emissions of property holdings for beneficiaries



Service for beneficiaries to purchase non-fossil fuel energy certificates

Purchasing certificates at the instruction of beneficiaries and supporting their conversion to renewable energy



*Both services are provided to the properties entrusted to SuMi TRUST Group

ESG Real Estate: Enhancing and Visualizing the Environmental Performance of Properties

Visualization of environmental performance

Through our consulting services that support the acquisition of environmental certifications, we are supporting the enhancement and visualization of the environmental performance of properties.

Scope of services	Environmental considerations in buildings	Environmental considerations in urban development	Focused on health and comfort of buildings	
	CASBEE for Real Estate	CASBEE for Urban Development	CASBEE-WO (Wellness Office)	WELL Building Standard™*

*Clients are referred to a partner company that supports the acquisition of this certification

About CASBEE (Comprehensive Assessment System for Built Environmental Efficiency)

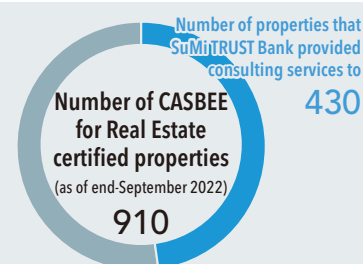
CASBEE is currently gaining traction in Japan as a system for evaluating the overall environmental performance of buildings. It was developed in 2001 under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Various tools have been released thus far—for example, CASBEE for New Construction, which can assist designers in the environmentally friendly design process or be utilized in reports submitted to local governments, and CASBEE for Real Estate, which is used widely in the property market mainly as a labelling tool.

To help with corporate initiatives aimed at solving sustainability issues, SuMi TRUST Bank offers consulting to support applications for CASBEE for Real Estate certification.

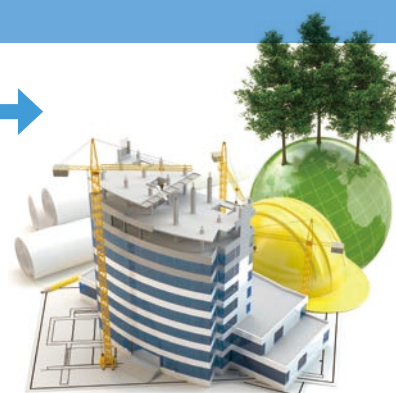
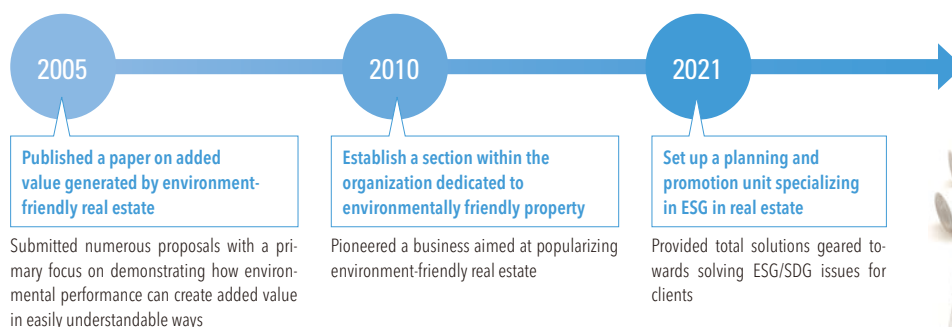
Number of CASBEE for Real Estate certified properties (as of end-September 2022): 910

Of these, the number of properties that SuMi TRUST Bank provided consulting services to: 430

(of which, 367 were for listed real estate investment corporations (J-REITs), 32 for private J-REITs, 14 for special purpose companies and the like, 11 for business corporations, and 6 for life insurers)



SuMi TRUST Bank—a pioneer of environmentally friendly property



Main initiatives

► Inception

A commemorative paper entitled "A Note on Environmental Value Added for Real Estate" for the 10th anniversary of the Tokyo Association of Real Estate Appraisers received a prize for excellence in 2005

► 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

► 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; successively released a collection of case studies and a handbook for Responsible Property Investment (RPI)

► Initiatives related to CASBEE

Lead organizer of a subcommittee examining CASBEE property appraisal since 2007 and chairperson since 2022; launched "CASBEE for Real Estate" certification system in 2013

► Initiatives related to real estate appraisal and evaluation

- Chair of a working group on environmental added value, organized by the Japan Association of Real Estate Appraisers (JARE), since 2007
- Member of an office building performance evaluation and display manual committee; released a manual on office building performance evaluation and display in 2017
- Released a report on examining assessments concerning ESG considerations in real estate appraisals (MLIT) in 2021

► Initiatives with national and local authorities

- Member of an MLIT-sponsored study committee on the promotion and spread of environmentally friendly property; the committee was established in 2008
- Member of the Tokyo Metropolitan Government's low carbon partnership committee for small and medium-sized buildings; the committee was established in 2012 by the Tokyo Bureau of Environment
- Member of the Smart Wellness Office Research Committee, sponsored by the Japan Sustainable Building Consortium; announced results of a study on economic impact of buildings with CASBEE evaluations in 2015; discussed CASBEE-Wellness Office system, which started offering certifications in 2019
- Member of an MLIT-sponsored study committee on the promotion of ESG investment for addressing social issues in the real estate sector since 2021

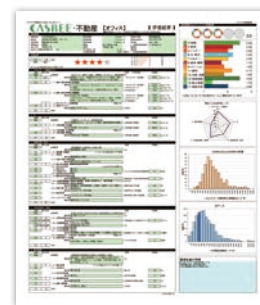
ESG Real Estate: Enhancing and Visualizing the Environmental Performance of Properties

Consulting in support of CASBEE for Real Estate certification applications

We provide support at every stage of the certification process, from the selection of properties through to the evaluation and submission of applications to the certification body.

About CASBEE for Real Estate

CASBEE for Real Estate was developed in 2012 for the purpose of promoting the broader adoption in the property market of environmental performance assessments of managed buildings (offices, commercial facilities, logistics, apartment complexes). The items of assessment in CASBEE for Real Estate have been considerably narrowed down so they remain compatible with environmental performance assessments overseas whilst also remaining consistent with other tools in the CASBEE family, such as CASBEE for New Construction. Since 2021 it has been able to optionally assess the initiatives of buildings with regard to the SDGs. Owing to the fact that CASBEE for Real Estate can also be used in GRESB assessments, its use is quickly gaining momentum mainly among REITs and real estate companies that are sensitive to sustainability.



CASBEE for Real Estate evaluation sheet

Identifying problems with CASBEE for Real Estate and suggesting improvements

In addition to using CASBEE for Real Estate for property evaluations, we also make suggestions about how to identify problems and make improvements to environmental performance.

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, 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 SBICI) is studying.

*3 O&M: operation and maintenance

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

Owners	Property	Rank	Certification date
Isetan Mitsukoshi Holdings Ltd.	Isetan Shinjuku Main Store	S	2021/7/9
AEON REIT Investment Corporation	AEONMALL YAMATOKORIYAMA	S	2022/3/15
DREAM Private REIT Inc.	MCUD Zama	S	2022/3/18
Suarez TMK	River Side SUMIDA	S	2022/4/28
Keyaki TMK and Kajima Private REIT, Inc.	World Business Garden	S	2022/5/23
Nippon Prologis REIT, Inc.	Prologis Park Osaka 2	S	2022/6/30
Japan Prime Realty Investment Corporation	Shinjuku Square Tower	S	2022/6/30
Nippon Building Fund Inc.	G-BASE TAMACHI	S	2022/7/29
Comforia Residential REIT, Inc.	COMFORIA OMIYA	S	2022/7/29
Sekisui House Asset Management, Ltd.	Prime Maison Shirokanedai Tower	S	2022/8/15
Otsuka Warehouse Co., Ltd.	CROSS DOCK HARUMI	S	2022/8/31
Japan Metropolitan Fund Investment Corporation	Machinoma Omori	S	2022/8/31
Starts Proceed Investment Corporation	Proceed Nishiarai (Artier)	S	2022/10/31

Supporting applications for two certifications concerning the health and comfort of buildings

CASBEE-Wellness Office

Consulting in support of certification applications

We were involved in the development of CASBEE-Wellness Office through an MLIT study group tasked with promoting ESG investment and by sitting on its Smart Wellness Office Research Committee. We currently provide consulting services in support of certification applications.

About CASBEE-Wellness Office (WO)

Given the need for reforms aimed at improving health and productivity management and intellectual productivity, this new office model assessment system focuses on evaluating buildings in terms of health and comfort for office workers. More and more corporations are using it to promote their own positive impacts.

Differences between CASBEE-WO and WELL Building Standard™

	CASBEE-WO	WELL Building Standard™
Regions	Within Japan	Worldwide
Building use	Offices	All uses
Assessment items	51	119 (selection options)
Certification period	5 years	3 years

Consulting in support of CASBEE for Urban Development certification applications

We carry out environmental performance evaluations using CASBEE for Urban Development, and offers support services such as certification application advisory and review handling services.

About CASBEE for Urban Development

This tool assesses the environmental performance of urban development, including residential and commercial areas. It evaluates the quality of urban development environments from three angles—environment, society, and economy—and also assesses how well environmental impacts are minimized. It comprises assessment items that readily reflect initiatives related to the SDGs or ESG.

Consulting in support of applications for the WELL Building Standard™ certification

Developed by US-based Delos in 2014, the WELL Building Standard™ is a certification system for evaluating the performance of buildings and urban spaces with a focus on the health and well-being of people. We leverage a business alliance with Panasonic to provide support on WELL Building Standard™ applications.

Visualizing the value of smart towns and cities and supporting concept formulation

The development of smart towns and cities incorporating next-generation social systems at the regional level, with a complex combination of not only the effective use of electricity, but also the area-wide use of thermal and underutilized energy and the transformation of regional transportation systems and citizens' lifestyles, has become a key point in community development in recent years.

In order to make smart towns and cities a reality, economic added value commensurate with higher costs must be created

whilst establishing clear targets from the basic planning stage onward for environmental, social, and governance issues.

We support projects for smart towns and cities on many fronts, such as devising frameworks that link various initiatives on environmental contributions to economic added value 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



ESG Real Estate: Enhancing and Visualizing the Environmental Performance of Properties

Helping clients make environmental considerations of construction

Construction consulting

We commercialized Japan's first land trust system in the 1980s and have been involved in developing and managing many building and condominium projects. As an expert on the client side, we leverage this business owner experience to provide advice about environmental considerations, such as a building's entire life cycle costs, the installation of energy-saving systems, ways to take into

account landscapes and ecosystems, and extending building lifespans.

In recent times, there has been an increase in the number of properties aimed at acquisition of environmental performance certifications like ZEB*¹ (net-zero energy building), as well as projects aimed at adoption in MLIT's leading projects program for sustainable buildings or in METI's net-zero energy building proof-of-concept pilot program.

Examples: Construction-phase support for environmental considerations

Company Name	Location	New construction/renovation	Use	Number of Floors	GFA	CASBEE rank
Toyo Seikan Group Holdings, Ltd.	Tokyo	New construction	Office* ²	2 basement floors, 21 floors above ground, 1 rooftop floor	Approx. 72,400 m ²	S (acquired)
DAIKIN INDUSTRIES, LTD	Osaka	New construction	Office, R&D facility* ²	1 basement floor, 6 floors above ground	Approx. 48,000 m ²	S (self-evaluated)
HIROSHIMA MAZDA CO., LTD	Hiroshima	Renovation	Office, observation deck, product sales and dining facilities* ²	2 basement floors, 14 floors above ground	Approx. 11,500 m ²	A (notified)
Chugoku Labour Bank	Hiroshima	New construction	Office	14 floors above ground	Approx. 9,700 m ²	S (acquired)
ANRITSU CORPORATION	Kanagawa	New construction	Office* ³	7 floors above ground	Approx. 28,000 m ²	S (self-evaluated)
THE SHIMANE BANK, LTD	Shimane	New construction	Central branch* ²	1 basement floor, 13 floors above ground	Approx. 12,000 m ²	S (self-evaluated)
Hamamatsu Iwata Shinkin Bank	Shizuoka	New construction	Office* ²	Head office: 10 floors above ground; Main branch: 4 floors above ground	Approx. 16,000 m ²	Head office: S (self-evaluated); Main branch: A (self-evaluated); WO: S (self-evaluated)

*1 Buildings aimed at realization of a comfortable indoor environment whilst balancing out the amount of primary energy used annually by the building to zero

*2 Selected for the MLIT-led "leading projects" program for sustainable buildings

*3 Selected for the METI-led "net zero energy building" proof-of-concept pilot program

Case Study A

HIROSHIMA ORIZURU TOWER

Ministry of Land, Infrastructure, Transport and Tourism's Leading Projects Program for Sustainable Buildings: Example of Selection

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.

Case Study B

Global head office of Anritsu

(case example of selection in METI's net-zero energy building proof-of-concept pilot program)

With the aim of contributing to global decarbonization and the creation of a sustainable society, the Anritsu Group has plans to turn its head office and R&D site into a net-zero energy building (ZEB).

By improving heat insulation efficiency of exterior walls and windows, combined with the use of natural energy, such as natural lighting and ventilation, and the installation of highly efficient lighting fixtures and air-conditioners, Anritsu is endeavoring to achieve ZEB status by reducing energy consumption and generating its own energy with solar power.

In addition, the adoption of energy that can be visualized is also helping foster an awareness of energy-saving among its users (employees).



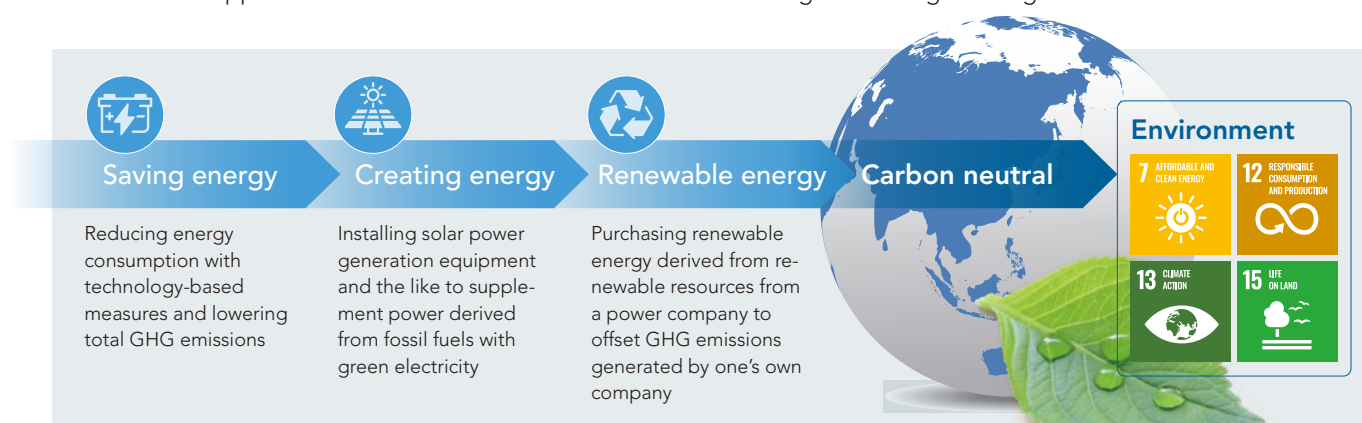
ESG Real Estate: Achieving Carbon Neutrality in Energy Use

Using less energy in existing buildings

Energy-saving consulting

We offer an energy-saving consulting service that entails the planning of measures designed to reduce GHG emissions from buildings as part of our property administration business that supports the business activities of clients.

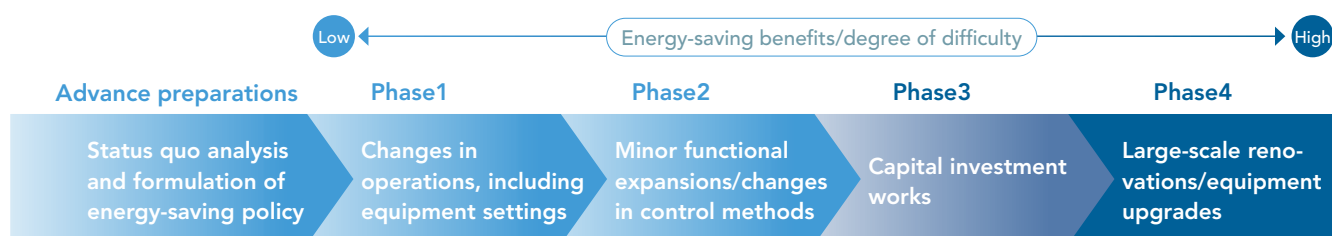
We aim to strike the right balance between higher profitability stemming from revised capex plans with reductions in total GHG emissions, lower utility costs, and limiting deterioration in equipment by achieving greater energy savings in existing buildings.



We gain an understanding of a building's energy performance by firstly analyzing its status quo. In other words, we conduct a building "health check." We can then establish some targets for reducing GHG emissions and the consumption of utilities and formulate an energy-saving

policy. The extent of energy-saving benefits is more or less proportional to the degree of difficulty (investment costs, time, degree of impact on tenants, etc.). That is why it is important to undertake examinations beforehand when devising a plan.

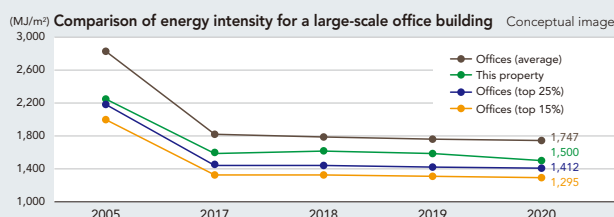
Conceptual image of formulating and implementing an energy-saving policy



Advance preparations

Example of a comparison with benchmarks for an office building

After obtaining the emissions intensity for the client's building from the amount of energy it consumes, we compare and analyze it against benchmarks that match the building's characteristics, from figures such as published by the Tokyo Metropolitan Government's Bureau of Environment. Measuring the building's energy-saving performance gives a rough idea of its energy-saving potential.



Case example of a client proposal

Energy-saving proposal for a production plant in the manufacturing industry

We analyzed the details of annual and daily fluctuations in the amount of energy consumed by equipment (excluding manufacturing equipment) incidental to production equipment at a client's production plant and proposed energy-saving operational approaches without the need for additional capital investment.

We also examined the impact it would have on production lines, the amount of reduced energy use if such measures were to be taken, and the possibility of cost reductions in an effort to help the client make a decision on whether or not they adopt our proposal.



ESG Real Estate: Achieving Carbon Neutrality in Energy Use

Introduction of renewable energy sources

More and more clients are proactively considering the introduction of renewable energy in an effort to decarbonize their buildings.

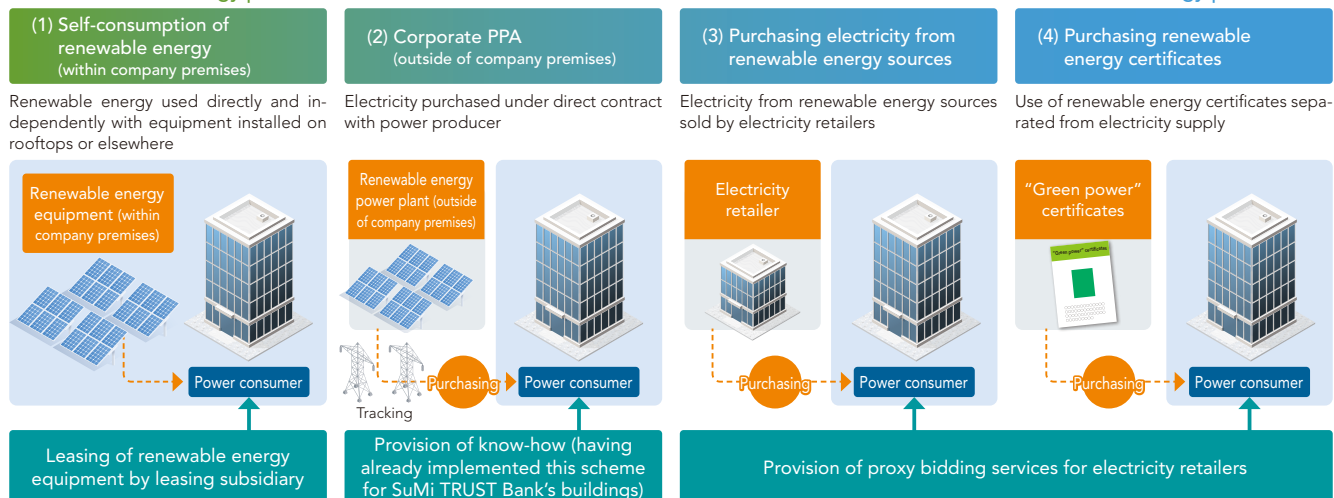
SuMi TRUST Bank appropriately gauges the decarbonization strategies of its clients (power consumers) and helps them select procurement methods that balance both

environmental and economic performance.

In addition to collecting electricity retailers' bids on behalf of clients, the Bank supports the long-term, stable procurement of renewable energy by participating in more direct renewable energy creation models, such as captive consumption-type transactions and corporate PPA transactions.

Direct renewable energy procurement

Indirect renewable energy procurement



Energy support with the use of leasing schemes

ESCO services

An ESCO (energy service company) provides a comprehensive range of services to achieve energy savings, from the installation of energy saving equipment through its maintenance and management.

Sumitomo Mitsui Trust Panasonic Finance is partnering with ESCOs to offer energy-saving equipment leasing. The utilization of leasing means the upfront investment cost of replacing equipment can be eliminated, and in cases where certain conditions are met, subsidies can also be applied. With this service, Sumitomo Mitsui Trust Panasonic Finance can offer proposals that seek to protect the environment by saving energy whilst also lowering utility and maintenance costs.

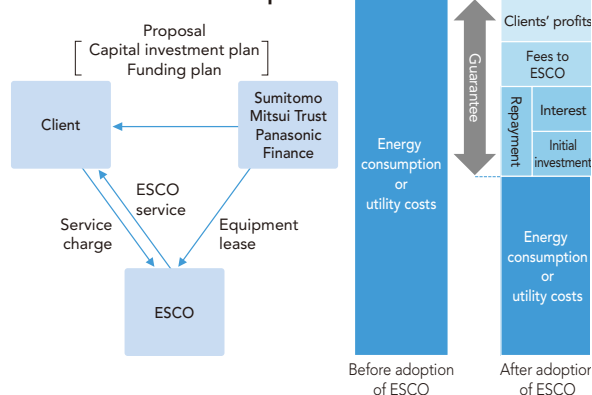
Home renovation loans for smart homes

A smart home is a residence in which overall power consumption can be optimally controlled and utilized by having home appliances and equipment connected to solar power generation or storage battery/thermal storage systems centering on a home energy management system (HEMS).

Sumitomo Mitsui Trust Panasonic Finance is supporting smart home conversions through the provision of home renovation loans. In partnership with construction contractors and vendors, we are helping households fight climate change mainly by promoting the uptake of household solar power generation equipment and the like.

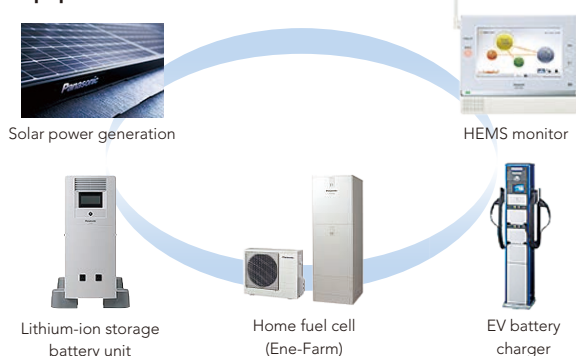


Outline of ESCO Concept



*Case where a client adopts "Shared Model," one form of an ESCO scheme

Equipment needed for a smart home



Asset Management Initiatives

Sumitomo Mitsui Trust Asset Management initiatives

Sumitomo Mitsui Trust Asset Management (SMTAM) has identified climate change as an ESG materiality item and strives to engage with domestic and foreign companies, exercise voting rights for them, and develop and provide investment products, based on various risks and opportunities related to climate change.

In addition, SMTAM considers engagement and the exercise of voting rights to be a direct opportunity to require that investee companies, etc. make management decisions and build systems based on climate change risks, and—by actively implementing the above—SMTAM strives to maximize its assets under management and control asset management risks. In terms of engagement, SMTAM conducts activities

both independently and through the PRI,^{*1} CA100+^{,*2} etc.

In terms of collaboration with stakeholders related to climate change, SMTAM engages with industry bodies and conducts policy recommendation activities through the Investor Agenda.^{*3}

SMTAM also provides investment opportunities considering climate change risks and opportunities through passively/active investment products with consideration of climate change issues.

^{*1} The Principles for Responsible Investment, which require that institutional investors consider ESG when making investment decisions.

^{*2} A collaborative engagement organization group that requires companies with high GHG emissions based on TCFD to disclose information.

^{*3} An institutional investor initiative that promotes low-carbon acts related to climate change.

Examples of Sumitomo Mitsui Trust Asset Management engagement

CASE 1

Nextera Energy Inc.

(USA/power)

- Climate change issues
- Promotion of information disclosure (environment)

Engagement manager's perspective

In spite of having high GHG emissions, the company has not disclosed any specific long-term measures. Related improvements therefore seem necessary.

SMTAM's opinion

Although it is admirable that your company leads the industry in terms of investment in renewable energy and has disclosed GHG reduction results and set specific short-term targets, you are not committed to achieving net-zero emissions in the long term. The consistency of your approach with scenarios in which the temperature rises by 1.5 degrees is unclear as well. It therefore seems necessary for you to express your commitment to achieving net-zero emissions in the long term and to present a roadmap for doing so.

Company's response

- Although the long-term transition is important for achieving net-zero GHG emissions, we are also considering the need to maintain a stable supply of power and to set acceptable prices as we proceed.
- Our business base in Florida has a power mix that consists of 60% gas power and 20% nuclear power, with the rest consisting of solar/power storage. Given that solar power output is affected by sunlight and nuclear power requires us to maintain a certain level of operation—and therefore lacks the flexibility to deal with demand fluctuations—gas power is extremely important as a cushion.
- It will also become possible to switch to hydrogen in the future.

Company's actions

- In June 2022, the company announced its long-term (2045) target of achieving net-zero emissions.
- The company also set comprehensive targets—including expected economic effects, such as the creation of jobs to achieve a Just Transition—related to the accelerated introduction of renewable energy and the promotion of power storage/hydrogen technologies to help achieve carbon neutrality.

SMTAM's evaluation and future policy

- Business-related dialogues based on an awareness of the management environment, including technology, regulations, and politics, have been held to achieve a deeper mutual understanding with the company side.
- At the same time, effective engagement has been achieved, including the submission of letters to the chairman (written opinions) that used CA100+ and other collaborative initiative tools as a reference.
- We will continue with efforts to implement long-term action plans, investment plans, and plans that consider the social impact and other details of transitioning to carbon neutrality as well as PDCA-based monitoring.

CASE 2

TotalEnergies

(France/energy)

- Climate change issues

Engagement manager's perspective

Although the company has been promoting active, advanced climate change initiatives since 2021, further enhancement and acceleration seem necessary given the company's position as an industry leader.

SMTAM's opinion

Given that your energy company is a major representative of Europe and a key CA100+ brand, investors pay close attention to you. It therefore seems necessary for you to further enhance various initiatives aimed at achieving net-zero GHG emissions. More specifically, you are expected to disclose information on your progress in terms of renewable-energy investment projects and to promote an industry-leading strategy in terms of implementing more comprehensive Scope 3 initiatives, etc.

Company's response

Following the announcement of our commitment to achieving net-zero emissions by 2020, we disclosed specific details of our renewable energy investment projects, and we have announced our specific Scope 3 initiative policies on an ongoing basis. We also promote thorough dialogues with various stakeholders, and we will continue to do so as we confirm the trends of our competitors as well.

Company's actions

In July 2022, the company engaged in direct dialogues with local stakeholders, describing individual initiative policies for achieving net-zero emissions and expressing its strong commitment to its vision of achieving top-tier performance as an energy-industry leader.

SMTAM's evaluation and future policy

- The company is already promoting advanced GHG reduction initiatives, but SMTAM was able to explain to and gain understanding from them that further refinement of individual measures and steady progress are necessary.
- Through engagement, we will explain SMTAM's approach—such as by sending the company letters—to achieve more detailed discussions and relationship building.
- In the future, we will monitor the company's progress in terms of promoting specific initiatives aimed at achieving net-zero emissions.

Asset Management Initiatives

CASE 3

Domestic Non-Manufacturing Company A

- Business strategy
- GHG reduction

Analyst's perspective

The company's business consists largely of mineral resources. In addition, there is a high likelihood of the risk of ending up with stranded assets due to climate change being incorporated into the share price, which has a PBR of less than 1x. Therefore, it seems necessary to come up with business portfolio strategies linked to addressing climate change issues.

SMTAM's opinion

Although your company conducts scenario analyses by business segment and discloses the resulting information based on the TCFD Recommendations, your business portfolio strategies are not linked strongly enough to addressing climate change issues. We therefore believe it is necessary for your company to include such strategies in your next medium-term plan to show that you are striving to sustainably enhance your corporate value while securing income opportunities and controlling risks.

We believe that the Scope of responsibility for addressing climate change includes the entire supply chain. Therefore, it seems necessary to set medium- to long-term targets that include not only Scope 1 and 2 but also equity method investment as detailed in category 15 of Scope 3.^{*1} In addition, regarding trading as detailed in category 11,^{*2} it seems necessary to take steps that include both contributing to GHG reduction by providing business opportunities aimed at achieving carbon neutrality to clients and verifying/disclosing the risk of owned assets becoming stranded.

Company's response

When formulating our medium-term management plan, we categorized each business segment according to its environmental impact and considered how to make business portfolio changes so as to achieve the transition. In addition, we are considering applying internal carbon pricing to each investment project.

We were able to organize our Scope 3 approach. We would also like to consider disclosure pertaining to categories 11 and 15. At the same time, in terms of the SBTi,^{*3} only carbon removal is recognized as a valid carbon neutrality approach, but we would like to consider responding with offsets, including credit. We are also developing tools to use to visualize the risk of ending up with stranded assets and are promoting risk management specific to each business department. In addition, we are considering reviewing our business portfolios based on consideration of the profitability assuming that internal carbon pricing is applied.

Company's actions

In the new medium-term management plan disclosed by the company with their 2022 financial results, they clearly stated a management strategy consistent with their environmental vision and targets. The company has also disclosed information that includes cross-division initiatives to promote energy-transition investment and the transition itself, a governance system for monitoring the progress of sustainability initiatives, and their composition ratio plans for their green-asset balance sheet. In addition, the company will introduce a mechanism for achieving both the carbon neutrality and resilience of its portfolios.

In October 2021, the company announced that—in terms of its GHG emissions, including affiliated company Scope 1 + 2 emissions (ownership ratio)—it plans to reduce emissions by half by FY2030 (compared to FY2020) and to achieve net-zero emissions by 2050. The company also formulated a roadmap for energy-transition investment on a multi-trillion yen scale up through FY2030.

SMTAM's evaluation and future policy

The dialogue targets with specified issues have been achieved, but SMTAM will continue monitoring the effectiveness of business portfolio strategies linked to actions to address climate change issues in the company's medium-term management plan. In addition, regarding GHG reduction as well, we will continue engaging in dialogues concerning more comprehensive information disclosure based on the TCFD Recommendations, including the breakdown of action and reduction plans aimed at expanding the Scope 3 reduction-target scope (category 11, etc.) and achieving 2030 targets as well as increasing the scenario-analysis sophistication.

CASE 4

Domestic Non-Manufacturing Company B

- GHG reduction
- Corporate governance

Analyst's perspective

Due to the increasing interest in climate change issues and the strict view of companies with high GHG emissions, a quick response is required. In addition, given that the Board of Directors has no female directors and an external-director ratio of less than 1/3, efforts to enhance corporate governance seem necessary.

SMTAM's opinion

Even if shareholder proposals have been obtained from other shareholders in relation to climate change—an ESG materiality issue identified by SMTAM—voting decisions must be made based on whether a clear GHG reduction plan has been presented as well as the consideration of past performance. Your company's reduction plan is based on assumptions that include the achievement of GHG capture and storage, but—based on technical considerations and social conditions—there seem to be risks related to the effectiveness of your approach. It therefore seems necessary to consider and disclose alternative scenarios.

Your independent external director ratio of less than 1/3 does not satisfy the criteria stipulated in SMTAM's guidelines for the exercise of voting rights. It therefore seems necessary to increase the sophistication of your corporate governance, including improving this ratio. In addition, what is your view/analysis of the fact that, at your Ordinary General Meeting of Shareholders, your resolutions regarding the approval of a chairman and president had low approval ratings? It seems necessary to apply this result to the enhancement of your corporate governance as well.

Company's response

Under our GHG reduction plan up through 2030, we are planning to renovate or stop the operations of aging plants, but we have not disclosed our individual plans. Given that the CO₂ reducing effects of new plants will be determined in part by which plants are stopped instead of them, we do not have any clear details on this.

We are currently reviewing and discussing how to get our ratio of independent external directors to 1/3 or more, including institutional design, and we hope to accomplish this before the end of the year. Based on our analysis, reasons for the low approval rate that you pointed out include our low ratio of independent external directors as well as our total lack of female directors. We were not fast enough to make changes this time, but we are promoting initiatives to attract suitable human resources.

Company's actions

In addition to transitioning to become a company with an Audit and Supervisory Committee, the company increased its ratio of independent external directors to at least 1/3 and appointed female directors.

SMTAM's evaluation and future policy

At the Ordinary General Meeting of Shareholders, a shareholder proposal requesting that climate change issues be addressed was submitted, and—given that there were no problems in terms of SMTAM's guidelines for the exercise of voting rights from the perspective of urging the company to pursue initiatives—the proposal was approved. In the future, we will request that the company disclose information on specific, effective measures for achieving its 2030 and 2050 targets. Although we have seen some progress from the perspective of corporate governance, we will engage in dialogues aimed at getting the company to continue pursuing initiatives to enhance its corporate governance, including the selection of successors in the case of independent external directors whose independence might be called into question given the length of their tenure.

^{*1} One of 15 categories of Scope 3 emissions (other indirect emissions), specifically GHG emissions by investees. Scope 3 is separate from Scope 1 (direct emissions) and Scope 2 (indirect emissions from electricity use, etc.).

^{*2} A Scope 3 category that covers emissions due to the use of sold products.

^{*3} An initiative that promotes the setting of corporate reduction targets consistent with scientific knowledge in order to achieve the goal of keeping the rise in the average global temperature due to climate change to 1.5 degrees or less compared to before the industrial revolution.

Nikko Asset Management's initiatives

Nikko Asset Management (hereinafter "Nikko AM") has been proactively engaging in dialogue with investee companies on key ESG themes including climate change, thereby supporting companies' efforts at sustainable value creation. Through these dialogues, Nikko AM deepens its understanding of details that include the management quality and future direction of each company, which enables Nikko AM to appropriately apply such information to corporate value evaluations and adjust its investment decisions accordingly.

Through engagement, the investment teams share an

accurate understanding of the situation of each investee company and the challenges they face, and encourage them to improve their corporate value over the medium to long term. As part of those efforts, Nikko AM also emphasizes dialogues covering corporate management systems and initiatives related to climate change risks and opportunities. In March 2022, Nikko AM disclosed the Nikko Asset Management Group Engagement and Stewardship Strategy. This strategy presents an overview of Nikko AM's engagement objectives and processes as well as its approach to monitoring, escalation, etc.

Examples of engagement related to climate change

Japan Equity team engagement example — Domestic Financial Sector Company C

Company C is committed to achieving net zero GHG emissions in its portfolio of investments and loans by 2050. Nikko AM has a positive view of their proactive attitude towards continuous improvement, along with their high standards for responding to climate change, which include various initiatives such as the enhancement of sustainable finance targets. In its dialogue with Company C, Nikko AM provided the following feedback.

- (1) Interim reduction targets: These targets are ambitious, and we expect the company to set objectively sound KPIs while also emphasizing the perspective of both reducing the environmental impact and achieving business growth.
- (2) Climate-related information disclosure (TCFD disclosure): We expect the company to disclose additional

information on engagement efforts and assessment of the portfolio's climate-related risks which will be drivers for realizing the decarbonization of the portfolio, etc.

In the company's sustainability report disclosed a few months after our dialogue, we confirmed that information disclosure had been enhanced via measures such as the inclusion of examples of engagement that supported transitions by borrowers and investees, as well as the addition of target sectors for scenario analysis. Furthermore, for the interim reduction target set for 2030, a 1.5°C target for the priority sectors was set in accordance with the guidelines set by international initiatives. We have a positive view of Company C's progress with its climate-related countermeasures and information disclosure.

New Zealand Bond team engagement example — Commercial Vehicle Leasing Company D

Nikko AM has been engaged in dialogue with the management team of Commercial Vehicle Leasing Company D in New Zealand (hereinafter "the country"), since purchasing bonds issued by the company.

Company D is aiming to become "the best truck and trailer rental service in the world and bring positive changes to people's lives." It supplies and manages approximately 6,700 large trucks and trailers for domestic industries, equivalent to one in ten vehicles in the country.

Nikko AM purchased bonds from the first and second issuances by Company D. When we made the purchase, in addition to credit ratings and competitive yields, we had a positive view of their clear ESG strategy and initiatives for

eco-friendly trucks, leading the market in electric vehicles and hydrogen vehicles.

In our discussion with Company D's management team, we confirmed their values and corresponding actions, and we thoroughly investigated their alternative fuel initiatives, which is an area of focus for Company D. If alternative fuels are widely adopted for transport vehicles in New Zealand through initiatives such as those being promoted by Company D, the country's CO₂ emissions can be significantly reduced. Through this engagement, Nikko AM confirmed the value of Company D's corporate culture, which is centered around ownership, leadership, integrity, teamwork, work ethic, and continuous improvement.

Sumitomo Mitsui Trust Panasonic Finance Initiatives

Solar Power Generation for Self-Consumption

Sumitomo Mitsui Trust Panasonic Finance formed a partnership with an experienced solar power equipment manufacturer to help companies develop optimal investment plans for solar power generation for self-consumption based on their power utilization records, and reduce their initial costs

through subsidies.

This venture helps companies reduce their CO₂ emissions, reduce their Scope 3 emissions, and participate in SBT and RE100 initiatives; it also contributes to the Japanese government's Low Carbon and Decarbonization initiatives.

Contributing to Decarbonization through Corporate PPAs

Sumitomo Mitsui Trust Panasonic Finance is collaborating with power generation companies to promote the procurement of electricity through corporate power purchase agreements* (PPAs). Corporate PPAs offer three merits to clients: 1) the removal of solar power generation facilities from their

balance sheets; 2) the procurement of renewable energy with no initial investment; and 3) the effectively use of non-operational or idle land.

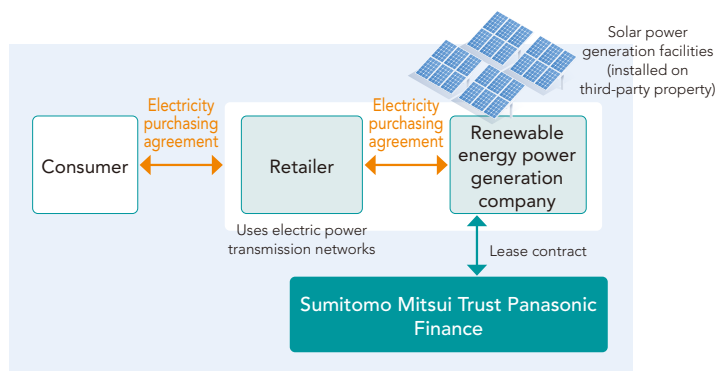
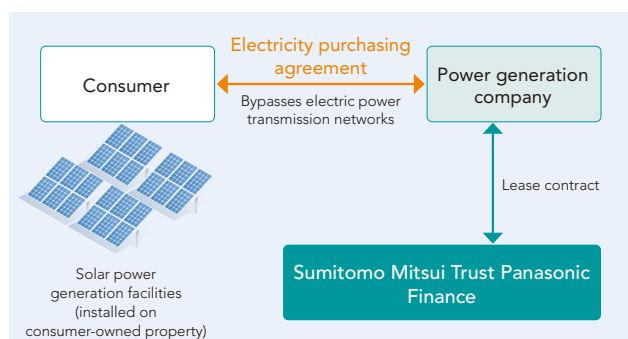
*Corporate PPAs are long-term agreements for consumers to purchase renewable electricity from power generation companies; they are available in various forms. Sumitomo Mitsui Trust Panasonic Finance has practical experience in the provision of subsidized on-site and off-site PPAs.

On-site PPAs

An on-site PPA is an electricity purchasing agreement in which a consumer purchases electricity that has been generated on its own property: the consumer provides a power generation company with use of privately owned property (rooftops, idle land, etc.); the power generation company uses this space to establish, operate, and maintain power generation facilities; the consumer purchases and consumes the electricity generated. This scheme allows for the purchase of power generation and environmental value at a fixed price, thus preventing the impact of increases in electricity rates and allowing consumers to achieve stable power procurement.

Off-site PPAs

An off-site PPA is an electricity purchasing agreement in which a consumer purchases electricity that has been generated on third-party property: power generation facilities are installed on third-party property; electricity is sent from these facilities to the consumer via transmission networks. It is targeted at users who find installation within facilities difficult or who cannot meet demand with on-site capacity only. Costs include trust fees, renewable energy dues, and supply-demand adjustments.



Mega-Solar Installations Using Leases

Leasing power generation facilities helps lower the initial investment cost for construction; projects can also earn stable income by using the feed-in tariff (FIT) system. Leases are therefore an effective method of financing that enhances business planning stability.

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.



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.

There is an enormous amount of energy in Japan's water supply facilities that can be used for power generation, such as unused drop-offs from natural flow, excess pump pressure, and pressure reduction due to pressure reduction valves.

The Group leases water supply facilities from local governments and provides a scheme that reduces the burden of the initial investment required for installing a power generation system via leasing.

The high-efficiency power generation system used in this scheme has been adopted by 48 water supply facilities nationwide (including those planned for the future) as of March 2023, and the total power generation capacity comes to 1,861.3 KWh. The annual estimated power generation of the 37 facilities that have installed the system is 8,805 MWh, and the annual CO₂ emission reduction is expected to reach 3,830 t-CO₂*. We will continue to contribute to a sustainable society through the introduction of renewable energy.

*Calculation method for annual CO₂ emission reduction: an estimated value is calculated by multiplying the annual estimated power generation by the emission factor of general power transmission and distribution operators (2023).

*Starting this fiscal year, for each factor, we report the number of installations via the leasing scheme.

Characteristics of micro-power generation systems

High efficiency: Efficient power generation system developed with inverter controls

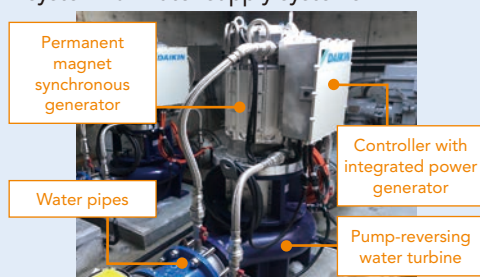
Low cost: System configuration uses general-purpose pumps, low-cost magnets, and standardized parts

Compactness: Power generator and control device are stacked on top of each other to minimize installation space

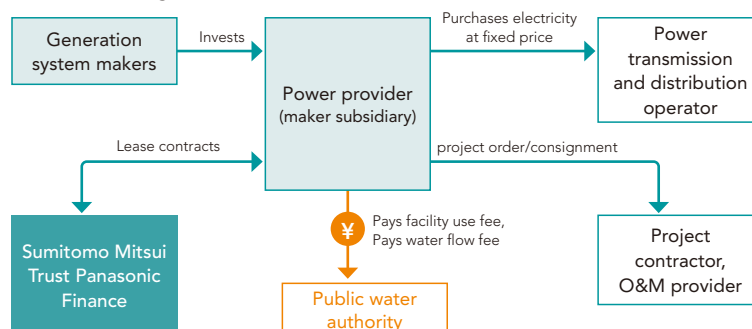
Characteristics of leasing system (advantages for local governments)

- 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



Home Renovation Loans for Smart Houses

Homes continue to evolve, and are now able to generate electricity on-site, and use this electricity in a smart manner. Through its home renovation loans, Sumitomo Mitsui Trust Panasonic Finance is supporting the conversion of homes into "smart houses." Today, smart houses are capable of efficiently generating and storing power through a combination of solar panels, storage batteries, and household fuel cells. Improved energy-saving functions also enable homeowners to tailor their electricity consumption to their lifestyles and the prevailing weather conditions. The ten-year Excess Electricity Purchasing Scheme for Photovoltaic Power commenced in

2009; as such, since 2019 there has been significant growth in household solar power generation equipment whose feed-in tariff contracts have expired. Going forward, the conversion of existing homes into "smart houses" will be a key topic in the fight against global warming.

Following the liberalization of retail sales of electricity and gas to households in Japan, energy and telecommunication sector services are increasingly being integrated; examples include sales of packages that combine telecommunications or broadcasting services with various forms of electricity. The development of houses, home appliances, and vehicles with multiple functions is also advancing. Through its solar loans, Sumitomo Mitsui Trust Panasonic Finance has contributed to the popularization of household solar panels since the Excess Electricity Purchasing Scheme for Photovoltaic Power was established.

Going forward, by partnering with equipment vendors and installers, Sumitomo Mitsui Trust Panasonic Finance will continue to support the conversion of homes into "smart houses" via its renovation loans.

Equipment for Upgrading to a Smart House



Sumitomo Mitsui Trust Panasonic Finance Initiatives

Adoption of JCM Eco Lease in Vietnam

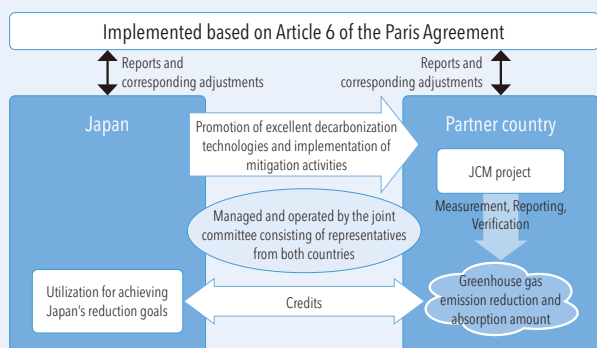
Sumitomo Mitsui Trust Panasonic Finance, together with BIDV-SuMi TRUST Leasing Company, Ltd (hereinafter, BSL), a joint leasing venture between SuMi TRUST Bank and the Bank for Investment and Development of Vietnam, applied and was accepted to the JCM Eco Lease Scheme (hereinafter “scheme”), an equipment subsidy project under the FY2022 bilateral crediting system (Joint Crediting Mechanism; hereinafter “JCM”) Financing Programme, for a rooftop solar power generation system at an aluminum wheel factory in Vietnam.

This scheme is a project that reduces greenhouse gas

(GHG) emissions in developing countries by utilizing superb decarbonization technologies, and it is carried out by a leasing company, which is a Japanese corporation, as the representative operator of the international consortium. The reduction amount is measured, reported, and verified (MRV).

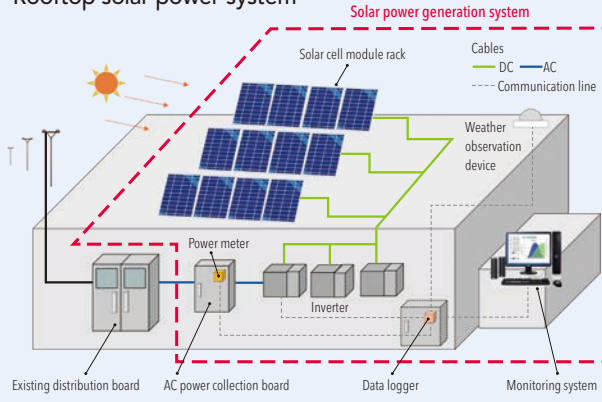
This scheme is being implemented through the cooperation of the Vietnamese government and the Japanese government. Through this scheme, Sumitomo Mitsui Trust Panasonic Finance will continue to help achieve a carbon-free society both at home and abroad.

Scheme Overview



(Source: Ministry of the Environment document: “JCM Equipment Subsidy Project/Co-Innovation Project Public Briefing”)

Rooftop solar power system



Green Bond Allocation Reporting

In September 2021, Sumitomo Mitsui Trust Panasonic Finance established the Green Finance Framework*, and it issued the company's first green bond in October.

In June 2022, we conducted our first reporting on the status of allocations. The funds raised from the green bonds have been fully allocated to the acquisition funds

for assets such as leases of renewable energy and energy-saving equipment. The company has contributed to solving environmental issues for a wide range of clients, from large corporations to SMEs and individuals, allocating green bonds to over 5,000 projects.

The environmental improvements are as follows.

Category	Eligibility criteria	Number of projects (number of contracts)	Power generated annually (MWh)	Annual CO ₂ emission reduction (t-CO ₂)
Energy efficiency	EcoCute (for individuals)	4,252	—	1,008
	Refrigeration equipment	749	—	231
	LED lighting-related	64	—	1,490
Renewable energy	Solar power generation	2	1,427	618
	Micro hydroelectric power generation	3	599	259
Total		5,070	2,026	3,606

Calculation Method

- The company estimates theoretical values based on the energy-saving effects, output standards, and other factors of the target equipment.

*Click here for Sumitomo Mitsui Trust Panasonic Finance's Green Finance Framework

https://www.smtpf.jp/company/csr/pdf/greenfinance_framework.pdf (Japanese text only)



Sustainability Linked Loan Initiatives

Sumitomo Mitsui Trust Panasonic Finance has carried out fundraising through Sustainability Linked Loans (hereinafter “SLLs”). As a member of the SuMi Trust Group, we believe that it is our social responsibility to actively contribute to the construction of a sustainable society, and we have established the “Sumitomo Mitsui Trust Panasonic Finance Basic Policy on Social Responsibility (Sustainability Policy).”

The Key Performance Indicators (hereinafter “KPIs”) and Sustainability Performance Targets (hereinafter “SPTs”) that we have established this time will contribute to the achievement of a sustainable society as part of an initiative that makes use of the company’s distinctive features,

with its broad client base ranging from large corporations to individuals and its wide-ranging products.

Moreover, the procurement amount is 10 billion yen, and third-party opinions have been obtained from the Japan Credit Rating Agency with regard to compliance with the SLL principles and the rationality of the KPIs and SPTs.

Overview

Date of execution	January 25, 2023
Arranger and agent	SuMi TRUST Bank
Total amount	10 billion yen
Loaners	10 banks (syndicated loan)

KPI and SPT Overview

No.	KPIs (Evaluation Index)	SPTs (Target)
(1)	Cumulative number of contracts for the “Arigatou” SDGs project (properties that comply with the green or social loan principles are eligible)	More than 120 contracts during the target period
(2)	Cumulative number of contracts for EcoCute	More than 13,500 contracts during the target period
(3)	Reuse/recycle rate of returned PCs (excluding properties for which material extraction was difficult due to contractual disposal designations, chemicals, etc.)	100% reuse/recycle rate for PCs returned during the target period

Target period: From October 2022 to September 2025

Sustainability Linked Loan details

Use the following QR code to view the News Releases. (Japanese text only)



3

People

—Social Considerations

102

People are at the center of global economic prosperity, driving wealth creation, developing innovative products and services, and supporting the communities in which they live and work.

From the World Economic Forum White Paper “Measuring Stakeholder Capitalism”

103 The Group's Approach to Social Issues

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The Group's Approach to Social Issues

The sustainable society envisioned under the SDGs is based on the assumption that humans will play a central role. Thus, the 17 goals ultimately aim to achieve human happiness. In 1948 the World Health Organization (WHO) described the state of human happiness as “well-being” (a state of complete physical, mental, and social well-being) and the Organisation for Economic Co-operation and Development (OECD) has defined the conditions of well-being to be comprised of material components such as income, employment, and housing, as well as immaterial components that contribute to quality of life (QOL), including health, education, and social connections. Our initiatives on pursuing prosperity and those related to global environmental considerations are also sorted into those that create positive impacts that ultimately lead to the well-being of people from all walks of life, not just our clients and employees.

Definition of Well-Being by the OECD

Material conditions	Immaterial conditions (QOL)	
<ul style="list-style-type: none"> Income and wealth Jobs and earnings Housing 	<ul style="list-style-type: none"> Health status Work and life balance Education and skills Civic engagement and governance 	<ul style="list-style-type: none"> Social connections Environmental quality Personal security Subjective well-being

Related Materiality

Impact Materiality

Materiality	Risk/Opportunity	Main stakeholders	Key measures
ESG/Sustainability Management	Risk/Opportunity	Society, Clients, Employees	Addressing climate change, biodiversity, resource recycling/circular economy, air, water, and soil pollution, and supporting ESG management for companies to whom we extend investments and loans.

Governance and Management Framework Materiality

Materiality	Risk/Opportunity	Main stakeholders	Key measures
Risk Management and Resilience	Risk	Society, Clients, Shareholders, Employees	Prevention of human rights violations and respect for human rights
Human Capital	Risk/Opportunity	Society, Employees	Recruiting, promoting, and building a group of human resources with diverse values. Building good relationships that recognize diversity while ensuring a healthy mind and body and identifying with the Company's "Purpose." Demonstrating one's own values and strengths.

Highly Relevant SDGs



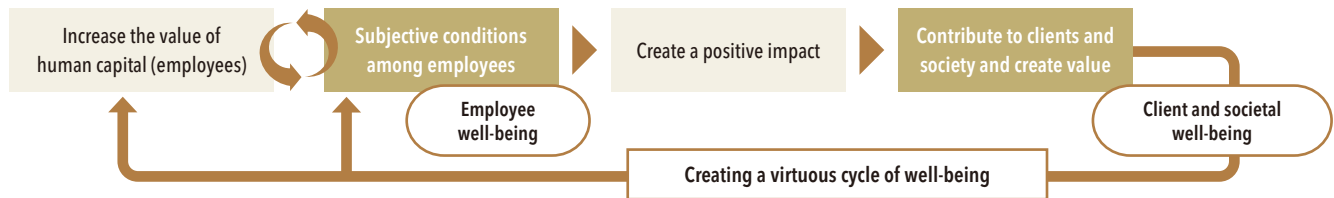
Human Capital

Investing in Human Capital to Enhance Corporate Value

Human Resources Strategy and Enhancing Well-being

To fulfill the Group's Purpose and achieve growth by promoting a virtuous circulation of funds, assets and capital through addressing social issues and creating markets, it is important to enhance non-financial capital, especially human capital. Employees are an important sources of value creation (human capital) and play an essential role in creating social and economic value. By investing in human capital and enhancing the well-being of our employees,

we are able to create value for our clients and society, which leads to improved well-being for every member of society. This results in societal growth and improved corporate value for the Group, and we believe that this allows us to build a "virtuous cycle" that raises well-being for every employee through improved motivation, pride, and fulfillment.



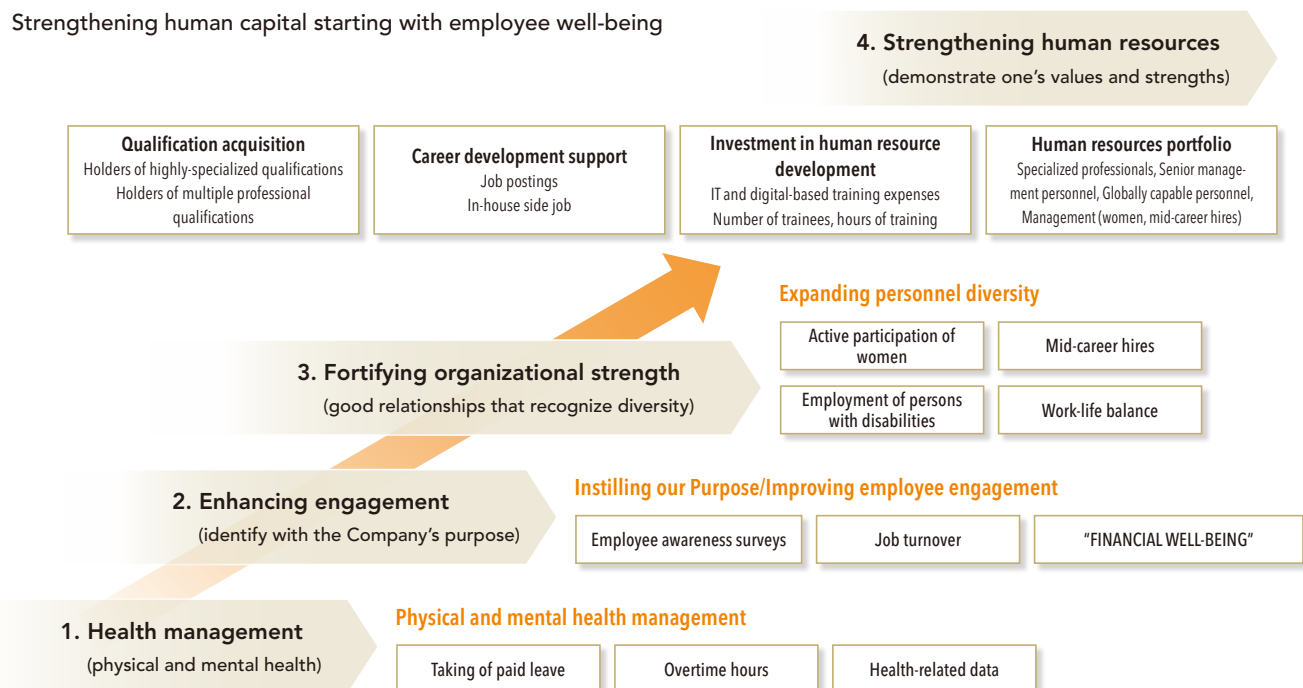
Value creation starts with employee well-being, and the Group has defined well-being as the condition in which employees: 1. are of healthy mind and body; 2. identify with the Company's purpose; 3. build good relationships

that recognize diversity; and 4. demonstrate their own values and strengths in their pursuit of work they can enjoy. We will increase the value of our human capital by pursuing better employee well-being.

Employee well-being

- 1. Be of healthy mind and body; 2. identify with the Company's purpose; 3. build good relationships that recognize diversity; and 4. demonstrate one's own values and strengths in the pursuit of work one can enjoy.**

Strengthening human capital starting with employee well-being



1. Health Management (physical and mental health)

Physical and mental health is the foundation of well-being and the driving force in creating added value. The Group aims to improve human capital by ensuring employees remain healthy, happy, and capable of continuously demonstrating their abilities. In addition to creating a

comfortable, safe, and secure work environment, we promote health awareness and support each employee in improving their health, thereby creating a company where employees can work and perform vigorously and in good health for a long time.

Optimizing work styles

The Group has established a Work Style Reform Headquarters, led by the President, and formulated the Declaration on Work Style Reform. Through initiatives based on this declaration, we are actively working toward achieving diverse work styles and work-life balance and creating a workplace where employees can work comfortably.

Declaration on Work Style Reform

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.

Improving the Workplace Environment

The Group is conducting a broad range of initiatives to improve the workplace environment. More specifically, we are working to boost productivity by stepping up IT investments and transforming operational processes, while reducing overtime work through thorough time

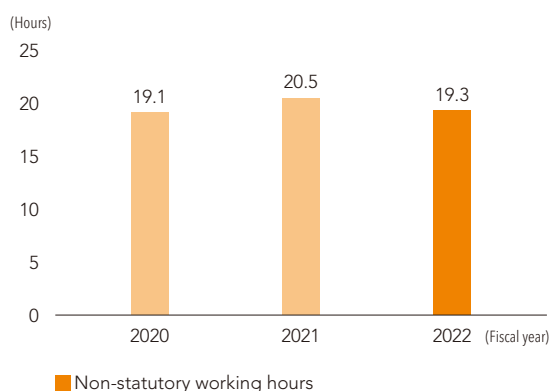
management. In addition, to further optimize work styles, SuMi TRUST Bank is working to reduce overtime hours by expanding the break between work shifts system (9 hours) introduced in FY2016, to 11 hours in October 2022.

Besides implementing months for leaving work early and weeks for leaving work on time, we encourage employees to take planned leave, more specifically at least one day off each month, and the number of paid leave days taken and the rate of paid leave taken over the past three years have been on the rise.

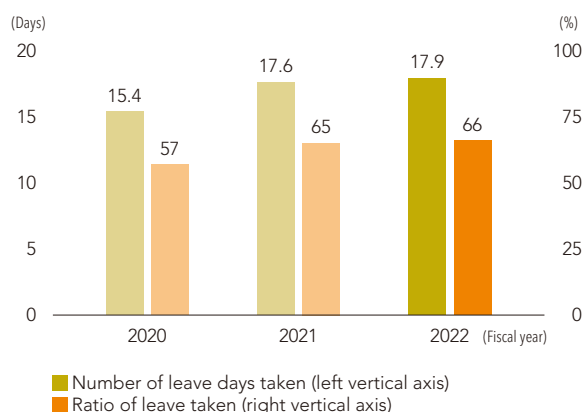
Specific Initiatives

- Established rule for taking an 11-hour break between work shifts (between the end of the workday and the start of the next day's workday)
- Ensured all Group employees understand their working hours and thoroughly implemented measures to prevent overwork
- Developed and implemented human resource measures based on the results of employee awareness surveys regarding the status of overtime work and the working environment of the entire Group
- Formulated Work Style Guidelines, an action guideline for improving productivity, and disseminated to all branches and departments
- Held branch/general manager-led training sessions under the theme of reducing working hours and creating highly productive workplaces to promote streamlining at individual workplaces.
- Rolled out best practices of management executing efficient business operations
- Implemented year-round business casual dress code
- Implemented process to return data to the field through Robotic Process Automation, and upgraded time and attendance management system

Non-statutory working hours (SuMi TRUST Bank)



Paid leave taken (SuMi TRUST Bank)



Health Management

We are optimizing work styles with the aim of promoting the physical and mental health of all Group employees. As a part of this effort, we have appointed industrial doctors and hygiene supervisors at each business location to provide detailed health management guidance, and we continue to raise employee awareness about the importance of health through e-learning courses. 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. Furthermore, we provide all employees with opportunities to use outside medical and healthcare services to promote their health outside of work. In recognition of these initiatives, the Group has been recognized in White 500 designation for organizations promoting outstanding health and productivity management for six years in a row since 2018.

Moreover, in anticipation of the age of 100-year life, we have extended the retirement age to 65 in 2021 with the aim of enabling employees to play an active role by performing and passing on their diverse experience and expertise unique to trust banks over the long term.



Picture of Well-being Event Todoroki Valley Walking

(1) Physical Health

SuMi TRUST Bank requires all employees to undergo a routine health examination once a year (examination rate in FY2021: 100%). In addition, employees who need to consult with a medical institution are individually recommended to do so by the Human Resources Department, and the latest rate of employees receiving a full medical examination was 72.6% (in FY2021). We also support health examinations such as

complete medical checkups for employees' family members through health insurance association.

As part of our efforts to manage our employees' health in the workplace, we removed all smoking areas in the company in 2018 and prohibited smoking in all buildings to prevent second-hand smoking (employee smoking rate in FY2022: 10.9%). Furthermore, to prevent the spread of COVID-19, we provided work place vaccination to employees of other Group companies and their family members who wished to receive the vaccine on four separate occasions from 2021 onward.

(2) Mental Health

At SuMi TRUST Bank, all employees undergo an annual stress check, and in addition to providing individuals with feedback, an industrial doctor provides guidance so that line managers can provide the right care. We also have in place user-friendly consultation systems—for example, our in-house health promotion centers set up mental counseling times and the health insurance association provides free health counselling over the telephone. As a result of our efforts to expand management training, which we view as an important factor in enhancing communication and improving relationships of trust with supervisors and coworkers, our overall health risk improved by +4 points in FY2022, underpinned by an improvement in the "support by supervisors and coworkers" category. Furthermore, each branch and department has their own unique events, as we provide a "Well-being budget" that enables them to freely plan their own events.

When conducting the annual stress check, group analysis results are provided to the employees' union so that improvements in the workplace environment can be discussed.

In addition, we take steps to address the mental health of our employees, for example, by establishing a coronavirus consultation desk to address the psychological concerns of Group employees in response to the spread of COVID-19 in 2020. We are also striving to maintain brain and mental

Main health management initiatives

Period	Health promotion events and measures
From FY2015 and before	<ul style="list-style-type: none"> • Workplace flu vaccination • Special sponsorship of the Hanno Two Day March
FY2016	<ul style="list-style-type: none"> • Began stress checks
FY2017	<ul style="list-style-type: none"> • Selected as a White 500 organization having outstanding health and productivity management (certified for 6 consecutive years thereafter)
FY2018	<ul style="list-style-type: none"> • Held group-wide walking events (and continued since then) • Removed all smoking areas in the company / prohibited smoking at all locations
FY2019	<ul style="list-style-type: none"> • Introduced new leave programs and shorter working hours, etc. for cancer treatment • Participated in Corporate Action for Cancer Control
FY2020	<ul style="list-style-type: none"> • Introduced health examination results management system (centralized management of employee health examination results data) • Began offering online consultation services with in-house psychosomatic physicians
FY2021	<ul style="list-style-type: none"> • Workplace COVID-19 vaccination (for other Group companies and family members) • Began conducting pulse surveys • Lowered breast and cervical cancer screening eligibility by 5 years (from 35 years and older to 30 years and older) • Established a Fertility Counselling Office
FY2022	<ul style="list-style-type: none"> • Held mindfulness seminars and mental health training for managers • Introduced 11-hour break between work shifts

health by holding mindfulness seminars and mental health seminars, and will continue to promote health and productivity management appropriate for the age of 100-year life by focusing more than ever on maintaining and improving the health of our employees.

Stress check (SuMi TRUST Bank)

	FY2020	FY2021	FY2022
Overall health risk	94	94	90
Percentage of employees with high stress	9.2%	9.6%	9.4%

Overall health risk: the average for the standard population is 100; the lower the number, the better

(3) Harassment Prevention and Appropriate Labor Affairs Management

Distribution of Harassment Prevention Handbook

To prevent harassment cases from taking place or escalating, and to ensure that all group employees have a proper understanding of harassment and behave appropriately as members of the organization, we distribute a harassment prevention handbook to all group employees. In addition, every year SuMi TRUST Bank runs a harassment prevention training course through its e-learning platform for all employees to complete. Through proper understanding, we aim to eliminate harassment, foster a culture of mutual respect, and create a comfortable and rewarding workplace environment.

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, at which all employees (including course employees, professional employees, associate employees, part-time workers, and temporary employees) can receive consultation when problems related to personnel and labor affairs management, 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 interview with employees in their workplace, 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.

Number of Consultations at the Personnel Consultation Desk (SuMi TRUST Bank)

FY2020	73 consultations
FY2021	85 consultations
FY2022	93 consultations

2. Enhancing Engagement (Identifying with the Company's Purpose)

The Group aims to improve its human capital by helping employees identify with the Company's Purpose to work on addressing management issues and fulfilling our societal mission.

Permeation of “Purpose”

The Group has a Purpose: creating new value with the power of trusts and let a prosperous future for our clients and society bloom. SuMi TRUST Bank has held an event called the President's Caravan 26 times (with approximately 12,000 participants) in 2021, to further instill our Purpose by having the President himself communicate his thoughts on the topic to

employees. The Bank also has provided online lectures by the President to all section managers and team leaders that aim to increase understanding of the Purpose and our management strategy and achieve two-way communication that emphasizes dialogue.

A culture that fosters motivation and job satisfaction

The Group is working to build a culture that encourages all employees to learn and challenge themselves, and encourages two-way communication, in order to provide them with fulfillment and opportunities for active growth.

At SuMi TRUST Bank, 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. In addition, branch/general managers lead seminars during which they communicate their own experiences and the things they have learned, and the Bank has also introduced one-on-one coaching to improve communication skills among management, all as a part of our quest to build an open workplace environment where employees feel emotionally protected. Furthermore, we hold the Future Creation Festival (known as “Future Fes”), which is part of our employees' future-oriented activities aimed at turning

Human Capital

the positive motivation of Group employees into new solutions in the form of new products and innovations. This has helped boost employee motivation, as ideas conceived by employees have actually been made into products.

(1) Dialogue with Employees

To ensure that both the Company and employees heading in the same direction, we promote employee understanding of the semi-annual Group Management Strategy Meeting by having branch/general managers communicate its content to their subordinates in their own words, and by distributing IR videos for 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."

(2) Labor Relations

Sound and stable labor relations are an essential foundation for the sustainable growth of companies.

SuMi TRUST Bank recognizes the freedom of association and respects the right to organize and the rights of collective bargaining. It also guarantees employees the right to openly engage in communication with management. As of end-March 2023, the employees' union has 11,704 members, which is over 85% of all employees. The new inclusion of associates to the employees' union in July 2018 greatly

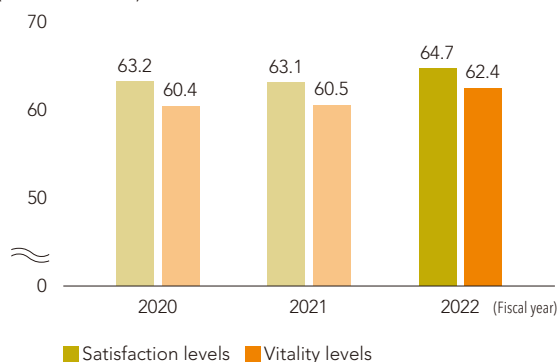
boosted the percentage of unionization among all employees compared to March 2017, when only 8,537 employees were members of the union. The Bank regularly holds management consultation meetings attended by the management team that reports directly to the president alongside the representative of the employees' union, as well as branch and department consultation meetings attended by labor and management representatives for each branch office. During these meetings, discussions focus on working conditions for union members and how workplace environments can be maintained. In this way, the opinions of employees are reflected into 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.

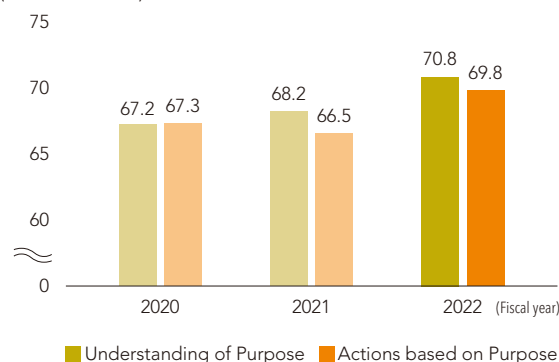
(3) Results of the Employee Awareness Survey

The Group conducts employee awareness surveys as a way to objectively ascertain employee awareness of the degree of penetration of corporate measures, personnel systems and operations, as well as the workplace environment and engagement, and relays this feedback to management and senior executives to implement improvement activities. The vitality level and satisfaction level in the employee awareness survey, an indicator of employee engagement at SuMi TRUST Bank, exceeded the 60-point range, which is considered an acceptable score, and our score in FY2022 reached the highest level since our merger in 2012. We also maintained high scores on questions that measure the degree to which employees identify with our Purpose. In addition to these initiatives, we conducted fixed-point observations of employee conditions through our Pulse Survey and leveraged this information for management in the field, resulting in only 379 indefinite-term employees leaving for personal reasons in FY2022 (turnover rate of 3.8%).

Employee awareness survey (of satisfaction/vitality levels)
(SuMi TRUST Bank)



Employee awareness survey (of identification with our Purpose)
(SuMi TRUST Bank)



Promoting well-being

In April 2021, the Group established officers in charge of well-being. As a part the "Well-being Initiative" hosted by Nikkei Inc., we have been participating in collaborative

sessions between industry, government, and academic bodies, and we have been strengthening internal and external well-being promotion activities.

The slogan of the Group's well-being promotion activities is creating a virtuous cycle of happiness for employees, clients and society. By improving the well-being of employees, we enhance human capital and create a positive impact. Improving the well-being of our clients and society makes our employees, who are members of society, feel motivated, delighted, and accomplished, which in turn improves their well-being and accelerates the virtuous circulation of "happiness".

Officers in charge of well-being communicate personally to employees about the meaning and significance of the term "well-being" with the aim of instilling a culture conducive to it. More than 10,000 employees participated in 34 such "online caravan" events held in FY2021.

In addition, we are actively participating in well-being promotion activities outside the company, such as

disseminating well-being information on March 20, 2023, the International Day of Happiness, and sponsoring the Asahi Shimbun newspaper's "Well-being Action" in March 2023, where our president conveyed his thoughts on "mental and physical health" and "financial health," which are important for achieving well-being in society.



Discussion between Mr. Takakura, President of SuMi TRUST Holdings (left) and Mr. Miyata, Professor of Keio University (right) at the Well-being Action event

Providing Employees with "FINANCIAL WELL-BEING"

The Group is striving to contribute to "FINANCIAL WELL-BEING"^{*1}, one of the ways in which we are working to build the prosperous future that is the goal of our Purpose, and aim to become best partner in the era of 100-year life. As we move towards achieving our Purpose, we consider "FINANCIAL WELL-BEING" to be a part of the value we are creating for the overall well-being of our clients and society as a whole, and we offer every individual client options tailored to their continued happiness over 100 years of life.

SuMi TRUST Bank is strengthening its asset-formation support for employees, who are creators of value, to help them gain their own "FINANCIAL WELL-BEING". Regarding defined contribution pension trusts, more than 70% of employees selected the investment trust option, and approximately 70% also match those contributions using matching contributions. New employees who joined the Group in 2022 were offered the opportunity to take part in educational programs that harnessed the know-how of the Sumitomo Mitsui Trust Financial Education Institute, the Pension Division, and Sumitomo Mitsui Trust Life Partners (a Group company), which resulted in more than 90% of them choosing to take part in the investment trust and matching contributions.

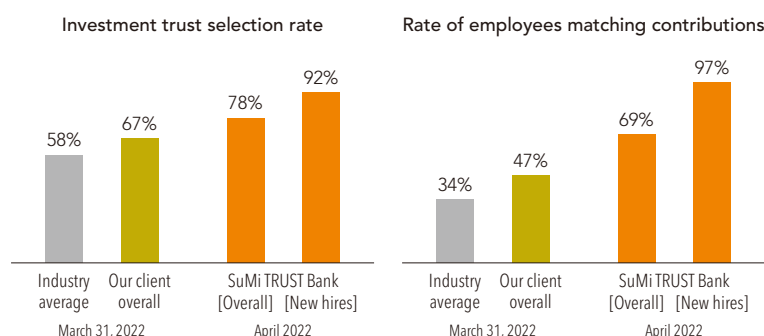
Moreover, we introduced the RS trust^{*2} as a new stock incentive plan for all employees in FY2022 to help align employees' incentives with the Company's and pursue medium- to long-term growth. In April 2023, more than 10,000 employees received shares. At the same time, we raised the level at which the company subsidizes payments to the employee stock ownership plan from 8% to 20%, which boosted our annual contribution by 2.5 times. By age group, the rate of increase is noticeable among young and mid-career employees in their 20s and 30s. We believe that this system, which encourages employees to identify with the management aspirations embedded in our Purpose and fosters awareness of the need for medium- to long-term growth, is an initiative that will help solve social issues and drive the Group's growth.

With regard to these initiatives, we provided asset-building education for all employees from July to August 2022, using the investment education experience gained through our pension business and for workplace businesses. Many employees voiced positive feedback after taking the course, with comments such as, "It helped me understand future life events," "It helped me make better decisions on how to use my benefits," and "It helped me relieve some of my anxiety about money." Going forward, we will continue to promote financial literacy and autonomous asset formation.

^{*1} "FINANCIAL WELL-BEING" refers to when an individual has prepared the money and assets they may need for contingencies and for the future, allowing them to have peace of mind.

^{*2} A stock compensation system for employees that combines the advantages of share delivery trust and restricted stocks (RS: Restricted Stock).

Utilization of defined contribution pension trusts (corporate) (SuMi TRUST Bank)



Published in the Nikkei newspaper in March 2022



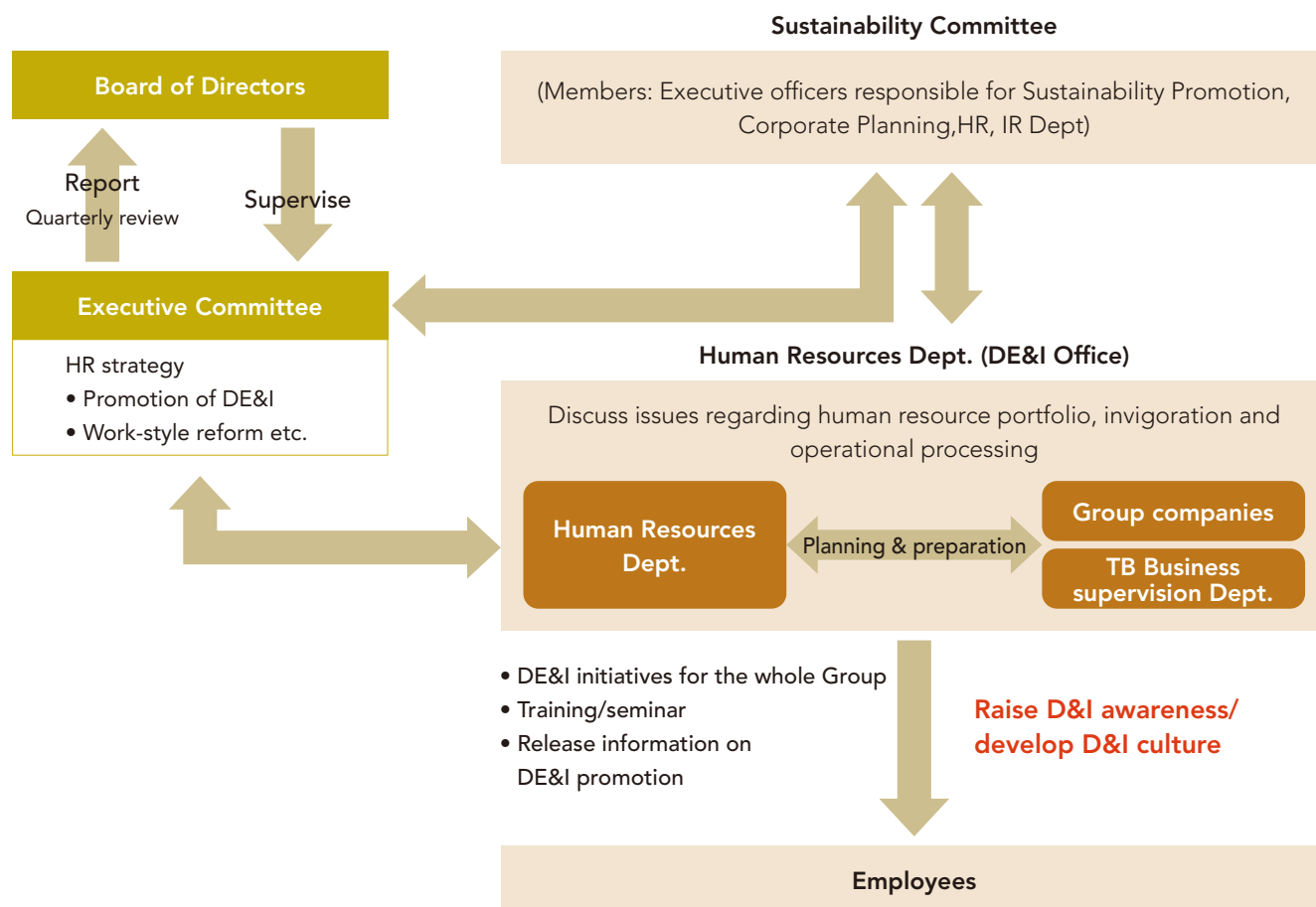
Published in the Nikkei newspaper in July 2022

3. Strengthening the Organization (through good relationships that recognize diversity)

The Group, with its strength in its various functions and diverse business portfolio, upholds the concept of diversity and inclusion by utilizing the diversity and creativity of each individual in management as its management principles ("Mission"), and our aim is to increase our human capital by making full use of that diversity and creativity as added value for 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. In addition, SuMi TRUST Holdings also established the D&I Office within its Human Resources Department in October 2017 as promoting diversity has become a major business trend and long-term investors

emphasizing ESG have become increasingly interested in the topic. The D&I Office comprises specialists from the Human Resources Department and members from business supervision departments. It focuses on empowering women, persons with disabilities, and foreign employees, enhancing work-life balance, and encouraging understanding of human rights and the LGBTQ community, while also promoting diversified work styles for individual employees and implementing measures that increase corporate value in a way that is tailored to each business unit's circumstances. Furthermore, we renamed the D&I Office to the Diversity, Equity & Inclusion Office (DE&I Office) in April 2023 with the aim of accelerating our initiatives by providing fair and equitable support to employees with diverse attributes and backgrounds, which in turn will boost the Group's organizational strength and creativity.

Diversity, Equity & Inclusion Promotion Framework at SuMi TRUST Bank



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.

The Group has signed on to the Keidanren "Here We Go Year 2030 30%" project, under which companies aim to have 30% or more of their female executives by the year 2030, and we have established a KPI that will increase the ratio of women in management positions (section managers, team leaders, and above) to 20% or more by the end of March 2025.



As a part of its general business owner action plan (action plan) to promote the active participation and advancement of women, SuMi TRUST Bank formulated a new plan which aims to increase the ratio of women in section manager or higher positions to at least 20% (30% in 2030) and the ratio of women in management positions to at least 30% (34% in 2030) by the end of October 2024, further accelerating our initiatives to promote the active participation and advancement of women.

Female Executives and Managers at SuMi TRUST Bank

	End of March 2021	End of March 2022	End of March 2023
(1) Directors and executive officers	4 (5.7%)	6 (8.2%)	7 (8.8%)
(2) Women in general manager level positions	16 (6.5%)	15 (5.8%)	14 (5.1%)
(3) Women in section manager level positions	150 (12.9%)	178 (14.5%)	188 (15.1%)
(4) Women in section manager or higher positions ((2) + (3))	166 (11.8%)	193 (13.0%)	202 (13.3%)
(5) Women responsible for management operations	1,683 (26.9%)	1,792 (28.3%)	1,963 (30.0%)

*The number inside the parenthesis is the female employee ratio. Executive officers included in (1). Women in assistant manager or higher positions shown in (5), which also includes (4).

(1) Support for Career Development with an Eye to Promoting Women to Managerial Positions

SuMi TRUST Bank carefully runs training sessions for female employees to coincide with the turning points of their careers so as to provide them with opportunities to independently consider their career development and build networks.

We established a pipeline model to systematically train female employees in each business. In addition to clearly communicating the Company's policies and initiatives for each job rank as well as the expectations for pipeline model participants to take on the challenges of management positions,

we also hold career development training aimed at building a network that extends across our businesses. Furthermore, each business also conducts training and events for female employees that address issues in promoting the participation and advancement of women. Through these initiatives, SuMi TRUST Bank supports the growth of female employees so they can set their sights on even higher management positions by sweeping away the concerns and pressures associated with becoming a manager and allowing them to demonstrate their capabilities in their own management style. Furthermore, we are widening the scope of activities for female employees by offering a broad range of appointments through which they can take up the challenge of working in different roles. In addition to training, we provide growth opportunities through the transfer and the reassignment.

(2) 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. In addition to Company-hosted events and training, at branch offices and departments too, we adopt a bottom-up approach to furthering the participation of female employees by providing them with opportunities to think about their own careers through interaction with women from business affiliates. Our executive officers are also actively involved in the nurturing of female employees. To that end, we organize executive seminars so that female employees can talk directly with executives, gain insights into management, and hear what executives expect of female employees. Furthermore, we introduced the Support Executive Program in FY2021, under which executives themselves provide support to female managers. In FY2022, all senior managing executive officers and all managing executive officers themselves became supporters of 60 female employees in management positions, supporting their career development by providing one-on-one mentoring on a regular monthly basis for about one year to help them acquire a wide range of knowledge, perspectives, and relationships while providing growth opportunities. In FY2023, we plan to do the same with 60 female employees, and will continue to actively promote the initiative.



Participants reporting on the training to Mr. Oyama, President of SuMi TRUST Bank, at the final debriefing session

(3) Training for Directors, Officers, and Management

To promote a change in mindset throughout the management team—a key element in developing an environment in which women can thrive—SuMi TRUST Bank incorporates topics concerning unconscious bias and female health issues into manager training. We are also working to deepen

the understanding of diversity, equity, and inclusion among directors and executive officers by providing training to directors, executive officers, and senior executives on mentoring methods and how to effectively interact with subordinates as part of the Support Executive Program.

Active Participation by Diverse Human Resources

(1) Empowering Mid-career Hires

In order to establish new growth fields while maintaining the broad business fields unique to a trust bank group, it is essential to employ individuals with a diverse range of experience and skills. SuMi TRUST Bank hires mid-career employees from a wide array of backgrounds. These mid-career hires account for approximately 22% of all employees (as of end-March 2023) and approximately 21% of all management employees (as of end-March 2023).

In recent years, SuMi TRUST Bank has hired over 100 mid-career employees each year in Japan, including those from different industries, regardless of nationality, with 247 mid-career employees joining the Company in FY2022. The Bank has been working to have a positive impact that will lead to a more sustainable society through such efforts as launching a Technology-based Finance team which works to find new areas of growth staffed by individuals who hold PhDs in science and engineering.

Mid-career hires (SuMi TRUST Bank)

	FY2020	FY2021	FY2022
Number of mid-career hires	118	139	247

(2) Initiatives to Support Work-Life Balance**Career-Building Support to Weather Life Events**

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, starting in FY2017, we began accepting leaves for employees accompanying their spouses (both internal and external) on overseas transfers. 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 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.

Initiatives to achieve 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.

In addition, SuMi TRUST Bank has set a target to reach 100% childcare leave among our male employees as part of our general business owner action plan. We are promoting a group-wide initiative to foster a culture in which it is natural for male employees to take on some household functions, and to create opportunities for them to gain new insights outside the office and to experience changes in society. In FY2022, the Bank established a new leave program for parents with newborns that allows male employees to take long-term childcare leave before and after a baby is born, encouraging employees to take a month's leave for childcare. As a result, we were able to maintain 100% childcare leave among our male employees in FY2022 as well.

Going forward, we will support employee career development by providing options that encourage work-life balance, such as by extending the number of days employees can take off from work.

Work-life balance support system

In addition to offering childcare leave until children reach the age of two, SuMi TRUST Bank provides an environment for employees to raise their children comfortably, offering employees who are pregnant or who live with and raise children of or below the third grade of elementary school to take advantage of a system of shorter working hours and providing exemptions from working overtime or at night. As of the end of March 2023, 420 employees had used this system to take childcare leave. We are also developing a childcare handbook so as to provide information to pregnant employees and their managers mainly regarding how the leave system works and key points to be mindful of. In addition, we have a website that can be accessed by employees on childcare leave and an email newsletter that provides useful information on child-rearing, as well as company information. We also run seminars led by external lecturers for employees returning to work, and in addition to creating networks between female colleagues that might harbor the same concerns about balancing work with child-rearing and supporting their smooth transition back to the workplace, we also hold training for

section managers with subordinates that face time constraints due to childcare responsibilities by using case studies to examine organizational management methods.

We are developing a nursing care handbook containing basic information about nursing care and we regularly hold seminars on this topic. We have in place a leave-of-absence system for nursing care that can be taken for up to 12 months, and a system of shorter working hours that can be utilized over a maximum of three years (for every family member requiring care). In addition, we eased the eligibility requirements for taking accumulated leave in FY2021, enabling employees to use the leave for their own injury or illness, providing nursing care to family members, or for infertility treatment, thereby expanding the safety net for both the employee and their family. Furthermore, we established a nursing care consultation desk where employees can easily consult with outside experts on any questions or concerns they may have regarding nursing care or work-life balance.

Expanding systems to support work-life balance (SuMi TRUST Bank)

Fiscal Year	Issue	Measure
FY2016	Relocation due to spouse job transfer	Established new system for workplace reassignments
FY2017	Accompanying spouse on overseas transfer	Established new system for employees to take leave to accompany spouses on overseas transfers
FY2019	Balancing between cancer treatments and work	Established cancer treatment leave
FY2021	Balancing between fertility treatments and work	Established the Fertility Counselling Office
FY2022	Promoting childcare leave for male employees	Established new childcare leave

In addition to including infertility treatment as one of the above-mentioned eligibility requirements to take accumulated leave, we established an in-house Fertility Counselling Office and have been providing e-learning courses to all employees in order to promote knowledge and understanding of fertility treatment.

Furthermore, we introduced flexible working arrangements in FY2019 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.

Current state of work-life balance support (SuMi TRUST Bank)

	FY2020	FY2021	FY2022
Number of employees taking childcare leave	393	449	420
Number of male employees taking childcare leave	168	213	196
Percentage of male employees taking childcare leave	105%	113%	117%
Number of employees taking nursing care leave	180	244	284
Number of employees taking cancer treatment leave	31	50	50
Number of employees with workplace reassignments	201	255	310
Number of employees taking leave to accompany spouses on overseas transfers	14	21	17

Promotion of Flexible Working Styles

From FY2018, SuMi TRUST Bank started offering its employees the option of teleworking in order to boost productivity and support a work-life balance. From FY2019 we introduced a satellite office-based working style from the viewpoint of more effectively utilizing branches and reducing the burden of commuting. The Bank is also encouraging staggered working hours in an effort to develop an environment whereby employees can flexibly choose when and where they want to work.

With the spread of COVID-19, we have been actively leveraging these initiatives as an effective means to disperse physically reporting to work, and employees at our headquarters opted to work from home on an average of approximately 25% of working days in FY2022.

SuMi TRUST Bank's System for Childbirth and Childcare (as of End of March 2023)

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				○	○	○	
Child care leave (a system that allows employees to take a variety of continuous leaves for childcare)		○	○	○	○		

Human Capital

Also from fiscal 2019, the SuMi TRUST Bank adopted a business casual working attire for the whole 12 months of the year. This initiative heightens the autonomy of employees who sometimes need to choose for themselves suitable clothing to wear depending on what kind of work they are doing or which clients they are meeting with. It will also further the development of comfortable workplaces because employees can more easily adapt to colder or hotter days.

Usage Status of Flexible Employment System (SuMi TRUST Bank; FY2022)

Number of employees using shorter working hours system for childcare or nursing care	709
Number of employees using staggered work starts, overtime work exemptions for childcare or nursing care	224

(3) Empowerment of Employees of Other Nationalities

SuMi TRUST Bank offers training programs for local staff working at overseas branches and subsidiaries. The training includes lectures and discussions on management strategy, Japanese business culture and history, and business outlines with the aim of providing a better understanding of the Group and its operations, as well as strengthening relationships among participants and business lines.

Furthermore, we offer a Japanese course for interested non-Japanese employees at our domestic offices, addressing the needs of foreign employees who wish to communicate smoothly in Japanese when working in Japan.

SuMi TRUST Bank, our core subsidiary, has a total of 77 foreign employees in Japan, and a total of over 730 local staff working in various overseas offices. Approximately 70% of management positions at overseas offices are held by local staff, and we will continue our efforts to maintain this level (as of the end of March 2023).

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 enables our employees to obtain a deeper understanding of the behavior and sentiments of people in other countries and thus builds 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.



(4) Promoting Advancement of Disabled Persons

The Group aims to build a working environment where all employees, regardless of their disability, can work with motivation as members of the workplace. At SuMi TRUST Bank, employees with disabilities work at 104 departments (as of end of March 2023) where they have contact with clients or perform back-office tasks. The Bank also makes efforts to interview employees after they start work to respond to concerns or requests that arise after starting work, and uses the points brought up in the interviews to create an easier working environment from physical and mental perspectives. In FY2022 we established the D-I Lab within the Human Resources Department as an organization responsible for promoting the active participation and advancement of disabled persons in order to support the advancement of employees with not only physical but also intellectual and developmental disabilities.

Nikko Asset Management has been running the Athlete Employee Programme since 2013 and is focused on hiring employees with disabilities. The employees that joined Nikko AM through this program established a working group for disabled employees and some of those employees are involved in creating a more comfortable working environment for all employees—one of the missions of the SuMi TRUST Group. Going forward, we will continue to focus on promoting the advancement of disabled persons.

Employment of individuals with disabilities (SuMi TRUST Bank)

	FY2020	FY2021	FY2022
Employment ratio of disabled persons	2.32%	2.23%	2.14%
Number of departments with disabled persons	111	103	104

4. Bolstering Human Resources (demonstrating one's own values and strengths)

Having set the goal of being the No. 1 financial group for human resource participation where all types of people, from young to senior regardless of gender or course, can thrive, the Group established its Human Resources Development Policy in April 2018. Based on this Human Resources Development Policy, we are working on various measures to improve our human capital by focusing on developing "independent, career-oriented personnel," who set their own vision and take action to fulfill it.



SuMi TRUST Group Human Resources Development Policy

SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a career development spirit consisting of "TRUST," for the growth and career development of the employees who will create our future.

TalentTalent (individuality) can blossom

RespectRespect each individual

UniquenessDevelop true professionals

SupportMake mutual teaching and support our motto

TryPraise small, daily challenges

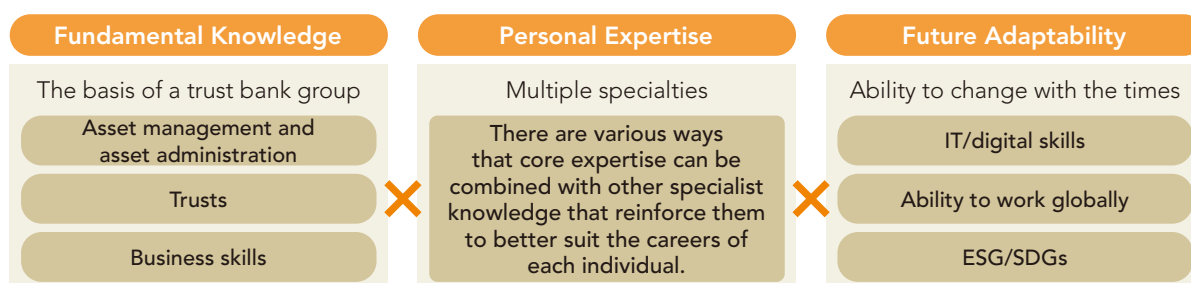
Based on the "fiduciary spirit of TRUST," SuMi TRUST Group aims to contribute to our clients and the continuous development of society through the growth of our employees, thereby maximizing the creation of shared value and becoming the corporate group that is chosen by society.

Independent, career-oriented personnel

In its human resource development efforts, the Group defines independent, career-oriented personnel as, "personnel with the fundamental knowledge of trusts who combine multiple specialties, think about where to focus and about what expertise to merge together as they build their own careers."

Today's social systems are becoming increasingly inter-

dependent and complex with various issues and risk elaborately intertwined, making it necessary to take a multi-faceted approach to solving client and social issues. We will create personnel capable of adapting to the future by harnessing the comprehensive abilities that arise from fusing together expertise gained over a career with the fundamental skills each person holds.



(1) Strategic human resource assignment

The SuMi TRUST Group also focuses on assigning employees to roles that awaken their passion for growth and allow them to realize their full potential. 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 business" and a "deep understanding of the fiduciary spirit."

In addition, we have reduced the amount of paperwork at each branch by expanding the functions of our internal systems and consolidating operations. Under these circumstances, we are moving forward with integrating the operations of multiple branches in the area, promoting efficient operations, and strengthening our sales posture, while at the same time striving to develop human resources by rotating personnel.

(2) Recruiting human resources

It is indisputable that employing diverse and excellent 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

Human Capital

significance, and the overview of its businesses. The website is also carefully designed to give students from a wide variety of backgrounds an idea of what working at the SuMi TRUST Group is really like with features such as employee interviews. In addition, human resources likely to demonstrate expertise as trust bank employees are strategically recruited 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 as an initial job assignment.

Number of new graduates hired (SuMi TRUST Bank)

	Total	Men	Women
FY2020	402	140	262
FY2021	394	146	248
FY2022	378	172	206

(3) Evaluation system

Personnel evaluation systems with individual employee participation

SuMi TRUST Bank's personnel evaluation system allows 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 issues for business execution. And at the end of the term, supervisors meet face to face with employees and review their attainment level of the issues set and the process leading to the results, provide them with convincing assessments of their achievements and evaluations of their capability displayed through the process. The state of ethics and compliance and how much they participate in developing human resources are also included in capability evaluations.

Since FY2019, Sumi TRUST Bank has changed its performance evaluation cycle from six months to one year to make it easier to tackle not only short-term efforts but also medium- to long-term approaches. In addition, since FY2022, we have introduced the system to encourage employees to engage in independent, medium- to long-term career development activities by establishing a medium- to long-term vision and then setting single-year goals and challenges, of the company, businesses, branches and departments, and the employees themselves, in a downstream direction.

Fair evaluation and treatment

Objectivity is essential to fairly evaluate and treat diverse human resources. 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, in order to obtain 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 branches and departments (general managers, deputy general managers, section managers, etc.). By such measures, we promote reform of

management actions and foster a corporate culture of bidirectional communications.

(4) The basis of a trust bank group

Many SuMi TRUST Bank employees have qualifications as real estate transaction agents, securities analysts, and other such professions that are deeply tied to the trust business. By assigning such employees to each business area in a balanced way, and by allowing them to gain more expertise through their work, the Bank aims to demonstrate the expertise and comprehensive capabilities unique to a trust bank. In addition, the Bank has other highly-specialized employees with qualifications as pension actuaries, actuaries, real estate appraisers, in-house lawyers, and certified public accountants, all of whom contribute to increasing the number of specialized professionals in the Group.

Multiple specialties

SuMi TRUST Bank is working to visualize the quality and size of its human resources portfolio, and employees are assigned to or strategically rotated between positions with the aim of giving them the opportunity to demonstrate their abilities to the fullest and to play active roles, based on the assessment.

In addition, the Bank has implemented a "work challenge system" (allowing applicants to be assigned to specific business areas or jobs) for new hires, and has run a training and development program for young employees so that new recruits can experience multiple businesses within their first five years with the company, all in order to promote independent career-development among employees. The Bank has also expanded its job posting system and holds business briefings where attendees can learn more about each business and get an opportunity to think about their own future career development, after which jobs are posted (In FY2022, 544 individuals attended business briefings). Roughly 33% of employees who applied through the job posting system work in the job or department they selected.

The Bank launched its in-house side job system in FY2021, with the aim of integrating human resources and know-how in a way that transcends traditional operational boundaries, promoting skill development and innovation through engaging in side projects that interest employees once a week. There were 14 participants in FY2021 and 34 participants in FY2022.

Career development support (SuMi TRUST Bank)

	FY2020	FY2021	FY2022
Number of internal job posting system users	339	359	377
Percentage who passed hiring phase	32%	27%	33%
Average age of applicants	32.6	30.8	31.6

Examples of in-house side job project (SuMi TRUST Bank)

Project	Details
Well-being Promotion	Handles internal and external promotion of well-being (through event planning, internal and external exchanges, and information dissemination)
Life Plan Consulting	Offers life plan consulting services for occupational clients (through online consultation and proposing strategies for the asset building group)
My Future Project	Personnel in Corporate Business takes on other operations within the business
RPA Building	Produces RPA (UiPath) and promotes automation of operations
Sustainability	Planning of the Group's sustainability operations
Self-value Boost	Experience frontline operations to achieve employee's own vision
Corporate Communication	Research and review measures for the Group's branding

Ability to change with the times (digital and other)

SuMi TRUST Bank is focusing on re-skilling by expanding IT and digital skills training and expanding its support for employees acquiring IT and digital qualifications in order to strengthen its skillset of IT and digital-related technologies

to better promote the trust business. We have organized lectures by external experts and well-known figures in the digital field and launched the Digital Academy to communicate information online about topics of focus. Furthermore, we provide fundamental educational content on AI and cloud technologies, training to improve skills including DX and Robotic Process Automation builder training, and a university lecture participation program through which employees can study leading-edge technologies like AI and blockchain, as well as analysis techniques leveraging probability factors and statistics. We are also working to send personnel to universities and research institutes in the field of information security. In April 2023, we set specific KPIs aimed at developing digital human resources as part of stepping up our efforts to develop digital talent.

The Bank is also supporting the acquisition of knowledge and skills outside the IT and digital technology realms that will help build a better future, and giving back to its employees the high-quality investment educational know-how honed through its work in the pension business and consulting for occupational clients, and by doing so, the Bank is able to promote FINANCIAL WELL-BEING and better understanding of ESG and SDGs. By giving people the ability to change with the times, the Bank aims to ensure its employees can adapt to the future.

Expanding investment in human resources development

Study at SuMiTRUST University

To help each employee fulfill their career ambitions, we established the SuMiTRUST University within the SuMi TRUST Group. We have partnered with outside educational institutions to provide a number of programs, ranging from rank-based programs and training aimed at improving business skills to self-development programs that encourage employees to continue enhancing their capabilities. Furthermore, through SuMiTRUST University, we have provided rank-based and individual skill-based learning paths for topics including basic skills for a trust bank group, individual expertise, and future adaptability, to help employees select courses that match their respective career ambitions.

In FY2022, we launched a learning management system called University+. By holding seminars where employees who have no regular contact with one another gather to discuss common themes and conduct research, and providing a social network function that enables employees to freely exchange information related to learning, we aim to create new value through sharing knowledge and experience and inspiring each other.

SuMiTRUST University

- The umbrella term for the Group's wide range of training programs, including those provided by the Human Resources Department and other departments, as well as those by nomination and open enrollment
- Learning opportunities extend across different operations, with nomination-based training for new employees and each post, and open enrollment programs on leadership, management, digital, and other topics

University+

- E-learning and other online learning systems

Self-development Support

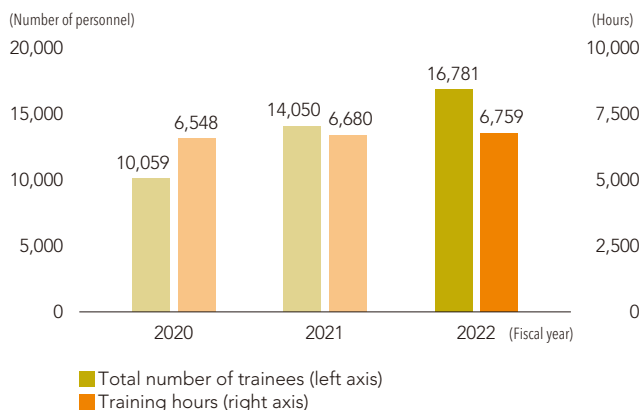
- Financial assistance for the examination fees for and costs of various qualifications and certification tests

Various Trainee Programs

- Capability development training programs, including training for acquiring qualifications and language trainee programs
- Overseas training programs, language trainee programs (English, Chinese, and Thai), and business trainee programs (in New York, London, Shanghai, Singapore, etc.)

Human Capital

Training status (SuMi TRUST Bank)



Investment in HR development (SuMi TRUST Bank)

	FY2022
Total number of trainees	16,781
Including number of selected or nominated trainees	393
Training hours	6,759
Training days	208
Training costs	1,170 million yen
Training cost per person	115,000 yen

Concept Image of SuMiTRUST University

	Business	Global	Digital	Liberal arts	SMTB Knowledge	Rank-based and screened trainings
Officers and GMs						Training for newly appointed managing executive officers Training for newly appointed executive officers Training for newly appointed general managers Overseas assignment One-on-one coaching
Deputy GMs and section managers						Training for newly appointed deputy general managers Training for newly appointed section managers Career ownership training GL training SL training Assertive communication training Anger management training
Group leaders						Remote management training Evaluator training Global skills training Master degree programs
Small group leaders						Co-creation programs with other companies
Employees with certain responsibilities						G&L II training Challenging Year
New employees						New employee training

Human resources portfolio

SuMi TRUST Bank is working to identify which personnel will be important in further promoting the Group's business model through assessments connected to visualization of its human resources portfolio. The Bank will continue to expand that portfolio through independent career development, gaining of experience, and strengthening its investment in human resource development.

(1) Specialized professionals (fellows program)

Employees with significant contributions to corporate

earnings and for the value they have added using their advanced expertise are certified as a fellow. Fellows include financial consultants and front office staff, but also personnel from the middle and back offices. Previously, fellows were evaluated and selected from senior personnel based on the experience they had cultivated over the years, but from FY2022, SuMi TRUST Bank began certifying fellows from a wide range of groups regardless of age (320 people in total), as the Bank strives to expand its pool of specialized professionals.

(2) Senior management personnel (training next-generation leaders)

Through joint program development and administration with universities in Japan and overseas, 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, we provide a variety of training programs to develop leaders among our female employees and provide them a path to management.

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 the SuMi TRUST Group's origins and business spirit, broaden horizons, instill global awareness, and enable participants to build networks within and outside the Company.

(3) Globally capable personnel

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 Bank has increased the number of employees sent from Japan to work overseas to 182 as of March 31, 2023, up from 115 as of March 31, 2012. We have also increased the number of employees with foreign citizenship working in Japan to 77 as of March 31, 2023, up from 22 as of March 31, 2012. Employees hired overseas are eligible for transfers to other overseas locations and can be brought in for training at the Head Office.

Furthermore, for next-generation management candidates who have spent their careers mainly in Japan, we offer a select training program in which they are sent to a short program at a top overseas business school after improving their language skills in a language boot camp, with the main goal of fostering global management perspectives.

(4) Management personnel

In addition to next-generation leader training, SuMi TRUST Bank offers rank-based training sessions in which each generation receives training at the appropriate juncture. In particular, we are focusing on management personnel at the section manager and team leader level and above, who have a strong influence on organizational operations, and are carrying out training to enhance management skills and communication skills essential for advanced organizational management. In FY2022, we provided training programs

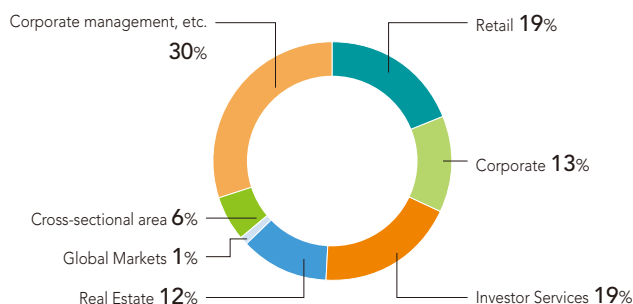
geared to enhance team building capabilities such as team management training utilizing 1-on-1 sessions and one-on-one coaching as well as programs aimed at improving communication skills such as remote management training, anger management training, and assertive communication training, with the aim of creating an organization capable of generating high added value by leveraging the strengths of each and every employee. In developing human resources, we believe that in addition to formal learning, it is also important to learn through experience. Accordingly, we aim to help trainees acquire more practical knowledge and skills through group discussions at training sessions and through self-initiated post-training assignments. Furthermore, we are actively engaged in human resource development by providing training for new general managers, executive officers, and managing executive officers, who are in higher ranks.

Diversity is not only a source of innovation, but is also essential for understanding and giving form to the thoughts and feelings of our various clients. SuMi TRUST Bank believes that it is important to ensure diversity and promote a corporate culture that embraces diversity. Accordingly, we are expanding the number of female employees and mid-career hires at the section manager level and above to translate the diversity and creativity of each individual into added value for the organization.

Current human resource portfolio (SuMi TRUST Bank)

	FY2021	FY2022
Specialized professionals (number of certified fellows)	172	320
Senior management personnel (number of select training participants)	393	419
Globally capable personnel	610	650

Number of certified fellows by business (SuMi TRUST Bank; FY2022)



Human Capital

Employee Breakdown (Sumitomo Mitsui Trust Bank)

	As of end of March 2022	As of end of March 2023
Number of employees (Breakdown by work location below)	13,608 (men 5,879) (women 7,729)	13,757 (men 5,926) (women 7,831)
Japan	12,783	12,876
Hong Kong	64	73
China	113	115
Korea	3	3
Singapore	144	154
Indonesia	6	6
UK	272	276
USA	220	251
Australia	3	3
Average age	41.7 (Male 43.9) (Female 39.5)	41.8 (Male 44.0) (Female 39.7)
Average continuous years of employment	14.3 (Male 16.5) (Female 12.3)	14.6 (Male 16.6) (Female 12.7)
Average annual salary Guaranteed minimum wage by region as prescribed by the MHLW	6,956 thousand yen	7,158 thousand yen
Number of temporary staff	500	526
Number of part-timers	51	50
Number of disabled persons employed	291	284
Number of employees leaving for personal reasons (annual)	369	379
Number of work-related accidents (annual)	110	120

Diverse Human Resources with Expertise That Support the “Power of Trusts”

Qualification/role	Number of employees
Financial Consultant/Trust Consultant	275
1st grade Certified Skilled Professional of Financial Planning	706
Gerontology Test	1,110
Bank Gerontologist Certification Exam	4,439
Real Estate Appraiser (total of real estate appraisers and assistant real estate appraisers)	188
Real Estate Transaction Specialist Exam	6,522
ARES Certified Master	342
First-Class Architect	29
Securities Analyst	813
CFA (Chartered Financial Analyst)	18
Pension Actuary	46
In-house Lawyer	37
Certified Administrative Procedures Legal Specialist	65
Certified Public Accountant	10
Certified Public Accountant (US)	18
Licensed Tax Accountant	10
Certified Internal Auditor (CIA)	72
Labor and Social Security Attorney	40
System Auditor	14
Project Manager	11
Advanced System Administrator	12
Information Systems Security Administrator	15
IT Strategist	14
Overseas Graduate School graduates (Master's/PhD)	45
PhD holders	12

(All figures are as of March 31, 2023 for SuMi TRUST Bank)

Respecting Human Rights

1. Human rights management system

Our human rights management system is centered on the Human Rights Due Diligence Liaison Committee, which was established in 2013, and operates under the following structure. From FY2023, we will establish the

Sustainability Committee as an executive deliberative body for the purpose of deepening deliberations on various human rights-related issues, thereby ensuring more effective measures.

Board of Directors	The Board of Directors oversees execution in accordance with Sustainability Policy
Risk Committee	The Risk Committee receives requests for consultation from the Board of Directors on material sustainability issues and risks, deliberates from a professional point of view, and reports its findings to the Board of Directors.
Executive Committee	The Executive Committee is responsible for the overall execution of operations in accordance with Sustainability Policy, and discusses and decides on necessary matters. In addition, it presents to the Board of Directors matters it deems important with respect to sustainability.
Sustainability Committee (from FY2023)	The Sustainability Committee holds preliminary discussions on matters to be resolved or reported by the Executive Committee, etc., from the viewpoint of promoting the Group's sustainability initiatives.
Human Rights Due Diligence Liaison Committee	The Human Rights Due Diligence Liaison Committee conducts a survey of the status of human rights measures throughout the Group, identifies necessary issues, and discusses improvement measures. The annual survey is conducted by using the Human Rights Due Diligence Self-Check List.

2. Implementation of human rights due diligence

Human rights due diligence refers to a series of initiatives to identify actual or potential impacts 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. Our human rights management system is as follows.

Human Rights Due Diligence Liaison Committee

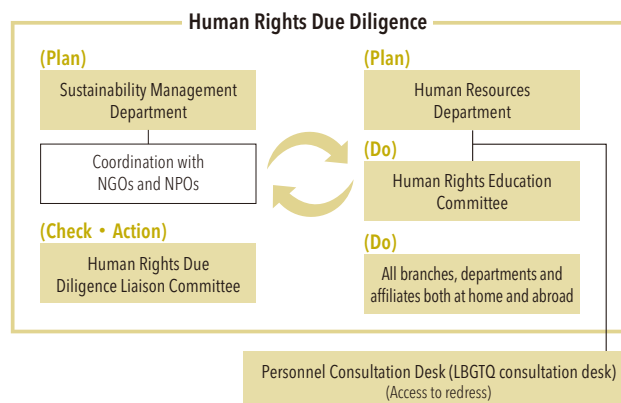
- The Human Rights Due Diligence Liaison Committee, chaired by the general manager of the Sustainability Management Department, has been established as a joint organization by SuMi TRUST Holdings and SuMi TRUST Bank.
- The committee investigates how human rights are being addressed at all Group companies, including overseas entities, identifies issues that need to be addressed, and discusses measures for improvement.

Sustainability Management 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.



Human rights due diligence conducted in March 2022

The Group conducts annual human rights due diligence using a checklist based on the Group's human rights issues. The results of the FY2021 due diligence activities were discussed by the Human Rights Due Diligence Liaison Committee and there were no immediately problematic situations identified, nor were there any situations of concern at our borrowers, investees, or in the supply chain.

3. Human rights awareness initiatives

The Group understands the importance of enhancing awareness of human rights issues and promoting a sense of ownership among its directors, officers, and employees, and recognizes the need for ongoing initiatives to address these issues. In addition, we are continuously striving

to improve awareness of human rights issues as society increasingly calls for further human rights considerations as well as addressing human rights issues that have surfaced at borrowers, investees, suppliers, and subcontractors.

Promotion of human rights education system

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

- 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.
- The general manager and the human resources manager of each branch or department are expected to promote awareness and understanding within the branch or department as members of the Human Rights Education Committee.

Raising human rights awareness through rank-based training

SuMi TRUST Bank carries out human rights awareness activities in various rank-based training sessions, and covered the following topics in FY2022.

In FY2023, based on our understanding of the issues

involved in our human rights awareness initiatives to date and the opinions of outside experts, we will clearly define the roles expected of each job position and conduct training not only for new hires but also for a wider range of positions in line with these expectations, in order to boost the effectiveness of our initiatives.

Subject	Details	Number of trainees
Training for all directors and executive officers	The status of each country in relation to the Guiding Principles for Business and Human Rights, environmental and social risk management challenges and directions for future initiatives.	56
Training for new general managers	SuMi TRUST Holdings Human Rights Policy, Human Rights Education Committee structure, and the importance of human rights due diligence	39
Training for new deputy general managers	SuMi TRUST Holdings promotion of human rights education system, business and human rights, importance of human rights due diligence, role of human resources personnel, and prohibition of personal background investigations conducive to caste discrimination.	96
Training for new section managers	SuMi TRUST Holdings Human Rights Policy, promotion of human rights education system, Personnel Consultation Desk, Dowa caste, and foreign residents issue.	179
Training for mid-level employees	SuMi TRUST Holdings Human Rights Policy, promotion of human rights education system, Dowa caste, Zainichi Korean (Koreans living in Japan) issue, Personnel Consultation Desk	1,027
Training for new employees	Introduction to human rights, SuMi TRUST Holdings Human Rights Policy, promotion of human rights education system, business and human rights, Personnel Consultation Desk, Dowa caste, discrimination against foreign residents in Japan, discrimination against persons with disabilities, personal information, and the internet	375
Training for mid-career recruits	SuMi TRUST Holdings Human Rights Policy, promotion of human rights education system, Dowa caste, Zainichi Korean (Koreans living in Japan) issue, Personnel Consultation Desk	242

Workplace-based human rights training

To ensure that all Group companies have a common understanding of human rights issues and to deepen understanding, we conduct annual workplace based human rights education training. The training is generally carried out in person at the workplace in an interactive manner, but we offered e-learning training during the COVID-19 pandemic, using tests and questionnaires to assess the level of understanding as well as gather

individual opinions, which are then used to improve the training in the following year.

Distribution of human rights awareness tools

The Human Rights Education Committee sends out a monthly human rights awareness tool by email to group-wide employees, introducing hot issues and good examples of respect for human rights, in order to help internalize human rights issues among employees.

Respecting Human Rights

Call for human rights awareness slogans

To raise awareness of human rights among all employees, the Group annually calls for entries and presents awards for human rights awareness slogans to employees and their families at all Group companies.

Outstanding entries are presented with awards within the Group and are also submitted to the Japanese Bankers Association and the Industrial Federation for Human Rights, Tokyo. In FY2022, the following awards were given.

2022 Japanese Bankers Association Grand Prize

Human rights determine the future of a company.
It's time to look at it as our own problem.

2022 Japanese Bankers Association Honorable Mention

"Usually..." is your personal opinion, not a common opinion.

2022 Industrial Federation for Human Rights, Tokyo Honorable Mention

Indifference is the germ of discrimination that lurks in the heart. The first step is to know and notice.

Communicating initiatives to employees

To raise employee human rights awareness both within and outside the company and to help them internalize it, we created a category dedicated to human rights awareness on the company intranet bulletin board, where we post the previously mentioned human rights awareness tools as well as the status of entries and awards for human rights awareness slogans.

In addition, we regularly address human rights-related topics in our internal newsletter and DE&I report, sharing our policies and initiatives as well as good practices within the Group.

4. Grievance Mechanism

SuMi TRUST Bank has established the Personnel Consultation Desk (LGBTQ Consultation Desk) to respond to various claims and inquiries concerning human rights, while working 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.

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 consuler, or may discipline the perpetrator in accordance with company rules.

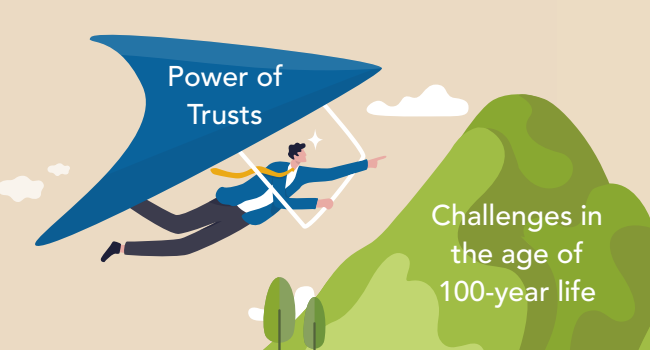
Number of Inquiries Received at the Personnel Consultation Desk in Fiscal 2021

	Number of inquiries received	Number of inquiries unresolved
Total	85	14
Harassment-related	39	10
Power harassment	35	7
Sexual harassment	3	3
Maternity harassment	1	0
Human resources related (including employment related)	13	1
Organizational management	11	2
Human relations (including health-related, etc.)	11	1
General inquiries (about systems, etc.)	11	0

People

Initiatives that Address Environmental and Social Issues

1. Addressing the age of 100-year life —Tackling a declining population and a super-aging society—




Tips for living in the age of 100-year life

Special Discussion

Mr. Yoshiharu Habu and Mr. Koichi Sato

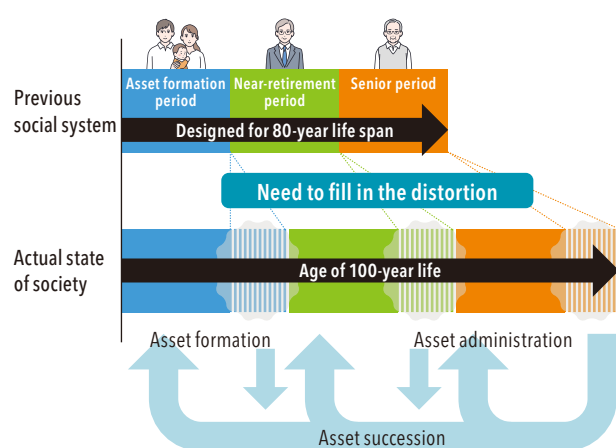
Please refer to the SuMi TRUST Bank website for a discussion between Mr. Yoshiharu Habu and Mr. Koichi Sato.

<https://www.smtb.jp/special/specialtalk8> (Japanese text only)



According to a UC Berkeley cohort study, the average life expectancy for Japanese people born in 2000 is 104 years. In addition, according to the 2021 Simple Life Table of the Ministry of Health, Labour and Welfare, 27.5% of men and 52.0% of women will live to the age of 90, indicating that Japan has already entered the age of 100-year life.

The social system, which has been based on the assumption of an 80-year life span, has been distorted in various ways and is in the process of being updated to meet the needs of this new age. SuMi TRUST Group will leverage the power of trusts in the three areas of asset formation, asset administration, and asset succession to help clients achieve FINANCIAL WELL-BEING in the age of 100-year life.



Asset formation	In addition to providing a lineup of services that contribute to asset formation, which is important for people to live a prosperous life in the age of 100-year life, we will help improve financial literacy through new initiatives including education.
Asset administration	We provide clients with a customized combination of options to ensure that they can live a fulfilling life in their own way even when they lose the ability to make decisions from dementia or other causes.
Asset succession	With the know-how and broad-ranging services accumulated at SuMi TRUST Bank over many years, we support our customers in realizing their diversifying "end of life planning" and "aspirations to inherit to the next generation."

100-Year Life Solution Department

In 2019, SuMi TRUST Bank established the 100-Year Life Solution Department with the aim of creating new value through the power of trusts in response to the various issues that could arise to clients and society in an age of 100-year life, and offers a wide range of products and services.

Sumitomo Mitsui Trust Financial Education Institute

In the age of 100-year life, we believe that it is more important than ever to disseminate information and educate people about financial literacy, and in 2019 we established the Sumitomo Mitsui Trust Financial Education Institute. We undertake broad-ranging initiatives to disseminate information to the public, such as providing opportunities for individuals to internalize financial affairs and educational programs for the financial education field (See page 126 for examples of initiatives).



Anshin Support Corporation

Established in 2018 by SuMi TRUST Bank, Anshin Support Corporation provides asset administration services to the elderly as part of the Bank.



2. Addressing asset formation

Helping with Future Asset Formation

Smart Life Designer app

Based on the concept of “designing the money necessary for the age of 100-year life together with our clients and creating the future of money,” the Smart Life Designer app for individual clients offers life plan simulations, a household accounting function to collectively manage household finances and assets, and a collection of information on asset formation.

The app is available to everyone free of charge.



Future Asset Health Checkup

Based on the belief that it is essential for individuals to have the opportunity to internalize financial affairs, we developed a tool that enables clients to check their household financial health and financial literacy level. We have made the tool available to employees of business partners.

Respondents can answer the questions online from their smartphones or PCs, and their household financial health will be determined based on their answers, and their financial literacy level will be shown as well.

In addition, by comparing the results of individual responses to a survey of 10,000 people conducted separately by Sumitomo Mitsui Trust Financial Education Institute and providing visual information, this tool will help foster awareness of asset formation among individuals and encourage them to work on asset formation.

We will continue to develop the tool for more widespread and convenient use.

Sumitomo Mitsui Trust Fund Wrap / Jinsei Anshin Package

The Sumitomo Mitsui Trust Fund Wrap is a discretionary investment management product in which SuMi TRUST Bank makes investment decisions, buys and sells, and manages funds on behalf of clients based on a discretionary investment trust agreement. Amidst increasing uncertainty, we provide our clients with the peace of mind that comes from enjoying the benefits of medium- to long-term growth in the global economy. In addition, clients who apply for the fund wrap can apply for the Jinsei Anshin Package, a service that includes insurance (cancer, nursing care, and personal accident) free of charge, subject to age and other criteria.

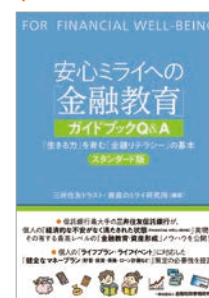
Financial education support

SuMi TRUST Bank is leveraging the advanced investment education know-how accumulated through its pension business to improve the financial literacy of company employees at their work places. In addition, in light of the fact that financial education is now included in the school curriculum guidelines for high school home economics in 2022, we are providing financial education materials and courses for higher education.

Financial Education Q&A Guidebook for Financial Well-being Compiled and edited by Sumitomo Mitsui Trust Financial Education Institute (Published April 2023)

Based on SuMi TRUST Bank's investment education know-how, we published a book that presents a new standard of financial literacy that fosters a zest for life.

In it, we advocate the necessity of developing a sound money plan (savings, investment, insurance, and loan plans) that addresses life plans and life events in order to help individuals achieve financial well-being.



Asset Formation Q&A Guidebook for Financial Well-being Compiled and edited by Sumitomo Mitsui Trust Financial Education Institute (Published October 2020)

We published a Q&A guidebook that addresses the concerns of individuals about asset formation in the age of 100-year life and serves as a recipe for a worry-free future.

We analyze and summarize the historical background and economic conditions in which people in each generation have lived so that each individual can internalize the idea of retirement.



Helping with Home Asset Formation

Mortgage loans

SuMi TRUST Bank offers mortgage loan plans with a variety of interest rate options and services that can be selected according to the client's life plan. We aim to be a long-lasting partner by providing personalized support for borrowing and repaying loans.

Household budget support plan

As part of our offering designed to foster a prosperous future for mortgage loan clients, we provide a Household Budget Support Plan that reduces the interest rate on mortgage loans when clients apply for certain transactions, such as installment investments.

Child-rearing support service "Junior Support"

We offer a 0.1% annual discount on mortgage loan interest rates for one year for clients who are celebrating the birth of a child, their child's 6th birthday, or their child's 15th birthday during their loan term if they meet certain conditions.

Special guarantee against the eight major diseases

The eight major diseases refer to the three major diseases of cancer, acute myocardial infarction, stroke, and the five severe chronic diseases of high blood pressure, diabetes, chronic kidney failure, cirrhosis of the liver, and chronic pancreatitis. SuMi TRUST Bank offers a variety of insurance policies to meet client needs, protecting against the eight major diseases and unemployment during their loan term.

Special guarantee against natural disasters

We provide an insurance policy that covers the monthly loan payment in the event that clients are unable to live in their home as a result of total, major, or partial destruction caused by a natural disaster or earthquake during their loan term.

Housing assistance loan for seniors aged 60 and older (i.e., Rokumaru)

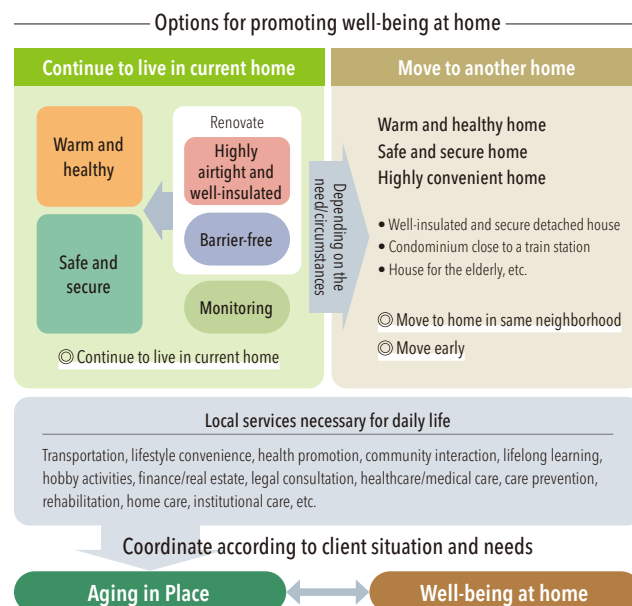
The Rokumaru is a non-recourse mortgage that can be used by clients aged 60 and older. Retirees with limited income can use the funds to purchase a new home or renovate their home.

Digest report for seniors (considering senior-generation housing)

Aging in Place* is an important factor in achieving well-being in the age of 100-year life. In the digest report for seniors (considering senior-generation housing), we introduce the information and steps needed to ensure a healthy, safe, and secure home, which is the foundation for Aging in Place.

In particular, we provide in-depth information on how to create a warm home through renovation or other measures, as well as how to move into a safer, more secure, and more convenient home that meets individual needs and circumstances.

*Aging in Place: The act of continuing to live in a familiar neighborhood for as long as possible, regardless of problems associated with aging or changes in mental or physical conditions.



3. Addressing asset administration

Helping with Asset Administration

In the age of 100-year life, many people will experience a decline in their ability to make decisions due to dementia and other factors. With a person's decision-making ability declines, it becomes difficult for a person to withdraw savings or manage their home and real estate on their own. SuMi TRUST Bank provides services to support asset administration in old age, and offers clients the best combination of services according to their circumstances.

100-Year Life Solution Trust

<100-Year Passport> <100-Year Passport Plus>

The 100-Year Passport is a money trust that offers a host of useful features to combat the problems elderly clients may face, such as withdrawing from their bank account, when their ability to make decisions has declined.

The 100-Year Passport Plus provides clients the option of combining fund management with investment trusts and Sumitomo Mitsui Trust Fund Wrap, enabling them to continue asset management even when their decision-making ability and health are uncertain.

Civil trust support services

We provide financial services like trust accounts for the trustees of civil trusts (Please consult with a specialist in legal and tax affairs when setting up a civil trust).

Support menu

- Opening of accounts
- Term deposits & money trusts
- Investment trusts & discretionary investments
- Trustee Visa cards
- Dedicated civil trust securities general accounts (financial instruments intermediary services)
- Apartment loans
- Real estate brokerage, etc.

Security trust

The Security Trust is a money trust that safeguards client assets from financial crimes, which are on the rise and becoming more sophisticated, by only allowing funds to be withdrawn after obtaining approval by a previously designated consenting party.

Guardianship System Support Trust

The Guardian System Support Trust is structured so that money not ordinarily used among the assets of a person receiving assistance under the legal guardianship system is entrusted to the trust bank. The trust bank safeguards the client's assets pursuant to instructions of the family court to prevent guardian dishonesty.

Discretionary Guardianship System Support Trust

This money trust supports the discretionary guardianship system by managing the assets of its users. It protects assets held in the money trust because after the discretionary guardianship contract takes effect, funds can only be released with the consent of the discretionary guardianship supervisor. Funds required for day-to-day living expenses can also be released periodically, which alleviates the burden of asset management on the discretionary guardian.

Anshin Support Trust

The Anshin Support Trust offers clients customized asset management, with SuMi TRUST Bank acting as trustee for their precious assets. SuMi TRUST Bank will preserve assets for clients who have difficulty managing their own assets and provide necessary funds for living, medical treatment, study, etc., in accordance with the purpose of the trust. Clients can also leverage the structure of this trust to make regular donations to their alma maters, charitable organizations, and other organizations.

Digest Report for Seniors (Considering the Problems of Dementia—V3.0)

SuMi TRUST Bank published a digest report for seniors (Considering the Problems of Dementia—V3.0), which provides an easy-to-understand explanation of effective options for preparing for asset management. The report includes an overview of the adult guardianship system and other public support mechanisms, as well as financial products and services that complement these systems, along with examples of how they are combined. It also offers voice assistant function with high-quality voice synthesis*, which provides voice guidance available on your smartphone, by scanning the two-dimensional barcode found on each page. Speed and tone can also be adjusted to make the voice easier to understand. We provide optimal advance preparations by offering easy-to-understand information tailored to our clients.

*VOXX audio assistant is provided by REMEM Inc.

*Scan the two-dimensional barcode to receive audio guidance for page 5, "Optional systems and products for people with dementia."



(1) Scan the two-dimensional barcode with your smartphone



(2) Press the playback button



4. Addressing asset succession

End-of-Life Assistance

Solitary Trust

The Solitary Trust is a service in which Anshin Support Corporation takes care of postmortem affairs such as arranging funeral services, internment of ashes, sorting out belongings, and sending obituary notices. The service enables clients to conduct postmortem affairs in accordance with their wishes through a final letter of instruction that clients can use to record their wishes and revise them depending on changes in their circumstances and feelings, and through the segregated asset management function of trusts that ensure the safe deposit of postmortem administrative expenses and donations.

"The Best End of Life" Practical Q&A Guidebook Toward a Successful Life from Age 50 (First edition: March 2023)

We compiled the end-of-life support know-how accumulated by SuMi TRUST Bank and published it as a book, using specific examples with a Q&A approach to address the challenges and concerns of end-of-life activities in the age of 100-year life.

The book is available at bookstores nationwide, including online stores.



Helping with Smooth Planning for Inheritances

Estate Planning

Estate Planning is a service that provides support (consulting) aimed at securing the client's future living expenses, sorting out their wishes regarding the succession of their assets for the next generation, and drawing up a specific plan for asset succession.

Drawing on our long-accumulated know-how, SuMi TRUST Bank offers a variety of consulting services for general inheritance matters, including wills and estate liquidation.

Smart Will

The Smart Will service makes it relatively easy to create a will by limiting the assets and contents of the will to meet the growing needs for inheritance planning. We will help ensure smooth asset succession in the age of 100-year life by taking on the wishes of our many clients through Will Trusts, which provide personalized and sophisticated inheritance solutions for a wide range of assets, and Smart Will, which provides simple inheritance solutions.

Will Trusts

The Will Trusts service offers assistance with drafting, safe-keeping, and periodic review of wills, and SuMi TRUST Bank will act as executor to ensure that our client's wills are carried out. When preparing a will, we leverage our many years of experience as an executor to provide consulting services with an eye toward executing the will according to our client's wishes. In addition, we also accept holographic wills under the Ministry of Justice's holographic will storage system.

Will Trusts (with special clause for pet care)

This service supports pet lovers so that they can live with their pets in peace even in old age (released in June 2021). In addition to bequeathing property under the condition that the pet beneficiary takes possession of the pet in the will, Anshin Support Corporation handles the transfer of the pet.

Online will trust service

The online will trust service is a free service enabling clients to prepare their own draft will by following instructions and entering their family structure and assets.

Housing Will

The Housing Will service is a free holographic will custody service provided to our mortgage loan clients to ensure that their wishes will be conveyed to their loved ones in the event of an inheritance.

One-Stop Inheritance Service (Estate Liquidation Services)

For those who find inheritance procedures burdensome and would like to entrust it to someone else, SuMi TRUST Bank offers the following services and support to facilitate the complicated inheritance procedures.

- 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
- Change of name on real estate
- Advice concerning allowances to pay tax obligations, such as income tax and inheritance tax

Business tie-up with Escrow Agent Japan Trust (service for change of name for inherited real estate)

With the registration of inherited real estate becoming mandatory from April 2024, we have entered into a business tie-up with EAJ Trust to meet the needs of our clients who wish to leave the name change procedures of their real estate to professionals. We will help prevent home abandonment and contribute to a sustainable society by providing new services in cooperation with EAJ Trust.

Harnessing social networking sites to disseminate information

SuMi TRUST Bank created an official YouTube channel to provide information and tips on asset management and end-of-life procedures tailored to each individual client.

In this age of 100-year life, it is necessary to consider the possibility that one day you will be alone. In episode 01, "Concerned about End-of-Life Procedures Today," we discuss not only what happens after death, but also end-of-life procedures of today.

Next Generation Transfer Assistance

Annual Donation Support Trust

This service supports the implementation of procedures for lifetime donation to relatives, such as compilation of a donation contract. Each year at a set time, SuMi TRUST Bank will send clients a donation contract, which is required for making a donation, so that clients do not miss any opportunities to make a donation. In addition, SuMi TRUST Bank sends a donation report to both the donor and recipient once a year. Donations can be made in Japanese yen or a foreign currency.

Social Contribution Donation Trust

We offer products and services designed to help clients fulfill their wish to contribute to solving social issues through donations. One of these, the Social Contribution Donation Trust, is a money trust product designed to make donations to organizations engaged in social contribution activities. Clients can select the organizations they wish to support from a list provided by SuMi TRUST Bank, and SuMi TRUST Bank will handle the donation remittance procedures on their behalf.

Tuition Fund Endowment Trust (Mago-e-no-omoi)

As a tax incentive, lump-sum donations for tuition and other educational expenses to grandchildren under the age of 30 are exempt from gift tax up to 15 million yen. SuMi TRUST Bank pays out from a money trust based on receipts and other documents that confirm payment of education expenses, thereby ensuring that the money is used for education purposes in accordance with the donor's wish.

Medical Support Donation Trust

This money trust product is designed to support universities conducting medical research. Clients can contribute to medical care by selecting a recipient from a list provided by SuMi TRUST Bank.

Wedding and Child-Rearing Support Trust (Tsunagu-omoi)

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.

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.

Clients can establish a special donation trust with SuMi TRUST Bank for the purpose of stabilizing the lives of specified persons with disabilities. 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.

Family Consideration Trust (Lump Sum)

The Family Consideration Trust (Lump Sum) is a money trust product that, in the event of a client's death, makes a lump-sum payment of deposited assets in trust to a recipient designated in advance by the client from among their family members.

This provides funds for interim expenses, funeral expenses, and other immediate needs in the event of an emergency.

Charitable Trust

A charitable trust is a system in which individuals or companies entrust a portion of their property or profits to a trust bank that administers and manages the funds to carry out charitable activities in accordance with the purposes specified in the charitable trust agreement. Since the first one was established in 1977, it has been used in a broad-ranging field such as for providing scholarships, funding research in the natural sciences and humanities, subsidizing activities to protect the natural environment, as well as for promoting international cooperation and exchanges.

Designated Donation Trust

Based on a designated donation trust agreement, the initial trust principal is donated once a year in installments to the recipient designated by the client. In addition, there are tax benefits whereby earnings gained from managing a designated donation trust are exempt from taxation, and all investment gains will be donated to the recipient along with the trust principal.

Testamentary Donation

Testamentary donations refer to donations made by individuals to public interest corporations, non-profit organizations, schools, national universities, or other organizations or institutions, in whole or in part, through their wills. SuMi TRUST Bank partners with public interest corporations, which refer those who wish to make testamentary donations, and we help them fulfill their wishes by providing will trust functions.

5. Other FINANCIAL WELL-BEING initiatives

We began offering our new LIFE & FINANCIAL WELL-BEING Service on Monday, May 8, 2023. With the aim of helping clients achieve FINANCIAL WELL-BEING, we will provide a variety of opportunities to learn and experience physical, financial, and home health.

*This service is available to Platinum Stage and Gold Stage clients of the Trust Premium Service.

Examples of services offered

- Achieving healthy longevity through frailty prevention! Practical diet and training
- Protecting your home! Disaster prevention techniques seminar
- Generation-specific life planning seminar



4

Prosperity

—Economic Considerations

132

Companies perform better when their employees are well-trained, diverse and financially secure. The inclusion of prosperity as the fourth pillar takes this project's work beyond simply "ESG," highlighting the importance of prosperous societies and the role of businesses in fueling economic growth, innovation, and shared wealth.

From the World Economic Forum White Paper "Measuring Stakeholder Capitalism"



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The Group's Approach to Prosperity (Economic Considerations)

In the World Economic Forum's white paper Measuring Stakeholder Capitalism—Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, which this report references, the following definition of "prosperity" is quoted from the UN Secretary-General's Synthesis Report.

Definition of "Prosperity"

- Economic growth, built upon decent employment, sustainable livelihoods, rising real incomes, social protection, and access to financial services for all people
- Innovation and transforming business models to create shared value, including investments in sustainable and resilient infrastructure, settlements, industrialization, SMEs, energy, and technology
- Shared prosperity and equitable growth, based on sustainable production and consumption

In other words, the idea of prosperity is not about how prosperous a company has become—it is a measure of how prosperous a company has made society. Accordingly, this would obviously include a company's business contributions to society and the economy, as well as its employment program, tax payments, community investments, participation in social activities, and initiatives such as financial inclusion. More specifically, and based on this thinking, in this section of the report we provide information about the SuMi TRUST Group's initiatives in line with the following three themes.

Creation of employment and wealth	We create significant economic value for employees, shareholders, and wider society through job creation and investing in the productive capacity of the economy.
Providing value to clients	We more broadly create economic value and social value for clients and society by providing suitable and innovative products and services to meet our clients' changing needs and desires.
Helping invigorate communities and society	We endeavor to invigorate the societies and communities in which we operate, through investment in communities, promotion of, and participation in social activities, and indirectly through taxes paid to help finance government services for those communities. Also, we contribute to the enhancement of buying power in the community through equitable and inclusive economic development.

Related Materiality

Impact Materiality

Materiality	Risks/Opportunities	Key Stakeholders	Primary Actions
The age of 100-year life	Risks/Opportunities	Society, clients, and employees	We will offer products and services that support an abundant lifestyle in anticipation of social issues such as changes in social systems in the face of a super-aged society and the extension of a healthy life expectancy. We are also putting in place the conditions for our clients to have access to financial products and services.
ESG/Sustainable Management	Risks/Opportunities	Society, clients, and employees	We will address climate change, biodiversity, recycling of resources and the circular economy, and atmospheric/water/soil pollution, and support Environmental, Social, and Governance management at the companies to whom we extend investments and loans.
Local Ecosystem & Global Investment Chain	Risks/Opportunities	Society, clients	We are striving to foster ties with both local entities that complement each other and with external economic players to create relationships that are multifaceted and contribute to joint development. Through partnerships with innovative overseas entities, we are fortifying our investment chain and creating opportunities for investment.
Trust × Digital Transformation	Risks/Opportunities	Society, clients, and employees	By integrating our IT strategy with our management strategy, along with leveraging the power of trusts and digital transformation, we aim to achieve the virtuous circulation of funds, assets, and capital.

Financial Materiality

Materiality	Risks/Opportunities	Key Stakeholders	Primary Actions
Financial strength expected by stakeholders	Risk	Society, shareholders	We are committed to maintaining sound financial health, achieving sustainable growth, and securing stable profits.

Highly Relevant SDGs

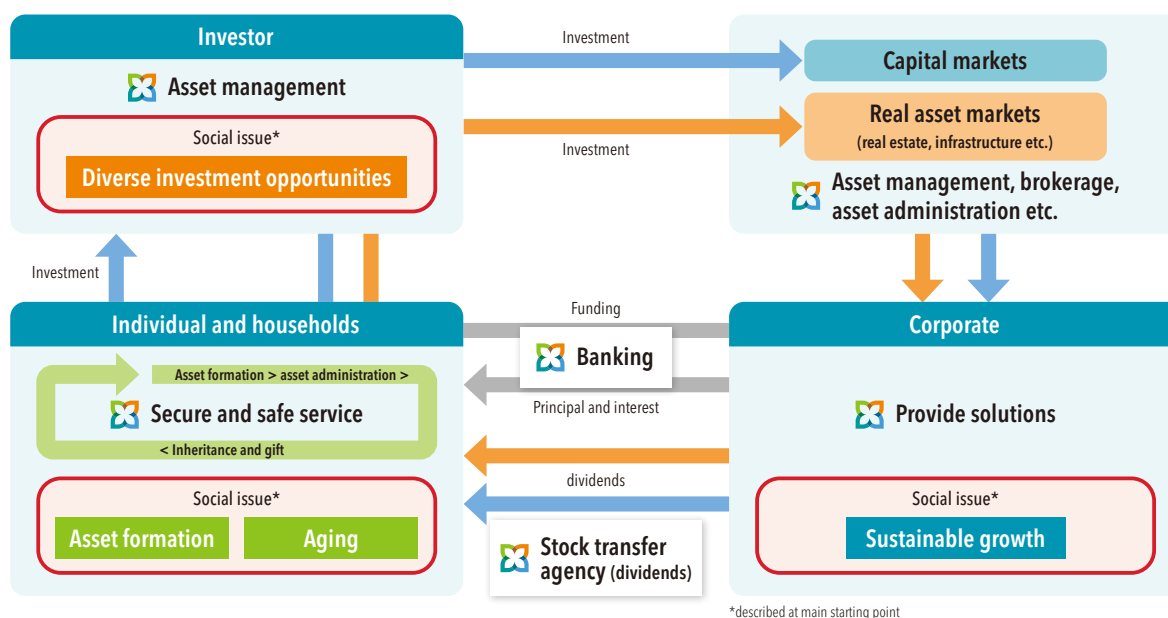


Creation of Employment and Wealth

As a trust bank group, we conduct a broad range of business operations while maintaining various points of contact with economic entities including individuals, corporations, and investors, as well as capital markets and real asset markets. By leveraging these diverse connections, we aim to promote the virtuous circulation of funds, assets, and capital and create new business markets. This is our initiative towards basic profit growth for the Group.

One structural issue with Japan's finances is that approximately 1,000 trillion yen held by individuals and households and approximately 300 trillion yen held by corporations remains stagnant. A flow from savings to investment is yet to be seen. However, amidst the flow of social transformation, including decarbonization, a significant opportunity has arrived where funds are starting to move all at once. Huge amounts of funds are required for transformative changes that drastically alter the social structure, such as responding to the issue of climate change. According to publicly released data from the

Ministry of the Environment, an investment of 150 trillion yen is needed over the next 10 years to achieve decarbonization. This would also provide investment opportunities for investors struggling with low interest rates and households with growing asset formation needs for retirement. This is the backdrop to the Group's advocacy for a virtuous circulation of funds, assets and capital that delivers benefits to households through the enhancement of corporate value. Seizing on the opportunity presented by this massive demand for funds, we will effectively circulate investment funds from both domestic and overseas sources and contribute to the sustainable growth of the Japanese economy and businesses. Furthermore, supporting start-up companies that generate innovation indispensable to our country's growth is a critical theme we will address as well. We will thus create new markets and investment opportunities and integrate ourselves into various circulation cycles to enhance 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
FY2021	13,608	394	2.86%	369	2.69%
FY2020	13,740	402	2.97%	220	1.61%
FY2019	13,527	396	2.94%	285	2.11%

*Figures above are for Sumitomo Mitsui Trust Bank

Economic Contributions

This is a basic indicator that shows how a company has created and distributed wealth for its stakeholders. The direct creation and distribution of economic value (EVG&D: Economic Value Generated and Distributed) cover the basic elements of global business operations and ideally are classified by the following items.

(¥100mn)			
Measurement Items	Target Items	FY2020	FY2021
Revenues	Total gross business profit	6,808	7,483
Operating expenses	Total expenses	4,195	4,351
Employee salaries and benefits	Personnel expenses	1,899	1,995
Payments to capital providers	Total dividends + Total share buybacks	563	637
Payments to government*	Tax paid	509	573
Financial support received from government*	Tax benefits, subsidies, investment grants, etc.	0	0

*The contribution to the government is obtained by subtracting "Financial support received from government" from "Payments to 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. The following table shows investment performance and shareholder return performance.

(¥100mn)		
Components measured	FY2020	FY2021
Total capital expenditures (a)	619	518
Depreciation and amortization (b)	346	308
(a) – (b)	273	210
Share buybacks (c)	0	0
Dividends (d)	562	581
Shareholder returns (c) + (d)	563	581

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 page 58 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.

Based on such thinking, our company signed the Japan Impact-driven Financing Initiative in November 2021, along with 20 other financial institutions. The declaration assumes that private financial institutions, in terms of the purpose of their organization, believe in addressing environmental and social issues (impact-oriented) by understanding the changes that borrowers and investees generate in the environment and society (impact). After measuring and managing the created impact, the signatory institutions will work together in their activities to promote investment and loan decisions. Since getting involved in Positive Impact Finance in March 2019, the Group has been expanding its products and services in the impact business field, such as by developing domestic and foreign equity impact investment funds and supporting Impact Measurement and Management (IMM) for real asset (ship) investment funds and venture capital (see page 54 for details).

Providing Value to Clients

Innovative Products and Services

(1) Basic Approach to New Product and Service Development

When the Group established the Medium-Term Management Plan for fiscal 2020 to 2022, we articulated our Reason for Existence ("Purpose") as "to create new value with the power of trusts and let a prosperous future for our clients and society bloom." Historically, trusts have been developed and offered to address the unique challenges of their respective eras. We will continue to bear our Purpose in mind and pour our energy into the development of products that can make a positive contribution for our clients and society.

(2) Structure for New Product and Service Development

The SuMi TRUST Group continues to further the development of new products and services by drawing on its expertise and comprehensive capabilities as a trust banking group. SuMi TRUST Bank possesses the ability to develop new products and services in each of its businesses and continues to engage in development by leveraging its expert knowledge and taking into account client needs and market trends, among other factors.

Also, for the field of business management, we have established dedicated units such as the Business Research and Development Department, Regional Revitalization Planning and Promotion Department, Digital Transformation Department, and Sustainability Management Department. These departments conduct research studies in their respective fields of trusts and related areas, regional revitalization, digital transformation, and sustainability. A system has also been built to facilitate and support the development of new products and services across business lines.

Moreover, we have set up a Product & Services Committee as a meeting body for mainly directors and executive officers to discuss the development of new products and services. The committee meets regularly to share information about issues that ought to be resolved during the development process and measures for further propelling development from a medium- to long-term management strategy

perspective that extends beyond the boundaries of on-site product development.

(3) The Future Creation Festival: A Platform for New Product and Service Proposals from Employees

Starting in fiscal 2018, the Group has been organizing the "Future Creation Festival."

This is an internal business plan competition designed to shape the Group's future through ideas originating from our employees. It's open to all Group employees, inviting a wide range of innovative and unexpected ideas across various business domains. During the final round, applicants get the opportunity to directly present their ideas to a panel of judges comprising executives and external experts. Those selected in this final round can then attempt to commercialize their proposed product or service.

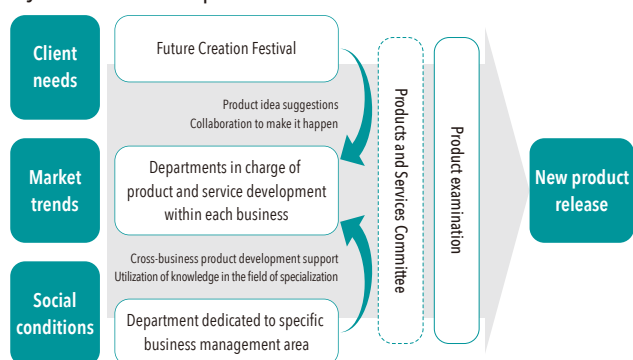
The fifth iteration of the Future Festival, which took place in fiscal 2022, has become a major event for the Group, with participation from many Group employees ranging from young staff to members of management. To date, the Future Festival has given birth to five products and services, including the Solo Trust, the inaugural version of which was launched in December 2019.

(4) New Product and Service Introduction Screening System

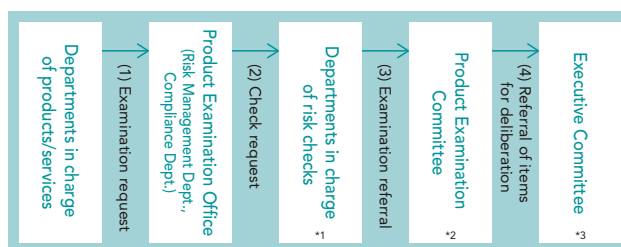
When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system.

In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

System for Development of New Products and Services



Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.

*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.

Client-Oriented Initiatives

In recent years, financial institutions have been urged to be even more client-oriented. In the SuMi TRUST Group too, as a financial institution underpinned by our fiduciary spirit, we consider our client-oriented approach and fiduciary duties to be one of its materiality items. Here we provide some information about the client-oriented initiatives and client protection management practices we undertake with the aim of being our clients' "Best Partner."

1. Providing Value to Clients

In these extremely turbulent times, the asset formation, management, reexamination, and succession needs of both individual and corporate clients are growing increasingly complex, while the need for trustworthy financial institutions is also growing stronger. The SuMi TRUST Group aims to be the "Best Partner" for providing maximum value to both individual and corporate clients by accurately ascertaining their needs and offering total solutions in the form of various, highly specialized products and services best suited to solving client issues. Thus, in an effort to make effective use of our comprehensive capabilities

derived from merging trust and banking functions, as well as the diverse trust functions within the Group, we are striving to be completely client-oriented and to build a robust conflict of interest management framework.

Furthermore, the Group, which positions our Reason for Existence ("Purpose") as our shared vision, aims to continually grow alongside our clients and society. To make this a reality, our executives and employees commit to abiding by our Codes of Conduct ("Value"), which emphasizes the importance of being completely client-oriented, and we shall strive to uphold our fiduciary duties.

Group Initiatives in Recent Times

2016	September	Development of Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group
	October	Establishment of Fiduciary Duties Planning and Promotion Department (also established at SuMi TRUST Bank)
		Establishment of Fiduciary Duties Discussion Panel
2017	January	Development of Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations at SuMi TRUST Bank
	April	Establishment of Conflicts of Interest Management Enhancement Committee (executive side and at SuMi TRUST Bank)
	May	Amendments to Management Policy Concerning Conflicts of Interest (enhancement of conflict of interest management framework)
	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's March 2017 publication of Principles for Customer-Oriented Business Conduct
		First announcement of KPIs for initiatives aimed at becoming our clients' "Best Partner" (announced every year thereafter)
	July	Establishment of Conflicts of Interest Committee as an advisory body to the Board of Directors
2018	September	Announcement of Shared KPIs on Investment Trusts and Initiatives of Sumitomo Mitsui Trust Bank
2019	June	Announcement of Voluntary Declaration of Consumer-Orientation
2020	April	Addition of CS promotion function to Fiduciary Duties Planning and Promotion Department and establishment of Fiduciary Duties and Customer Satisfaction Planning and Promotion Department (FD & CS Planning and Promotion Department) (the FD & CS Planning and Promotion Department at SuMi TRUST Bank was established through a merger of the Fiduciary Duties Planning and Promotion Department and the Customer Satisfaction Promotion Department)
	September	First announcement of results of initiatives based on Voluntary Declaration of Consumer-Orientation (announced every year thereafter)
2021	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's January 2021 revisions to Principles for Customer-Oriented Business Conduct
2022	June	Announced Common KPIs for Foreign Currency Insurance Sales Companies
		Following the update to the concept of consumer-oriented management by the Consumer Affairs Agency in March 2022, we revised our Voluntary Declaration of Consumer-Orientation.

Our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" are reviewed and, if necessary, modified each year.

2. Implementing a Client-Oriented Approach

So that we can provide our clients with the products and services best suited to meet their genuine interests as their “Best Partner” and in order to carry out and instill fiduciary duties across all our business operations, in September 2016 we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (“Policies”) and since then we have continued to further strengthen our initiatives by revising them whenever necessary. 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 see page 143 for enhancement of the conflict of interest management framework).

In order to clearly communicate to our clients the results of these initiatives, we periodically publish a report entitled KPIs for Initiatives Aimed at Becoming Our Clients’ “Best Partner” (see page 140). These performance indicators include “Comparable Common KPIs for Sales Companies” pertaining to investment trusts and foreign currency insurance.

Basic Group Policies (Principles for Action)

- Sumitomo Mitsui Trust Holdings will develop and publish the “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group” (hereinafter the “Policies”), in order to give thorough effect to our fiduciary duties across the entire business of the Sumitomo Mitsui Trust Group.
- At the Sumitomo Mitsui Trust Group, we are driven by client comfort and satisfaction, with the reliance placed in us as a creditor and trustee as a foundation for action. In providing appropriate products and services suited to the true benefit of our clients, we will, together with establishing the following Group principles for action, proceed to develop a Group framework so as to give effect to our fiduciary duties.
- Based on the Policies, each Sumitomo Mitsui Trust Group company will implement initiatives to provide products and services that are further “client-oriented”, and will periodically disclose the implementation status of such initiatives. Sumitomo Mitsui Trust Holdings itself will monitor the status of the initiatives of each company and review the Policies based on considerations such as the progress status of the initiatives.

1. Implementation of a client-oriented approach to consulting
2. Easily understandable provision of information
3. Development and provision of products and services that meet the diverse needs of our clients
4. Enhancement of our client-oriented focus and expertise

5. Provision of financial services that leverage the diverse functions of the trust bank group
6. Client comfort and satisfaction, and contribution to the economy and society

Group Companies Implementing Initiatives Based on the “Policies”

Abiding by the Group’s Basic Policy (Principles of Conduct) and implementing efforts based on Policy Initiatives (function-specific policies) tailored to the nature of their business operations

Adopted the Principles for Customer-Oriented Business Conduct

SuMi TRUST Bank **S M A O**
 Sumitomo Mitsui Trust Asset Management Co., Ltd. **M**
 Nikko Asset Management Co., Ltd. **M**
 Sumitomo Mitsui Trust Life Partners, Limited **S**

Mutual Fund & Insurance Research Institute **S**
 Sumitomo Mitsui Trust Wealth Partners Co., Ltd. **S**
 Sumitomo Mitsui Trust Realty Co., Ltd. **O**
 Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd. **M**
 SUMITOMO MITSUI TRUST RESEARCH INSTITUTE CO., LTD. **M**
 Sumitomo Mitsui Trust Investment Co., Ltd. **M**

*Undertakes initiatives corresponding to relevant items within the Policies.

S : Sales **M** : Asset management and product development **A** : Asset administration **O** : Other trust business, etc.

Establishment of Group Company Action Plans

The Group companies subject to the application of the Policies examine and implement initiatives according to the nature of their business operations.

Of the Group companies, SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, and Sumitomo Mitsui Trust Life Partners are engaged in the asset management, product development, sales, and asset administration businesses that form the core of fiduciary duties. These Group companies have adopted the Principles for Customer-Oriented Business Conduct and have established and made public specific initiatives relating to fiduciary duties ("action plans"). Progress updates are reported regularly to their respective Board of Directors, whilst the action plans are revised whenever necessary. Reviews of actions plans and a summary of the KPIs are also made public on a regular basis. Furthermore, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, as asset managers, regularly publish their respective KPIs.

Fiduciary Duties Discussion Panel

In order to further enhance the initiatives at Group companies engaged in the business of asset management, product development, sales, and asset administration, we have established a Fiduciary Duties Discussion Panel together with Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Sumitomo Mitsui Trust Life Partners, and the Mutual Fund & Insurance Research Institute.

The Discussion Panel comprises directors and executive officers, as well as general managers responsible for promoting fiduciary duties at each of the aforementioned Group companies, with the FD & CS Planning and Promotion Department serving as secretariat. Each company reports on the matters listed below, shares successful case examples, and discusses how to ensure practices that reflect fiduciary duties take root at each Group company.

- Improvements in expertise
- Appropriate collaboration on product development and sales at each company
- Enhancement of risk management

Promoting/Supervising Structure of the Group

	Organization		Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> • Manage conflicts of interest throughout the Group • Monitor progress on fiduciary duties
	Executive Committee	Conflict of Interest Management Enhancement Committee	<ul style="list-style-type: none"> • Discuss important cases • Provide guidance on making improvements to relevant departments
	Department in charge	FD/CS Planning and Promotion Dept.	<ul style="list-style-type: none"> • Raise awareness about, and ensure implementation of, fiduciary duties, and drive improvements in CS
		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"> • Supervise and guide fiduciary duty initiatives at each Group company and reflect in initiatives at each company

*Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Mutual Fund & Insurance Research Institute, and Sumitomo Mitsui Trust Life Partners

Establishment of Specialist Organization

In order to raise awareness about, and implement, the Group's fiduciary duties, we established the FD & CS Planning and Promotion Department as a specialist organization. It not only provides advice, guidance, and training to Group companies, but also collects

information and engages in planning and development concerning the improvement of conflict of interest management. This department regularly compiles reports for the Board of Directors based on its monitoring of specific initiatives implemented at each Group company in line with the Policies.

3. Status of Initiatives Aimed at Becoming Our Clients' "Best Partner," and Key Performance Indicators (KPIs)

Through the formation, asset management and asset administration, SuMi TRUST Group seeks both to provide its clients with satisfaction and peace of mind, and to contribute to society and the economy. In addition, we aim to achieve sustainable and stable growth for the Group by improving our

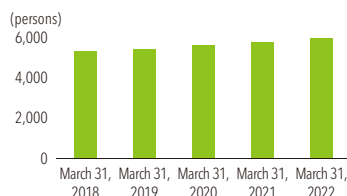
estimation in the eyes of our clients and of society, and by becoming our clients' "Best Partner." We regularly disclose indicators to check the status of our efforts to become our clients' "Best Partner." As we work to promote and enhance these activities, these indicators are revised as necessary.

Client-oriented initiatives aimed at becoming our clients' "Best Partner" [our own actions]

We strive to develop employees with high levels of expertise so that our clients can trust and consult with us with confidence.

(Asset Formation Assistance)

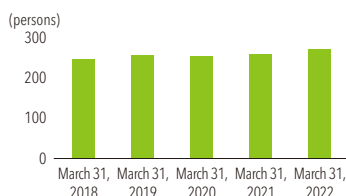
Number of Holders of FP-Related Certifications



* Shows the number of course employees of SuMi TRUST Bank who hold FP Specialist (Level 1, Level 2), CFP, AFP, or Kinzai Financial Skills Examination (Level 1, Level 2) certifications.

(Assistance regarding Inheritance, Wills, Estate Planning)

Number of Financial Consultants and Trust Consultants

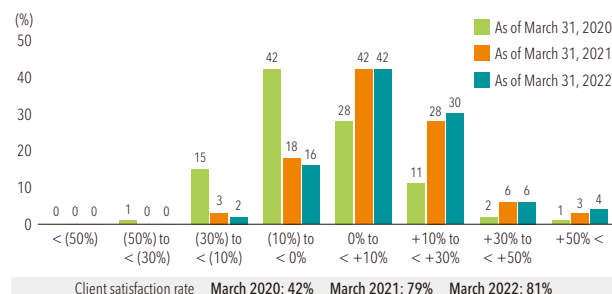


* SuMi TRUST Bank has financial consultants and trust consultants who are in-house experts in inheritance, wills, estate planning, etc. at all of its branches.

Client Comfort and Satisfaction, Contribution to Society and Economy [Evaluation by Clients and Society]

Improving Investment Returns for Clients

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



When proposing investment products to our clients, SuMi TRUST Bank emphasizes 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 make every effort to improve returns and realized profits/losses for our clients.



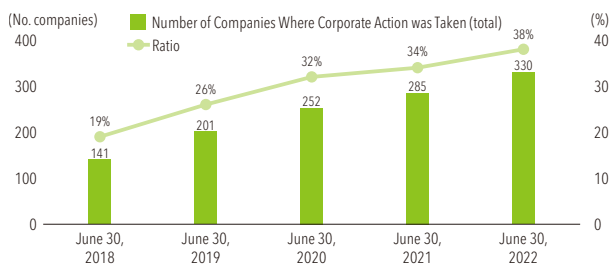
SuMi TRUST Bank earns R&I Customer-oriented Investment Trust Sales Company Rating of "S+" for a second year in succession

The rating is based on R&I's neutral third-party evaluation of banks, securities companies, and other financial enterprises engaged in the sale of investment trusts. The rating assesses their "customer-oriented business operations" and their policies and initiatives in this area. SuMi TRUST Group will continue to pursue client-oriented initiatives and promote their adherence as we strive to be a "Best Partner," whom our clients entrust with their business for many years to come.

*The "R&I Customer-oriented Investment Trust Sales Company Rating" ("the rating") is not a statement of fact. Rather, it represents R&I's opinions regarding the "customer-oriented business operation" initiatives of companies engaged in the trust investment sales business. Though R&I uses information that it deems to be reliable when carrying out the rating, it does not independently verify the accuracy of this information. Furthermore, R&I does not guarantee the accuracy or integrity of this information, nor does it endorse the purchase, sale or holding of any specific product nor guarantee the future performance of any such product. All intellectual property rights (copyrights, etc.) and any other rights pertaining to the rating belong to R&I, and any reproduction or republication without permission is prohibited.

Enhancing Asset Management

■ Number of Companies Where Corporate Action was Taken* and Ratio of Companies Where Corporate Action was Taken to Companies Participating in Engagement Activities (total)



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management pursues engagement and stewardship activities, including the exercise of voting rights, aimed at medium- to long-term growth in corporate value. Through these activities, we are working to increase our clients' medium- to long-term investment returns.

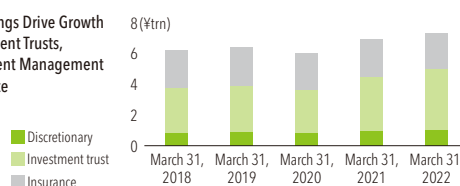
*The number of companies that took action corresponding to opinions expressed in their engagement activities

Sustainable and Stable Growth of the Group [Objective Parameters]

Offering a Wide Range of Products and Services to Fulfill the Diverse Needs of Clients

SuMi TRUST Bank provides a wide range of high-quality products and services, including investment trusts for clients' diverse needs, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Comprehensive Offerings Drive Growth in Balances of Investment Trusts, Discretionary Investment Management Products, and Insurance



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

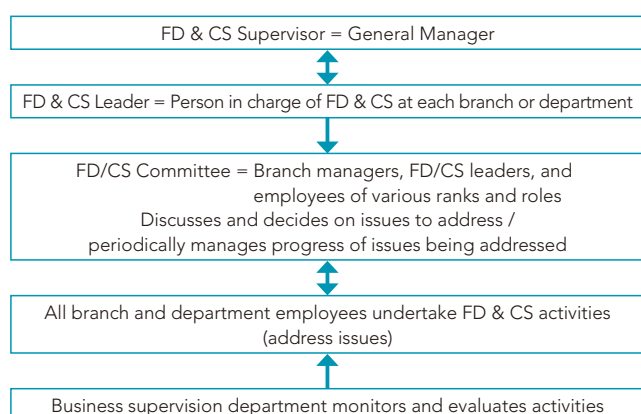
With the objective of entrenching a corporate culture geared towards becoming our clients' "Best Partner," each FD & CS Committee in each branch or department of SuMi

Establishment of FD & CS Committees

FD & CS Committees have been established for the purpose of enhancing FD and improving CS in each branch office and department. The FD & CS Committees are actively undertaking a whole host of activities according to the characteristics of each branch office or department.

Examples of FD & CS Committee Activities

- Discussions relating to client-oriented business operations and improving CS
- Improvement activities based on client opinions
- Sharing of successful examples and improvement activities based on issues identified in cases subject to review



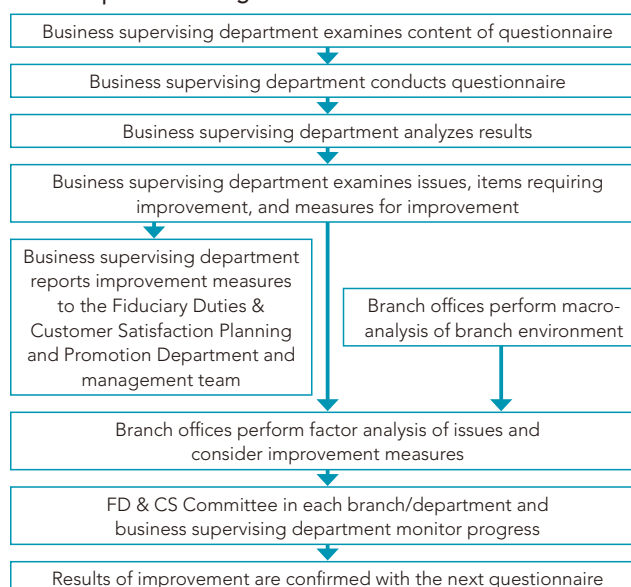
*Example of FD & CS Committee in the Retail Total Solution Services Business at SuMi TRUST Bank

TRUST Bank discusses and takes action to make improvements based on feedback from client questionnaires and organizes various training sessions.

Use of Client Questionnaires

For each of our businesses, we survey both corporate and individual clients with a questionnaire so that we can better manage and improve the quality of our services. We utilize the questionnaire results to identify issues in our business undertakings and subsequently implement initiatives that reflect measures for improving those issues.

Example of Utilizing CS Questionnaire in Each Business



Examples of Initiatives Aimed at Becoming Our Clients' "Best Partner"

No	Item	Description
1	Study sessions for improving CS awareness	Training sessions focused on upholding FD, improving CS awareness, sharing complaints and VOC items, and business manners are held for newly appointed branch managers, new recruits, and other employee ranks.
2	e-Learning	e-Learning-based FD & CS training for all employees aimed at upholding FD and improving awareness of CS and client support management training for employees to learn about the client support management system and people with disabilities/elderly citizens.
3	Improving complaint management	Analyzing causes of complaints, understanding trends, and strengthening prevention and improvement activities by being aware beforehand of the type of events that give rise to complaints.
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.
6	Holding a lecture related to FD/CS	Lecture on FD/CS-related topics conducted for Group employees
7	Voluntary Declaration of Consumer-Orientation	Publicly announced commitment to FD implementation and enhancement of CS awareness through promotion of consumer-oriented management

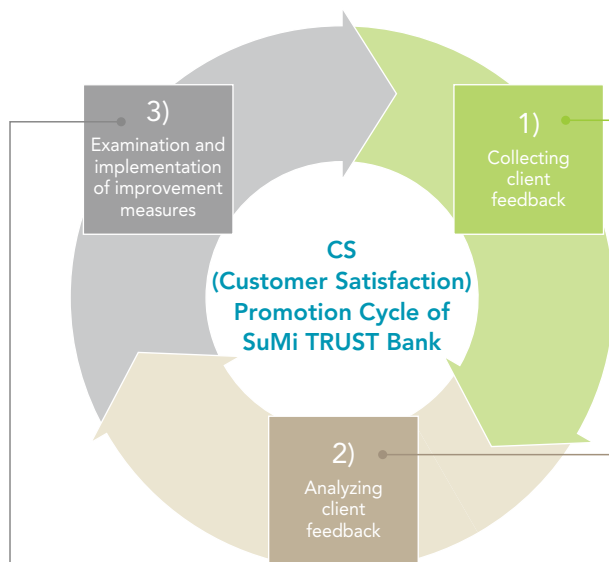
Initiatives Based on the Voluntary Declaration of Consumer-Orientation

The Voluntary Declaration of Consumer-Orientation is a declaration concerning efforts towards consumer-oriented management to improve social value in co-creation and collaboration with consumers. The Group, believing that consumer-oriented management entails initiatives to improve customer satisfaction and being completely client-oriented,

established and announced the Voluntary Declaration of Consumer-Orientation in June 2019. Since then, we have publicly released the Results of efforts based on the 2021 Voluntary Declaration of Consumer-Orientation, which summarizes the achievements and improvements of our efforts each fiscal year.

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

The Retail Business of SuMi TRUST Bank collects feedback from clients at its branches and departments nationwide. Opinions and requests are also received from many clients via the Customer Services Promotion Office, in Voice of Customers Questionnaires, and through Sumitomo Mitsui Trust Direct. This feedback and information is used to improve client satisfaction.



(1) Collecting Client Feedback

At SuMi TRUST Bank, in addition to the client feedback received at branches nationwide, call centers, and websites, we receive a variety of valuable opinions and requests through various media, such as the Voice of Customers Questionnaires placed in each branch.

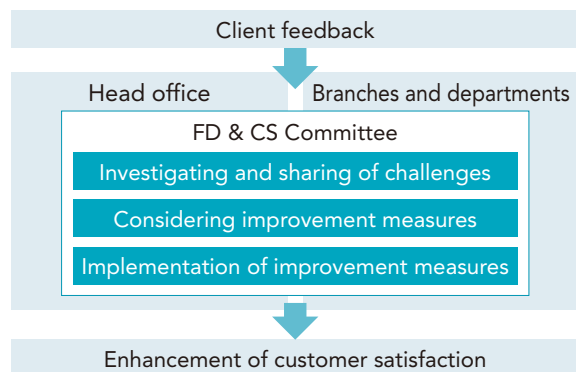
In addition, to further promote client-oriented activities and improve customer satisfaction, we conduct Client Questionnaires targeting clients who have contracted with us for fixed deposits, investment trusts, and so on, and we investigate the satisfaction ratings of clients with regard to SuMi TRUST Bank.

[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

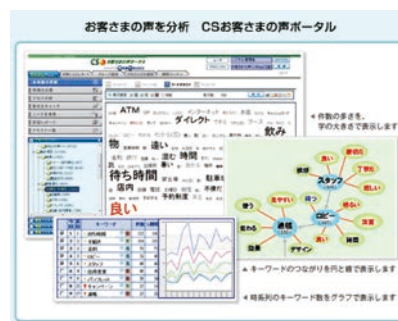
3) Examination and Implementation of Improvement Measures

The branch offices and the head office work together to examine and analyze the reasons behind client opinions and requests with the aim of understanding problem areas. The results of this process are used to come up with improvement measures in an effort to provide better products and services.



2) Analyzing Client Feedback

In order to link numerous customer comments to customer satisfaction, we utilize the “CS Voice of Customers Portal,” a system for analyzing customer feedback. We are striving to meet clients’ needs by making client feedback “visible” so that we can better “recognize” client needs.



6. Enhancement of Conflict of Interest Management Framework for the Entire Group

The Group makes publicly available a summary of the Management Policy of the Sumitomo Mitsui Trust Group Concerning Conflicts of Interest^{*1} 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.

In April 2022, in conjunction with the business reorganization of our banking subsidiaries, we enhanced our conflict of interest management system related to business operations after the reorganization, and we revised and publicly announced the Sumitomo Mitsui Trust Group's management policy concerning conflicts of interest (overview; see website for details^{*1}).

Also, the Compliance Department, which is independent from the Business Department, as the conflicts of interest management control department, regularly verifies the effectiveness of the Group's conflict of interest management and reports the results to the Conflicts of Interest Management Enhancement Committee, Executive Committee, and Board of Directors, ensuring that necessary improvements and instructions are implemented on an ongoing basis.

Moreover, to improve the effectiveness of the conflict of interest management framework, we established the

Conflicts of Interest Committee, primarily composed of external members, as an advisory body to the Board of Directors in 2017, and have been verifying the appropriateness of the Group's conflict of interest management framework. The Conflicts of Interest Committee not only considers the conflict of interest management framework required by laws and regulations, but also holds discussions on the conflict of interest management framework as a best practice, the status of fiduciary duty initiatives, and so on, thus acting as clients' "Best Partner" by providing reassurance and trust. The total 31 of sessions (usually four a year) have been held as of the end of January 2023. The proceedings of the committee are made public on an ongoing basis^{*2}.

In addition to the above, under the Conflicts of Interest Committee, we have established the Stewardship Subcommittee^{*3} as a part of the conflict of interest management system for stewardship activities, enhancing the coordination of information on the Group's overall stewardship activities and the supervision of stewardship activities at Group asset management companies.

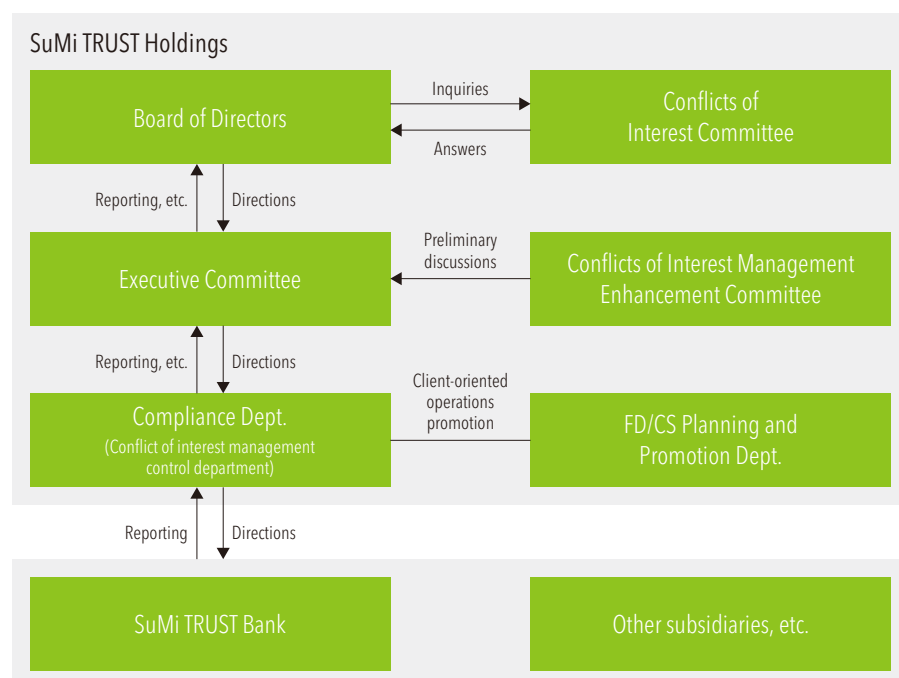
^{*1} [WEB https://www.smth.jp/english/coi](https://www.smth.jp/english/coi)

^{*2} Regarding the publication of meeting minutes

[WEB https://www.smth.jp/english/about_us/management/customer](https://www.smth.jp/english/about_us/management/customer)

^{*3} The subcommittee is composed of all members of the Conflicts of Interest Committee, as well as members of the committee overseeing stewardship activities of the Group's operating companies.

Conflict of Interest Management System^{*1}



Conflicts of Interest Committee Members

Chairperson: Hideki Kanda^{*2}

Professor, Law School at Gakushuin University
Emeritus Professor, University of Tokyo

Committee Member: Nobuaki Kato

SuMi TRUST Holdings
External Director

Member: Akiko Hosokawa

Baker & McKenzie
Partner

Member: Yasuyuki Suzuki

SuMi TRUST Holdings
Managing Executive Officer

Committee Member: Yuki Takada

SuMi TRUST Holdings
Executive Officer

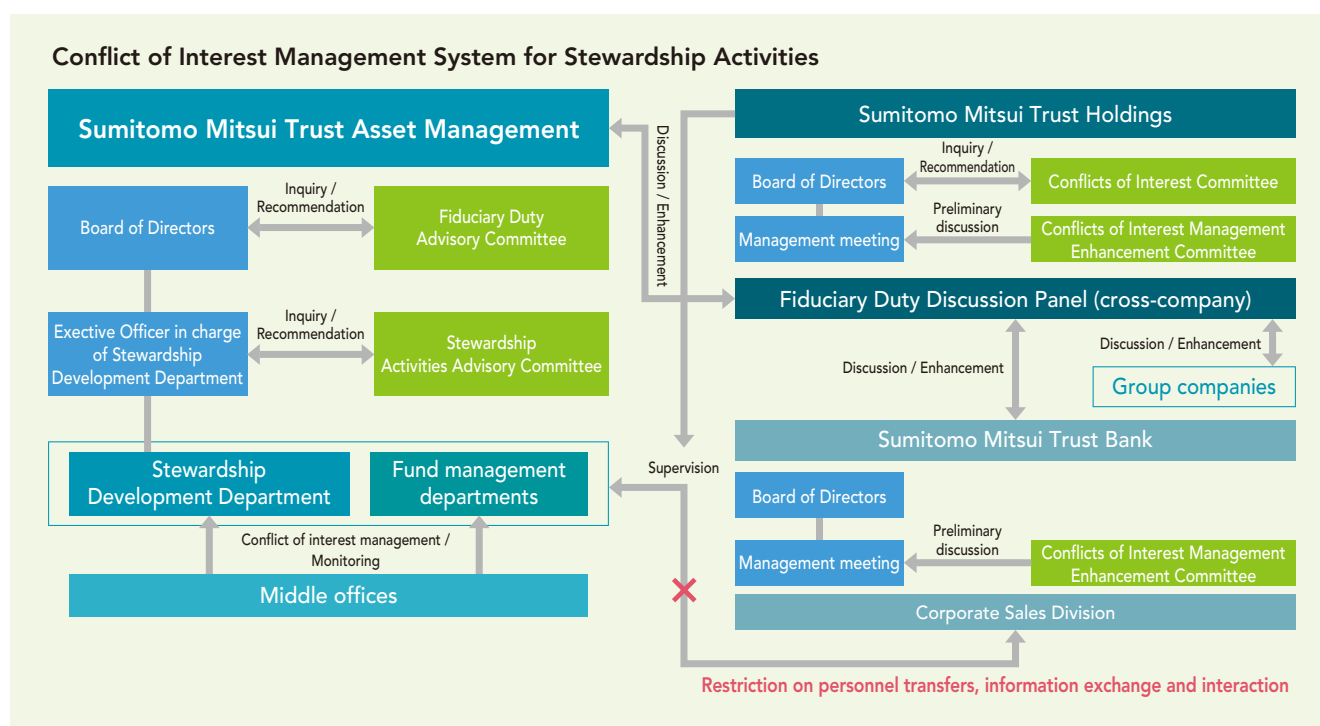
^{*1} For roles and responsibilities of each management structure and main departments, please see page 139.

^{*2} External Director, SuMi TRUST Bank

7. Conflict of Interest Management Structure 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.



Nikko AM (NAM) has established appropriate risk management and compliance frameworks to ensure that the interests of clients and beneficiaries are the top priority and that such conflicts of interest are appropriately managed if they arise. Fund managers and analysts aim to avoid the occurrence of any conflicts of interest in compliance with NAM's internal regulations. If there is a heightened risk of conflicts of interest arising, all known facts are immediately reported and steps are taken quickly to resolve any issues.

NAM also established its Stewardship and Voting Rights Policy Oversight Committee in June 2016 in order to increase transparency in its stewardship activities and strengthen its governance. From its perspective as a body composed of a majority of external members with

no special interests in NAM, the Stewardship and Voting Rights Policy Oversight Committee monitors and oversees whether NAM's exercising of voting rights and other stewardship activities are in line with its objectives and whether it is making the proper efforts to fulfill its fiduciary duties consistently. The committee also provides necessary advice from a fair and neutral standpoint.

NAM envisages that conflicts of interest may arise when it exercises voting rights in regard to its parent company, distributors, and client companies. In order to avoid conflicts of interest and enable objective decision making in its exercise of voting rights, it has established a control framework to maintain appropriate voting decisions pursuant to its Guidelines on Exercising Voting Rights.

Client Protection Management

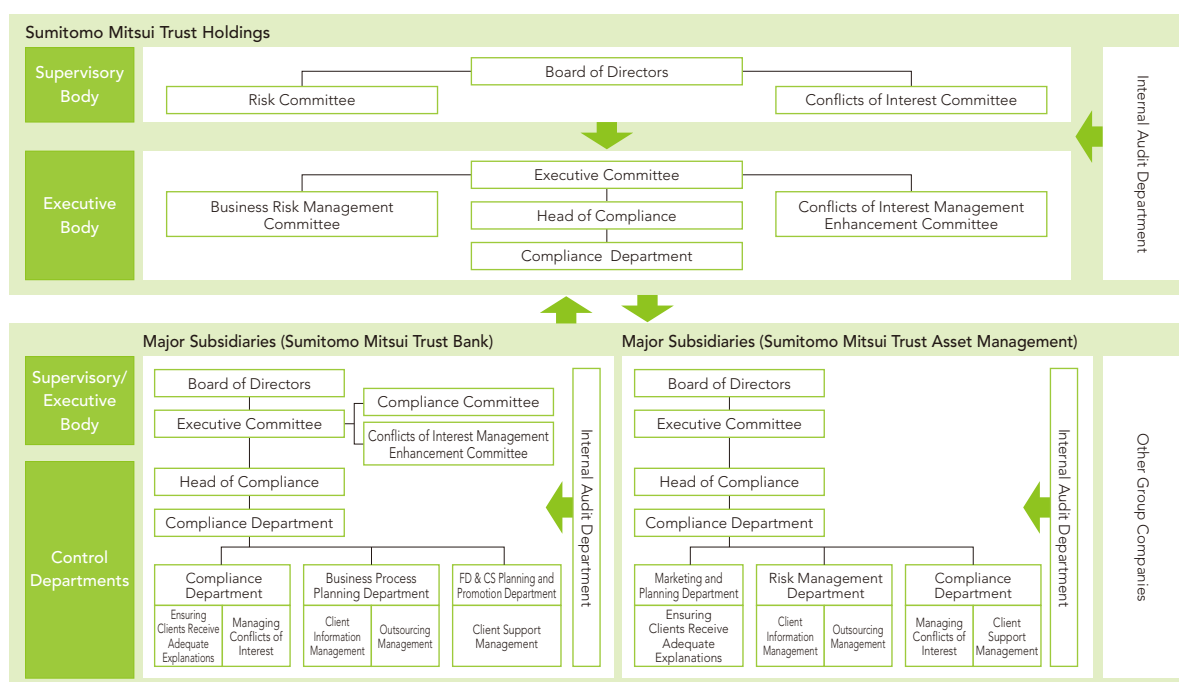
Basic Initiative Policy

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 regulations* concerning policies for acting in the best interests of clients (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.

*Principle-based guidelines designed to meet the expectations and trust our clients place in each SuMi TRUST Group company. With the aim of earning the long-term trust of clients and enhancing sustained corporate value by having Group directors, officers, and employees pursue the best interests of clients, these guidelines set out a management framework for that very purpose and so client protection and convenience can be improved.



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 basic group policies (principles for action) 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.

Particularly in the case of transactions that include risk-involving financial products such as investment trusts and life insurance, we implement measures to monitor whether explanations are conducted effectively enough to ensure that clients understand. This is in addition to providing relevant information through the use of Key Information Sheets. Based on the effectiveness of the above initiatives, we are also developing a system that allows us to evaluate and enhance our consulting services and the explanations provided to clients. If necessary, we are also ready to review our solicitation rules.

*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 [WEB https://www.smth.jp/en/about_us/management/customer/fiduciaryduty/index.html](https://www.smth.jp/en/about_us/management/customer/fiduciaryduty/index.html)

*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 We are dedicated to providing easy-to-understand information through efforts like enhancing explanatory materials related to risks and costs, diligently practicing after-sales follow-ups in light of market trends, and expanding the frequency and variety of our seminars.

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 143 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 outsourcing management regulations 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 confirmation 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

In the SuMi TRUST Group we have established a Declaration for the Protection of Personal Information to make doubly sure we protect the personal information of clients. We make sure that client information is managed appropriately, but if it is shared within the Group, we only do so in accordance with privacy laws, finance sector guidelines on personal information protection, and other related laws and regulations.

As the department tasked with information security risk management, the IT & Business Process Planning Department oversees all operations concerning client information management pursuant to our Information Security Risk Management Rules formulated for the purpose of appropriately managing the Group's information assets. The IT & Business Process Planning Department periodically assesses the circumstances and effectiveness of information security risk management and reports its findings to the Board of Directors. Also, in addition to appointing general managers as supervisors of information management and administration at branch offices and in each head office department, all employees must submit a signed pledge concerning information management and attend two training sessions every year to

ensure they have a clear understanding of matters relating to confidentiality information management, particularly with regard to sensitive information containing personal data obtained through the course of their duties.

Client Support Management

So that we can properly respond to client inquiries, requests, complaints or disputes, we have established a basic policy in the Group's client support management regulations in an effort to improve operations and provide better services.

In addition, our Compliance Department and the Fiduciary Duties & Customer Satisfaction Planning and Promotion Department work together to sincerely and quickly respond to complaints and inquiries from 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 complaints reporting system, regularly reporting to management, and analyzing the root causes of complaints with the use of our CS Voice of Customers Portal (see page 142).

In fiscal year 2021, SuMi TRUST Bank received a total of 8,903 complaints and inquiries.

Sumitomo Mitsui Trust Group Privacy Policy

We at Sumitomo Mitsui Trust Group in the utmost effort to protect the personal information and the specific personal information (means the personal information that includes the Individual Number; the same shall apply hereinafter) of our clients and shareholders have established the following policies, and we declare that all our employees shall abide by this policy.

1. Compliance with all Applicable Laws and Regulations, etc.

The companies in our group shall comply with the laws pertaining to the protection of personal information, the specific personal information and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

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

3. Purpose of Use

The companies in our Group shall notify or announce how the personal information and the specific personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by law, and shall not use it for any other purpose. The companies in our Group shall only use the specific personal information within the confines of the purpose stipulated by law.

4. Consignment

If the companies in our Group consign the handling of the personal information and the specific personal information then the consignee (including the consignees in two or more stages) shall be properly supervised to promote the safe management of the personal information.

5. Offering to Third Parties

The companies in our 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 law.

However, if the companies in our Group provide your personal information consequent to the succession of business in a merger or otherwise and 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.

The companies in our Group shall not provide the specific personal information held for clients to any third party with or without obtaining consent from the client except in cases specified by law.

6. Responding to Inquiries from Clients, etc.

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

7. Safety Measures

The companies in our Group take appropriate safety measures in terms of their organizational, personnel, and systems to manage personal information and the specific personal information, and we have developed the governance framework necessary to protect personal information.

8. Continuous Improvement

The companies in our Group continuously review and strive to improve the compliance program for protecting personal information. We also understand that it is important that all employees protect personal information and that they are trained in how to appropriately handle personal information and the specific personal information.

Helping Invigorate Communities and Society

Direct and Indirect Support (Cash Conversion)

Companies directly contribute to communities through investments and various services to society, but also indirectly through taxes paid to help finance government services for those communities. From this point of view, the World Economic Forum has identified total tax paid and total social investment as the common metrics for measuring community and social vitality.

(1) Indirect Support: Total Tax Paid

The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.

Taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries. They are also a key mechanism by which companies indirectly support social infrastructure because government revenues support public infrastructure and services.

Total tax paid

	FY2020	FY2021
Corporate taxes and other taxes	¥50.9 bn	¥57.3 bn

(2) Direct Support: Total Social Investment

Total social investment is a metric summing up all resources that the company uses for mainly “S” in ESG efforts. It seeks to capture the multiple ways in which companies can demonstrate their investment in social activities beyond traditional charitable giving. We categorized our activities into three groups: (1) charitable donations;

(2) community investments (in a narrow sense); and (3) cost of strategic activities.

Total social investment by the Group in fiscal 2021 came to around ¥270 million.

- (1) Charitable donations: The total amount of donations for accounting purposes (excluding those related to sustainability)
- (2) Community investments: The total amount of membership fees in various organizations like UNEP FI and the Biodiversity in Good Company initiative, running costs for the UN-driven Education for Sustainable Development (ESD) project.
- (3) Strategic activities budget: Total amount for United World College ISAK and other sustainability-related donations, With You activities budget, etc.

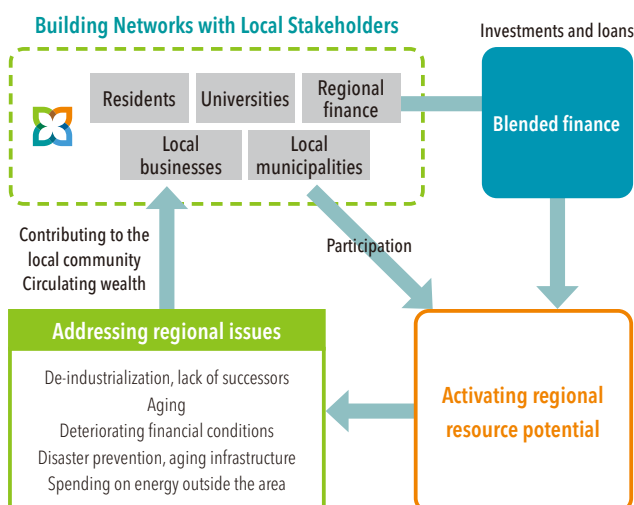
*Until last year, our reports in section (2) estimated and added the personnel costs of employees engaged in “With You” activities. However, for greater accuracy, we have decided to cease adding these estimated amounts (and as a result, we have revised downward the 2020 fiscal year amount in (2)).

(¥ mn)

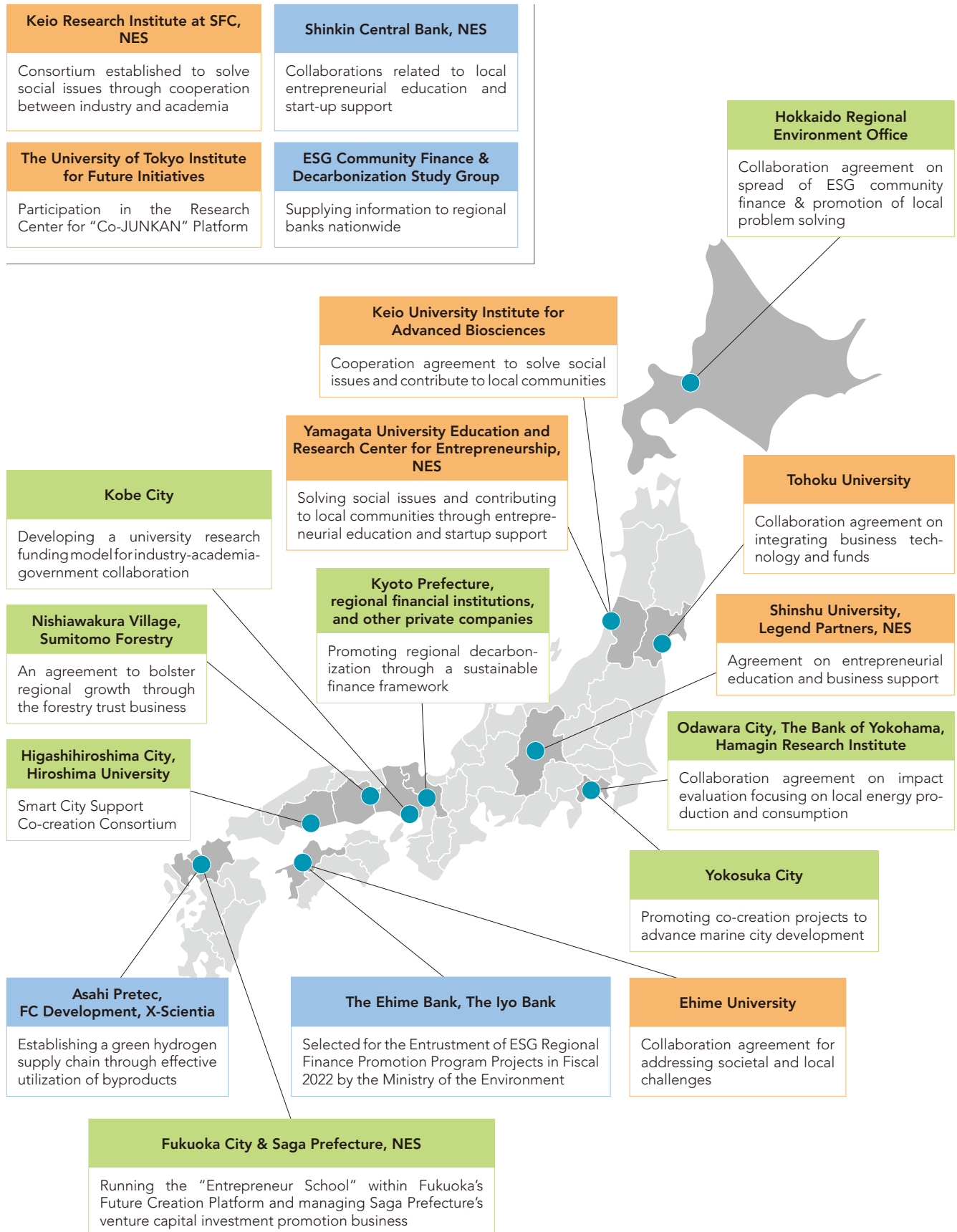
	FY2020	FY2021
(1) Charitable donations	489	241
(2) Community investments	8	10
(3) Cost of strategic activities	9	21
Total	506	272

Support for Building Regional Ecosystems

The Group identified networking as one of its three strategic areas based on its vision of the society it wants to achieve by 2030 as well as its own ideal form. To generate new value in these areas, we utilize our high degree of expertise and our interactions with various economic actors to work alongside local stakeholders, tackling regional issues and striving to build regional ecosystems. Specifically, by positioning ourselves at the junction of networks including local government bodies, universities, businesses, and regional financial institutions, we aim to generate a virtuous cycle of funds and contribute to the creation of sustainable local communities in an effort to address a variety of challenges including a super aging society, de-industrialization, and decarbonization.



The Group's Progress in Building a Regional Ecosystem



Examples of Support for Building Regional Ecosystems

ESG Community Finance & Decarbonization Study Group

In October 2021, SuMi TRUST Bank initiated discussions with major regional banks across the country and established the ESG Community Finance and Decarbonization Study Group. This group, with experts from in-house departments and the technology finance team and external lecturers serving as instructors, tackles pressing ESG issues such as decarbonization. Regional financial institutions play a pivotal role in solving various local issues and effectively leveraging regional resources to invigorate local economies. This opportunity, which offers access to high-level, up-to-date information usually out of reach, has received positive feedback from its participants.

Collaboration with the Keio Research Institute at SFC for the social implementation of sustainable society-shaping technologies

In June 2021, SuMi TRUST Bank signed an agreement with the Keio Research Institute at SFC. The partnership utilizes each other's networks to launch a consortium aimed at solving social issues through industry-academia collaboration. Amid advancements in digital technology and decarbonization-focused technological development, which affect our nation's international competitiveness, initiatives for the societal implementation of new technologies, such as demonstration experiments, are becoming increasingly important. Additionally, in our nation, there is a growing stack of challenges on economic, societal, and environmental fronts, such as building a sustainable social infrastructure adaptable to our aging society and declining birthrate. The number of instances in which these challenges cannot be addressed by public services or standalone business initiatives is on the rise.

Through this agreement, the technical expertise of the Research Institute at SFC and SuMi TRUST Bank's finance expertise will intertwine, forming a cross-industry network closely tied to academia. This will help us adequately respond to each region's social issues, contributing to vibrant regional development and nurturing talent (encouraging entrepreneurship).

Utilizing the corporate version of the "Furusato Nozei" (Hometown Tax) system for social implementation of advanced technologies (Yokosuka City)

In December 2022, SuMi TRUST Bank made a donation via the corporate version of the hometown tax system, endorsing Yokosuka City's urban development vision of creating a marine city. The city aims to encourage a beneficial circulation of people and funds through marine-related research and technological development. We will support Yokosuka City's initiatives to assemble and implement regional issue-solving projects through the promotion of open innovation in collaboration with the industry-academia-government-finance sectors.



SUMITOMO MITSUI TRUST BANK



Community Collaboration Toward
Promoting Marine City Development

Through open innovation, we are promoting the implementation of advanced technologies aimed at resolving local issues in the marine sector and achieving a carbon-free society.

Implementation of advanced
technologies in society



Resolving local issues



Contributing to
a carbon-free society

Activities based on a cooperation agreement related to ESG community finance with the Hokkaido Regional Environment Office of the Ministry of the Environment

In September 2021, SuMi TRUST Bank signed a cooperation agreement with the Hokkaido Regional Environment Office of the Ministry of the Environment. The aim is to achieve a "regional circular and ecological sphere," which entails constructing a recycling-oriented society that is carbon-free and co-exists with nature, as well as achieving the 2050 Carbon Neutral Commitment, spreading ESG community finance within Hokkaido, and promoting the resolution of local issues.

Since concluding the agreement, we have been promoting activities such as organizing study groups related to ESG community finance attended by all credit unions in Hokkaido, exchanging opinions with over 30 local governments in Hokkaido, and conducting detailed discussions for applications with some local governments in areas taking the lead in carbon-neutrality efforts.

Based on this cooperation agreement, both parties will continue to take on new initiatives aimed at achieving sustainable regions. They will do this by utilizing the functions, knowledge, and networks that each party possesses; helping to popularize ESG community finance; and promoting the resolution of local issues through cooperation, such as forming model businesses that prioritize regional benefits, operating businesses, and conducting impact evaluations.

Participation in the Research Center for "Co-JUNKAN" Platform towards Beyond "Zero Carbon"

In September 2022, SuMi TRUST Bank joined the Research Center for "Co-JUNKAN" Platform towards Beyond "Zero Carbon," which is represented by The University of Tokyo Institute for Future Initiatives and has been adopted by the Program on Open Innovation Platforms for Industry-academia Co-creation promoted by the Japan Science and Technology Agency. The center aims to achieve a society (Beyond Zero Carbon society) that can examine concrete and appealing climate change measures for regions to develop sustainably in a society heading towards carbon neutrality by using the backcasting technique based on the ideal future that lies beyond "zero carbon." SuMi TRUST Bank will conduct joint research while collaborating on other research and development issues and technology demonstration fields at the center and conducting discussions on new technology evaluation indicators that promote funding and investment in technologies that contribute to solving social issues. It will also work with the University of Tokyo to investigate the sharing, allocation, and recycling-oriented structure of various funding providers that promote social change.

Overall picture of the research center (R&D themes in which we participate are circled in red)



Financial Inclusion Initiatives (for a fair and inclusive economy)



Financial inclusion, as described by the World Bank, ensures that individuals and corporations can access and adequately benefit from financial products and services that meet their needs for transactions, payments, savings, credit, insurance, and more. Moreover, financial inclusion is particularly identified as a vital component in achieving eight specified goals of the SDGs. It is believed that fostering financial inclusion can facilitate more comprehensive economic growth and broad-based goal achievement.

In addition to this, we at the Group perceive financial inclusion as enabling individual clients, who are investors capable of self-assessing and judging risks, to utilize financial products within their investment capability and range. For instance, we are providing small-scale pension funds with sophisticated investment techniques through the mechanism of trusts, catering to the needs of individual investors. We have also been establishing a trend of sharing this knowledge with individual clients through vehicles such as fund wraps and investment trusts. Furthermore, in our rapidly aging country, financial inclusion for older adults is essential. We also believe that it is crucial to adapt the services utilized by high-asset individuals for wealth transfer to future generations, making them accessible to a broader population.

(1) Improving Accessibility through the Promotion of Digitalization and Expansion of Online Transactions

In response to the changes in client behavior brought about by the spread of COVID-19 and the advancement of digitalization, we are enhancing and expanding systems that can deliver trust consulting and trust services remotely, such as online consultations.

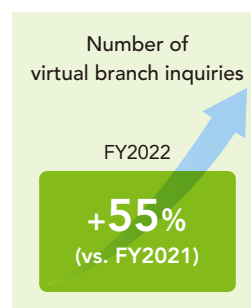
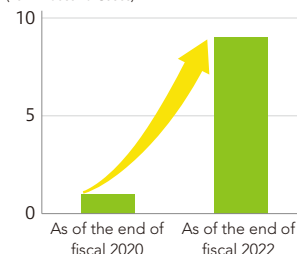
Since its full-scale launch across all branches in fiscal 2021, the usage of online consultations has increased

more than tenfold, indicating a broadening base of clients who prefer online consultations.

In July 2021, we launched the Online Consultation Plaza. This platform allows clients, particularly those living far from our branches, and their families to access various consultation services and procedures—preparing for cognitive decline, dealing with inheritances, asset administration, and more—from the comfort of their homes. It provides these services online, accommodating the whole family. The Plaza is already equipped to serve 130,000 clients, and we plan to further develop and expand this service. Going forward, we aim to allow clients residing in areas without a SuMi TRUST Bank branch to utilize the same trust consulting and trust services as in-branch clients, thus improving accessibility between more clients and SuMi TRUST Bank and making a positive societal impact.

Simultaneously, we have also established a virtual branch primarily for our employed clients, offering consultations on pensions and asset formation. The number of consultations in fiscal 2022 has seen a rise of 55% compared to the previous fiscal year, indicating that it has been well received. In April 2022, we launched a smartphone app focused on life planning and asset formation that has since garnered significant appreciation from a large number of our clients.

Number of Online Consultations (Total)
(Ten Thousand Cases)



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. Since its foundation, the bank has concentrated its resources on providing 24-hour, 365-day internet banking that offers the most easy-to-use and attractive products and services. In February 2021, SBI Sumishin Net Bank's cumulative value of mortgage loans surpassed ¥6.5 trillion, and as of the end of March 2021, total deposits held across 4.51 million

accounts stood at a little over ¥6.29 trillion. In recent years, for the purpose of delivering more convenience to society by integrating banking functions stripped back to the bare essentials into various industry sectors without relying on a physical branch network, SBI Sumishin Net Bank has been promoting its NEOBANK® business and the unparalleled client experiences that accompany it through the provision of BaaS (banking as a service) financial infrastructure.

(2) Initiatives in line with the G20 Fukuoka Policy Priorities

The Global Partnership for Financial Inclusion (GPFI) and the OECD together identified global issues pertaining to aging. To provide support for addressing such challenges, in June 2019 the organizations jointly presented eight key priorities in a report entitled *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion*. The G20 Fukuoka Policy Priorities are measures that will sow the seeds of a prosperous future for both current generations of older people and future generations. Considering that the reason for existence, or purpose, of the SuMi TRUST Group is to create new value with the power of trusts and let prosperous future for our clients and society bloom, in June 2019 we threw our support behind the G20 Fukuoka Policy Priorities and have been undertaking related initiatives ever since.



Utilizing data and evidence

In what is called the “age of 100-year life,” longevity has become a global trend. With the increase in the elderly population seen as future certainty worldwide, our country, which exceeds the 21% mark that designates an ultra-aged society by over 7%, is being recognized as a leader when it comes to long-lived societies. Thus, to anticipate challenges that have no precedent, it is crucial that we provide products and services grounded in data and evidence.

For example, dementia is an important factor in life planning and asset planning in the age of longevity. Even the data shows that the likelihood of someone suffering from dementia is far greater if they live to 100 instead of 80, which is why people must make preparations to start planning their life and management of assets beforehand on the assumption that a time will come in their life when dementia or some other illness hobbles their decision-making capacity. In doing so, they can live happily with peace of mind in their later years.

An impaired judgment brought on by dementia or the like makes decision-making for contractual matters more

difficult, and in some cases, it could mean a person no longer has access to their own savings or other assets—in other words, their assets are at risk of being frozen. For this reason, it is important that advance planning preparations are undertaken beforehand, with the use of a guardianship or trust fund, for example.

In fact, SuMi TRUST Bank is actively exchanging information with the operators of housing and care facilities for seniors and acquiring regional information databases for each municipality and senior housing databases containing information about each elderly home or facility. The Bank is using these databases to build market analysis tools and programs for calculating business operation expenditures.

SuMi TRUST Bank’s research, based on various data, indicates that by the year 2030 the amount of financial assets held by people with dementia will have reached ¥214 trillion, while homes and other real estate is expected to be worth ¥100 trillion.

To address these issues, SuMi TRUST Bank is implementing the following measures to sow the seeds of a prosperous aging society in Japan in an era during which many people will likely live to be 100 years old.



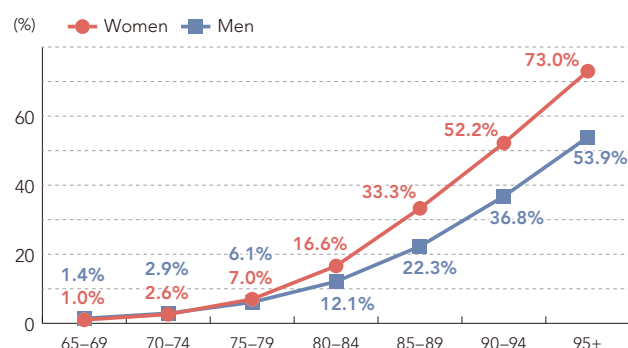
Strengthening digital and financial literacy

There is a need to support the digital and financial literacy skills of older people, to help them keep up with the pace of change and avoid risk factors that could influence their financial well-being. Also, older people are more likely to need tailored provision of up-to-date knowledge and information presented in an appealing, jargon-free way—taking into account their diverse preferences and needs, physical and cognitive capacities and the rapidly changing financial landscape.

SuMi TRUST Bank has produced documents that are easier on the eyes of elderly clients and it is also making use of cartoon strips and pictures so that the content of such material is more easily understandable. It also launched its own YouTube channel in September 2021.

In light of the Group’s ambition to be the “Best Partner” for our clients in this age of centenarians, we put a lot of effort into making sure that employees acquire knowledge of gerontology and master the methods needed to properly explain and provide information to elderly clients based that knowledge. Since 2014, it has been mandatory for all branch managers, deputy general managers, and section managers in the Retail Total Solution Services Business of SuMi TRUST Bank to obtain “Gerontology Concierge” accreditation, and the Bank also encourages all employees in this same business to take and pass the Bank Gerontologist exam, a test of gerontology and medical topics as they relate to financial services that

Dementia Incidence Rate



Source: Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology (2012 comprehensive assessment of dementia)

Initiatives that Address Environmental and Social Issues

was jointly developed by the Decision-Making Support Organization of Japan (DMSOJ) and the Kinzai Institute for Financial Affairs in January 2021. As of October 2021, more than 60% of employees had already passed the Bank Gerontologist exam.

In addition, since 2012 the head office and each branch office have continued to collaborate on hosting Silver College seminars in order to provide easy-to-understand information about gerontology to the senior generation and our clients that currently assist them.

Status of Relevant Certifications Acquired (Dementia Supporter: as of the end of December 2022, Gerontology Test, Bank Gerontologist Certification Examination: as of the end of March 2023)

No. of dementia support training participants	3,792
Gerontology exam*	1,110
Bank Gerontologist exam	4,439

*Employees that pass the exam are awarded "Gerontology Concierge" accreditation by the Society for Applied Gerontology Japan.

These initiatives mean our employees can explain our products and services in a way that is easily understood by elderly clients, and together with online consultations and other experiences described in (1) on page 152, can contribute to the enhancement of both financial literacy and digital skills.



Supporting lifetime financial planning

The G20 Fukuoka Policy Priorities report states that lifetime financial planning support should be provided by illustrating financial needs in old age, explaining the relevance of starting young, and providing access to the tools and services that make it possible. Such measures may be particularly relevant for women and younger people from the view point of financial inclusion.

SuMi TRUST Bank provides generation plans that detail the needs and events of each generation, as well as the Lifecycle-Navi simulation tool. And every season it uses a dedicated checkup sheet to run a periodic health check of client assets to ensure they are being properly managed, much like a regular health checkup.

The Bank also offers a digital final letter of instruction as part of its Funeral Trust product, as well as housing wills (free will custody service) for mortgage loan clients. These offerings provide clients the opportunity to kick off advance planning from a relatively young age.

For loans too, SuMi TRUST Bank provides housing assistance and reverse mortgage loans for seniors to help elderly clients finance a new or refurbished home.

COLUMN

Opening of Centenarian Anshin Plaza

Sumitomo Mitsui Trust Life Partners, the insurance sales arm of SuMi TRUST Bank, opened its second Centenarian Anshin Plaza in Nagoya in June 2021 after the first one was opened in Shinjuku. The plazas serve as 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 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" in this age of 100-year living.



Please visit our website for more information.

<https://www.smtb.jp/-/media/tb/personal/news/2021/pdf/20210603.pdf> (Japanese text only)



Customizing

While it is important that financial inclusion policies and approaches address the diverse financial needs of older consumers in a customized way, it is also important to recognize that future generations of older people may not have the same requirements as those of today. As explained in the aforementioned section about utilizing data and evidence, the incidence rate of impaired decision-making as a result of dementia

or other illness is now on a completely different dimension compared to when people were expected to live to the age of 50 or 80, for example. In 2019, SuMi TRUST Bank developed and started offering its Centenarian Support Trust (100-Year Passport) to combat dementia and then in fiscal 2021 it released the 100-Year Passport+ product for contracted fund wrap clients, which allows a representative nominated in advance to draw down managed assets when the client's cognitive capacity has deteriorated.

Cancellation options dependent on health for 100-Year Passport+

	Only fund wraps and investment trusts	Fund wraps, investment trusts, & 100-Year Passport Plus
When healthy	○	○
With dementia	Freeze	○
Inheritance	Freeze	○

Investments need to be closed out (liquidated) at an earlier time → Long-term management is possible because assets can be liquidated

In addition, to support elderly pet lovers who worry about the fate of their pets should anything happen to them, we developed a will trust (with a special clause for pet peace of-mind) in June 2021. Subsequently, in April 2023, we initiated a name change service for inherited real estate. This is designed to alleviate the inheritance burden for families of the elderly, and also to prepare for the obligatory registration of inherited real estate, which will be enforced starting fiscal 2024.

Also, by making full use of our partnership with the Anshin Support Corporation, we have other trust products available to meet the wide-ranging needs of clients, such as the Anshin Support Trust (money trust-type and fund wrap-type) that can be paired with a discretionary guardianship.



Innovating

SuMi TRUST Bank has adopted the use of tablet devices for consulting, and as explained already in the section above about improving accessibility by expanding online transactions and the use of digital technology, it is pushing ahead with online client consultations and transactions. It is also furthering the exhaustive use of technology by providing an SMS-based monitoring service for the Funeral Trust—a product that takes care of after-death matters as stated in the client's final letter of instruction.

Moreover, with the aim of expanding decision-making support for the elderly, SuMi TRUST Bank is a full member of the Decision-Making Support Organization Japan and is currently helping promote innovation by undertaking R&D into innovative digital technology that uses algorithms. For more information, please refer to the supplementary materials accompanying the JFSA Strategic Priorities publication, as well as the research project of the New Energy and Industrial Technology Development Organization (NEDO) to develop digital technology to further refine regulations.

Collaborating with COLTEM on decision-making support

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

Also, the Bank has focused its efforts on improving the entire financial industry's response to dementia issues by hosting a working group to discuss issues on responding to elderly clients at financial institutions. SuMi TRUST Bank also helped establish the Decision-Making Support Organization Japan, the succeeding organization to COLTEM, and contributed to the creation of the Bank Gerontologist certification exam in January 2021.



Participating in the University of Tokyo's Institute of Gerontology (IOG)

SuMi TRUST Bank is participating as a main player in the establishment of a new "finance & law" field for conceptualizing new ways of monitoring and providing living assistance to the elderly mainly with the use of guardianship, trust, and reverse mortgage schemes. The Bank aims to shoulder more of a load as a fiduciary and contribute to urban development in Japan's super-aged society on the way to building a lasting and comprehensive support system offering mainly financial, real estate, healthcare, nursing care, and community services so that clients can continue to live out their twilight years in familiar surroundings in this age of centenarians.



Protecting the elderly

Addressing the problems of financial abuse and fraud of older people is definitely essential to financial inclusion. A study by the IOSCO found that there was an almost unanimous view among participating regulators that older investors are at greater risk than other investors of losing money to fraud or being taken advantage of.

To protect the elderly from scams, SuMi TRUST Bank provides money trusts and security trusts from which the withdrawal of funds requires the approval of a previously nominated consenting party. These trusts charge no management fees and their functions can also be packaged with the Centenarian Support Trust (100-Year Passport).



Encouraging stakeholder engagement

Given the multiple dimensions of the issue and the wide range of approaches and interventions that are needed, it is important that organizations from financial and non-financial sectors work together to support the financial inclusion of the elderly.

In November 2020, SuMi TRUST Bank entered into an agreement with the Tokyo Bar Association to refer clients wanting to discuss matters concerning the use of a civil trust. Also, in August 2019 the Bank was the first in the finance industry to form a partnership with the Daini Tokyo Bar Association to introduce visiting lawyers.

Further, the SuMi TRUST Group is a member of ILC-Japan, the Japanese branch of the International Longevity Center, a global alliance of organizations focused on gerontology. And since 2017 we have also chaired an industry-government-academia research group that studies societies characterized by longevity.

Not only does SuMi TRUST Bank work closely with the Anshin Support Corporation to provide its Funeral Trust product and other money trusts, but it also collaborates with companies that arrange funerals, burials, the cleanup of belongings, and other post-mortem services. The Bank also partners with veterinary hospitals and retirement homes for senior dogs in connection with will trusts that have a special pet clause attached.

In this way, the Group pursues partnerships through trusts that extend beyond the framework of financial services.



Targeting key audiences

Supporting these groups is particularly important as combinations of disadvantageous conditions are likely to increase vulnerability to financial and social exclusion and isolation.

To manage and safeguard a ward's estate under the guardianship system—for which demand is growing as a result of an increase in dementia and other conditions—SuMi TRUST Bank developed the Guardianship System Support Trust. Thanks to close collaboration with family courts and other relevant parties by each branch office and department, this trust product is by far the most widely used of its kind in the finance industry.

Also, for the trust purpose of contributing to sound living arrangements in the future for not only the elderly, but also people with disabilities, SuMi TRUST Bank offers a Special Donation Trust through which it can deliver, as the trustee, tax-free payments up to ¥60 million or ¥30 million to a disabled person even after a client's decision-making capacity has deteriorated or in the event of their death.

Given that more and more senior citizens are living alone in Japan's super-aged society, the Bank offers trust products well suited to the circumstances of clients and their households, including security trusts, the 100-Year Passport, and the Funeral Trust.

(3) Flexible approach to mainly terms of repayment on loan transactions

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 (See excerpt, p.157).

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 2022.

Number of loan claims that have received applications for changes in borrowing conditions

► In the Case of SMEs

	End of March 2022
Number of loan claims that have received applications for changes in borrowing conditions	133
Of which, number of loan claims regarding implementation	101
Of which, number of loan claims regarding refusal	7
Of which, number of loan claims under examination	6
Of which, number of loan claims regarding withdrawal	19

► In the Case of Housing Loan Clients

	End of March 2022
Number of loan claims that have received applications for changes in borrowing conditions	911
Of which, number of loan claims regarding implementation	648
Of which, number of loan claims regarding refusal	41
Of which, number of loan claims under examination	107
Of which, number of loan claims regarding withdrawal	115

Using Trusts to Promote Community Investments

Charitable Trusts

A charitable trust is utilized when individuals contribute their assets for public welfare activities, or when corporations return a portion of their profits to society. These assets are entrusted to a trust bank, which then manages and operates the assets in accordance with previously set objectives. Charitable trusts are used across a broad range of areas, including scholarship provision, support for environmental conservation activities, and the promotion of international cooperation and exchange.

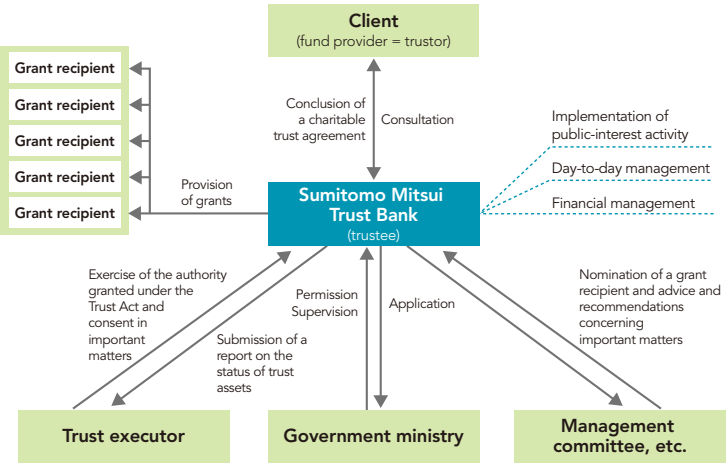
Charitable trusts are often named for the trustor, so his or her aspirations can be remembered for years to come by many people. Moreover, to ensure the public interest is served in accordance with the client's intentions, a charitable trust can

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 launching its first charitable trust in 1977, SuMi TRUST Bank has served the public interest in various fields, supported by the good intentions of both individual and corporate clients.

As of the end of March 2022, we manage 171 charitable trusts amounting to a total of 32.1 billion yen. In fiscal 2021, we have granted 1.12 billion yen to 2,541 recipients (individuals and corporations) for use.

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type (as of March 2022)

Type	Number of trusts under management
Scholarship	58
Promotion of natural science research	33
Development and maintenance of the urban environment	18
Promotion of education	17
Promotion of international cooperation and exchanges	12
Social welfare	9
Promotion of arts and culture	8
Conservation of the natural environment	6
Other	5
Promotion of human science research	4
Protection and propagation of plants and animals	1
Total	171

TOPIC 01

MOL Mauritius International Fund for Natural Environment Recovery and Sustainability

The MOL Mauritius International Fund for Natural Environment Recovery and Sustainability was established in 2021 at the request of Mitsui O.S.K. Lines, Ltd. Its aim is to support projects that contribute to the recovery and conservation of the natural environment within the Republic of Mauritius, and also to the societal and economic growth of the country.

In line with the United Nations' Sustainable Development Goals (SDGs), the fund extends its support to initiatives linked to fisheries, tourism, cultural education, and other activities that play a part in the development of local communities in Mauritius and the surrounding areas.

Among the beneficiaries of the fund is the NPO International Society for Mangrove Ecosystem. It dispatches experts from Japan, who collaborate with local NGOs in an effort to preserve, restore, and sustainably utilize the mangrove ecosystems in the country.



Preserving Biodiversity:
The Mangroves

TOPIC 02

The Suntory Fund for Bird Conservation

The Suntory Fund for Bird Conservation was established in 1990 by Suntory Holdings Limited. The fund's objective is to encourage bird protection activities and contribute to global environmental conservation. Supporting various bird protection efforts both domestically and internationally, the fund receives applications across three categories: the Bird Conservation Groups Activities Grant Category, the Regional Bird-watching Activities Grant Category, and the Waterfront Large Bird Conservation Category. Each year, it grants approximately 40 million yen.



Local Philippines children participating in activities to promote awareness for the conservation of the Calayan Rail

Initiatives for donations

In order to respond to the social contribution needs of its donation-minded clients, SuMi TRUST Bank has long provided testamentary trusts and money trusts.

In recent years, due to the coronavirus pandemic and to an increasing awareness of SDGs activities, the needs of both individuals who wish to give donations and organizations wishing to receive donations are expanding.

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 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.



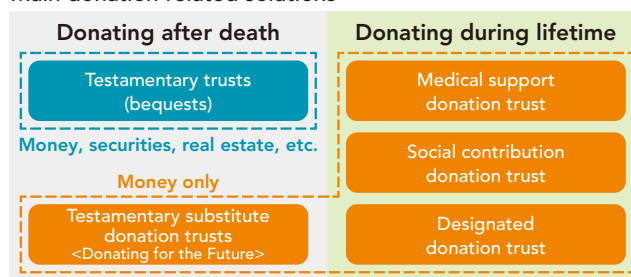
Trusts for Managing Loaned-Out Shares

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.

Designated Donation Trusts

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

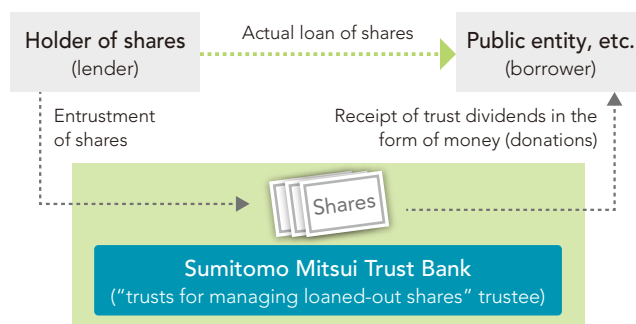
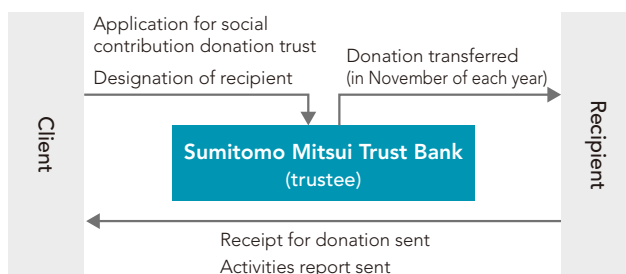
Main donation-related solutions



List of Donation Recipients (As of January 31, 2023)

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)

Mechanism of Social Contribution Donation Trusts



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.

Initiatives that Address Environmental and Social Issues

Contributions to donations

In part due to the effects of the spread of COVID-19, Japanese individuals are now reported to be donating in excess of ¥1 trillion per year. SuMi TRUST Bank has offered a social contribution donation trusts entitled “Bridge to Tomorrow” since April 2011; in May 2020, it opened an account to accept donations for the development of vaccines and treatments for COVID-19, which received a total of ¥260 million in donations; in April 2021, it launched a medical support donation trust, and a testamentary substitute donation trust entitled “Donating for the Future,” with the goal of providing support to universities carrying out medical research. In this way, the Bank is utilizing the power of trusts—namely to transform ability, time, and assets—to eliminate factors that prevent people from making donations, and so to support the transformation of good will and a desire to contribute to society into concrete donations. SuMi TRUST Bank manages 36,000 testamentary trusts, and helps the precious assets of its clients to be handed over according to their wishes via the provision of a will-making consultation service, and by accurately executing its role as a will executor.

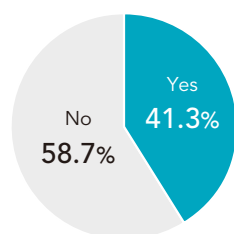
Testamentary trust partners (assisting bequeathal donations through the provision of testamentary trusts)

Partners	Number of partners
Incorporated educational institutions	125
Social welfare and medical care	50
International humanitarian aid	14
Scholarships and education	11
Promotion of art and culture	17
Other (environment, local public bodies, etc.)	16
Total	233

Number of partners

Fiscal year	Number of partners
FY2018	173
FY2019	183
FY2020	196
FY2021	212

Have you donated before?

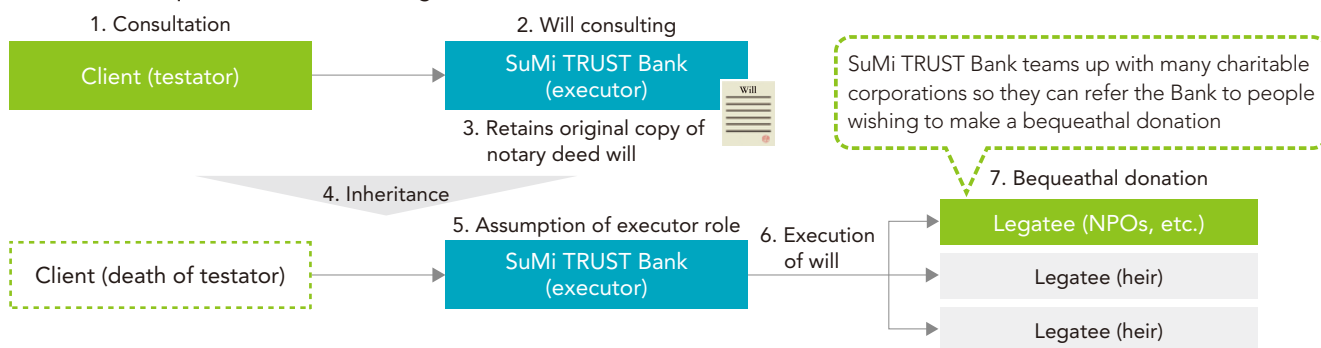


Reasons for not donating



“FY2019 Survey into social contributions by citizens,” Cabinet Office

Overview of Bequeathal Donations Using Will Trusts



List of organizations receiving donations from medical support donation trusts (as of January 31, 2023)

Hokkaido University	Hospital Yume (Youth and Medicine) Fund
Tohoku University	Future Medicine and Health Care Design: establishing medical examination models for Japan
The University of Tokyo	Future Medicine and Health Care Development Project
The Kitasato Institute	Standing Up to Infection: Omura Satoshi Memorial Institute Fund
Tokyo University of Science	Data Science x Medical Care
Nagoya University	University hospital support project
Kyoto University	Research into overcoming and treatment of cancer and other intractable diseases

Osaka University	COVID-19 infection countermeasures fund
Kobe University	Utilizing ICCRC in our hospital research
Okayama University	Support for operating accommodation facilities for families of pediatric patients
Hiroshima University	Project to create a strong Japan against infectious disease
Ehime University	Project to extend healthy life expectancies based on understanding and controlling aging mechanisms
Kyushu University	Developing medical care and establishing medical care systems for realizing a healthy and secure society
Tokyo Institute of Technology	Research project into overcoming COVID-19

Participation in Social and Community Activities



Significance of Participating in Social and Community Activities

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 summer school was run from July 21 to August 2 in fiscal year 2022, with 80 junior high school students from 16 countries around the world attending.

*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 70 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

2014



 India
Thulasi

2015



 India
Thanuja

2016



 Mexico
Eduardo

2017



 India
Prashanth



2018



 India
Prathana

2019



 India
Hemant

2021



 Australia
Niko

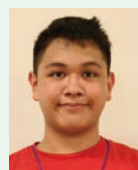
2021



 Vietnam
Khanh Chi
(Partial scholarship recipient)

In 2020, we were unable to provide our usual level of support due to the effects of the COVID-19 pandemic. However, since 2021, we have been providing support for one full scholarship recipient and one partial scholarship recipient living in Japan.

The 2022 summer school program was able to include several international students. Many new programs were implemented, such as classes for in-depth discussions on diversity and media literacy through film and lessons on clothing sustainability through upcycling of used clothing.




2022

 Mexico
Akira

Akira, who has a Mexican father, takes great pride in his Mexican heritage and actively shared his knowledge about Mexico with his new friends at summer school. His bright and positive attitude, coupled with his listening skills, were on full display in class. As someone who has been bullied for being half Mexican and half Japanese, he found comfort in summer school, a place full of friends from diverse backgrounds. "I felt like I could really show my strength and creativity because I felt safe there," he shared.



2022

 Japan
Hikaru
(Partial scholarship recipient)

Hikaru, who aspires to be a pastry chef in the future, began engaging more actively with others over the two weeks. He interacted with his classmates through drawing, livened up the atmosphere with dance, and began to express his opinions in English, a language he was not confident in before. Summer school taught him how to interact with people from different backgrounds and environments. As a film lover, he learned in his Film & Diversity class how to create stories from various perspectives, a skill he wants to apply to pastry making in the future.



We hope that the support of the Group will help the two of them to spread their wings powerfully on the global stage. We sincerely hope that Akira's and Hikaru's dreams come true in the near future.

TOPIC 02

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, "Several of the students (two from India and one from Mexico) who have benefited from your support have gone on to high school at our school. 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."

©Jun Toyosaki



Founder Lin Kobayashi



We are implementing a project to nurture those who bear the burden of forming a sustainable society.

Within the Group, we are undertaking social and regional contributions that incorporate an SDGs-focused perspective in communities where Group company branches and departments are located, under the belief that delivering value to communities provides the social license necessary for doing business. Since 2003, SuMi TRUST Bank has promoted sustainability efforts through its own business, financial products, and services, contributing to the resolution of sustainability issues based on the recognition that environmental and biodiversity issues are fundamental issues that companies should address. This project, which launched in 2012, is one of these initiatives.

To achieve a sustainable society, each one of us needs to recognize that we live in an irreplaceable environment and change our day-to-day behavior. However, it is undeniable that achieving a truly sustainable society is difficult if we only focus on protecting endangered lands, which we are currently engaged in. For this reason, we are working on an ESD project aimed at environmental education for children, who will shoulder the next generation, with the belief that this goal can be achieved by nurturing individuals who understand the value of nature using future-oriented thinking.

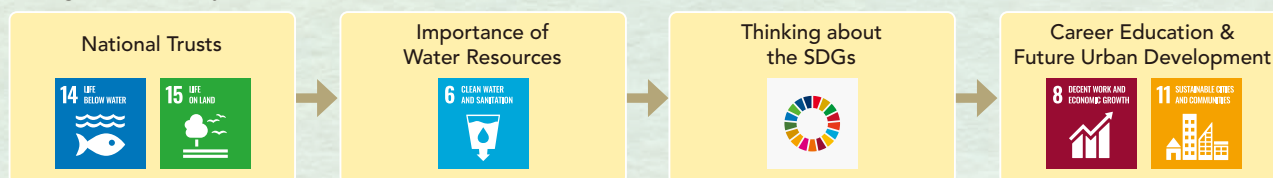
Overview of the ESD Project



This program provides classes to elementary, junior high, and high school students and teachers nationwide where they consider issues such as the significance of local environmental and ecosystem preservation activities and initiatives focused on local issues through the SDGs. The most significant feature is the original video materials produced through the project. First, when creating the teaching materials, the target schools, TREE Inc., (which operates the SDGs educational media platform SDGs.TV), and our company work together to select the theme to be dealt with in the class. We use short videos as teaching materials

that summarize the activities and thoughts of people working on regional issues so that the SDGs can be recognized as a local issue despite being global in scope. We have been providing these video materials free of charge to schools and local governments located in the same areas so that they can be used freely throughout the regions. Additionally, having a SuMi TRUST Bank branch in the host city is also one of the requirements for the project to be implemented. Each branch collaborates with the local government for publicity, which also contributes to the development of a unique local brand.

Changes in ESD Project Themes



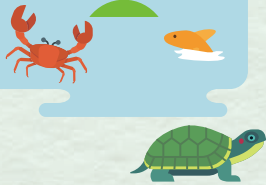
The ESD Project Celebrates Its 10th Anniversary

In commemoration of the project's 10-year anniversary in fiscal 2022, we created a promotional video (7 minutes and 45 seconds) showcasing the journey leading up to the project's 18th iteration. In the video, we introduce the classes and fieldwork conducted at schools nationwide, as well as our efforts to conduct online classes, a challenge we took on amid the COVID-19 pandemic from fiscal 2020 onwards. We also conducted interviews with stakeholders of the Sapporo ESD Project, which has brought a positive impact to local communities through public workshops. The video includes comments from Satake, an official from the Sapporo City Environment Bureau, and Suto, a college student active as a sustainable leader.

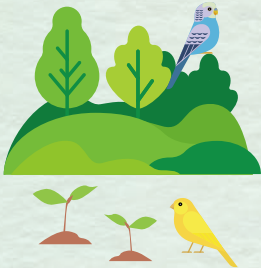


You can view the promotional video here. (Japanese text only)

Initiatives over the Past Years



SuMi TRUST Bank received an award from the Biodiversity Action Award 2015 (sponsored by the United Nations Decade on Biodiversity 2011-2020).



For a summary of the ESD projects implemented thus far, please scan the following QR code.



*The video of the workshop can be viewed at "ESD in Video."
[WEB https://www.smtb.jp/about/sustainability/esd](https://www.smtb.jp/about/sustainability/esd)
 (Japanese text only)

Nov. 2012 Wakayama Prefecture Tanabe Daisan Elementary School Nature and biodiversity in Tenjinzaki	Sept. 2013 Kanagawa Prefecture Miura Municipal Koyo Elementary School Koajiro Forest where the red-clawed crab lives	Sept. 2014 Okayama Prefecture Okayama City Municipal Tsunoyama Elementary School Learning about the source of water in Okayama	Jan. 2015 Kanagawa Prefecture Kamakura City Shichirigahama Elementary School Studying Oyatsu Forest, the birthplace of the National Trust
June 2015 Osaka Prefecture Yao Municipal Nakatakayasu Elementary School Nature of Yao City, where the Japanese rosy bitterling fish lives	Jan. 2016 Fukui Prefecture Fukui Municipal Yashironishi Elementary School Studying the Nakaikemi Wetlands	July 2016 Aichi Prefecture Aichi Prefectural Kisogawa High School Lessons about local life and the future from the deepbody bitterling, an endangered fish	Feb. 2017 Chiba Prefecture Chiba Prefectural Funabashi Shibayama High School Lessons about the "web of life" from the Shibayama Wetlands
July 2017 Niigata Prefecture Niigata Municipal Akatsuka Junior High School Lessons about building communities that coexist with nature from Sakata Lagoon, a wetlands registered under the Ramsar Convention	Feb. 2018 Shiga Prefecture Shiga Prefectural Moriyama Junior & Senior High School Water source forest: Lessons for community and living from Lake Biwa and the SDGs	Aug. 2018 Ibaraki Prefecture Edogawa Gakuen Toride Junior & Senior High School Lessons for sustainable societies/SDGs from Japan's forests	Mar. 2019 Hokkaido Prefecture Sustainable Local High School event in Sapporo How SDGs and tourism make Sapporo a sustainable city
Aug. 2019 Kanagawa Prefecture Teaching staff of Kanagawa Prefectural junior/high schools SDGs seminar for teachers	Nov. 2019 Toyama Prefecture Toyama Prefectural Tonami High School Life planning and the SDGs	Aug. 2020 Aichi Prefecture Teaching staff of elementary, junior, and high schools in Aichi Prefecture ESD leadership training session	Mar. 2021 Saga Prefecture Saga Ryukokugakuen Ryukoku Junior High School Online dialogue with SDGs specialists
Sept./Oct. 2021 Fukuoka Prefecture Chinzei Keiai Gakuen Keiai Elementary School SDGs class: Envisioning the earth and us ten years from now	Oct./Nov. 2021 Ishikawa Prefecture Kanazawa Municipal Takaoka Junior High School Career education to foster future leaders of urban development	Sept. 2022 Hyogo Prefecture SHIGO GAKUIN ELEMENTARY AND JUNIOR HIGH SCHOOL "Think Globally, Act Locally!" Let's think about what we can do.	Jan. 2023 Shizuoka Prefecture Tokoha University Tachibana High School Thinking about ethical consumption from the standpoint of a sustainable fashion industry

SUMI TRUST GROUP INITIATIVES 03

Our Activities Supporting National Trusts



Supporting National Trusts to Protect Natural Capital

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.



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.



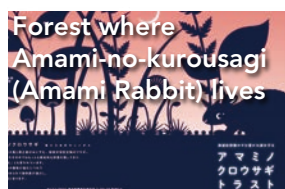
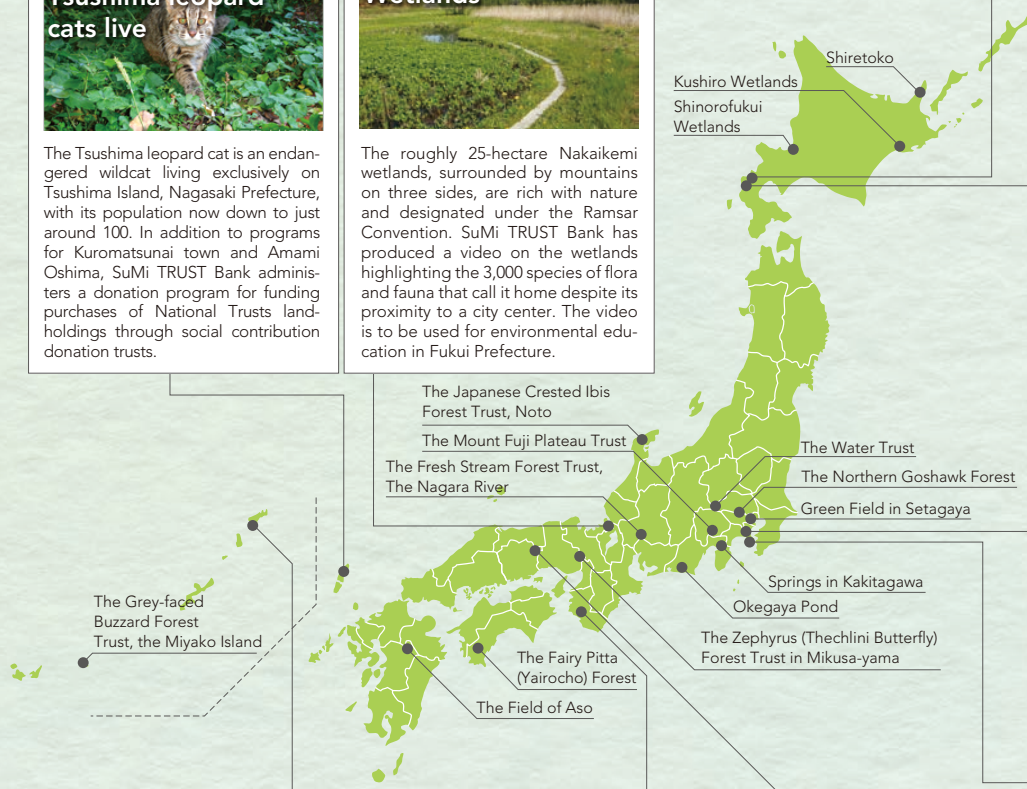
The roughly 25-hectare Nakaikemi wetlands, surrounded by mountains on three sides, are rich with nature and designated under the Ramsar Convention. SuMi TRUST Bank has produced a video on the wetlands highlighting the 3,000 species of flora and fauna that call it home despite its proximity to a city center. The video is to be used for environmental education in Fukui Prefecture.



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 spreads out behind the Tsurugaoka Hachimangu shrine. In 1964, the Kamakura Environment Conservation Society was established and national trust activities were developed to protect this forest. SuMi TRUST Bank sponsored an environmental education class in Kamakura City to mark the 50th anniversary of the Society's founding.



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 Tokunoshima. The Kagoshima Branch donated a sum commensurate to that needed to purchase 8,066 m² of forest lands for the rabbit.



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.



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.



Koaji 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.

Employees in Branches Nationwide Are Learning About the National Trust and Mori-No-Boen To Promote Awareness Among Stakeholders

Since the start of the COVID-19 pandemic, SuMi TRUST Bank branches have been relearning about themes that they have been working on for many years through online in-house study sessions and proactively expanding activities to raise awareness among clients of the Retail Total Solutions Services Business and other members of the local community.

In fiscal 2020, we ran online study sessions themed around the National Trust, a nature conservation movement that traces its origins to the United Kingdom, and Mori-no-boen*, a cemetery made using its methods. Participants learned about summaries of the National Trust and Mori-no-boen as well as information that would be useful when clients ask for advice on real estate, end-of-life procedures, and inheritance.

*Mori-no-boen (forest cemetery): Opened by the Ecosystem Conservation Society-Japan in February 2016 in the town of Chonan in Chiba Prefecture. In order to naturally regenerate the land on which the forest was destroyed by sand excavation, the National Trust method is being used to turn the land into a cemetery by planting native tree saplings as grave markers. No man-made items such as gravestones are used in the cemetery, so for this reason it is attracting attention as a new type of cemetery business where a natural forest is expected to cover the entirety of the burial grounds in the future.



Branches nationwide are running lobby exhibitions exhibiting panels about various themes.

Fiscal year 2021 lobby exhibition results

Mori-no-boen: 37 branches

National Trust: 44 branches

Overview of Fiscal Year 2020 Online in-house Study Sessions

Month	September 2020	December 2020
Theme	Mori-no-boen	National Trust
Instructor	Ecosystem Conservation Society-Japan	The Association of National Trusts in Japan
Participation	261 participants from 51 branches and departments	328 participants from 76 branches and departments
Content	<p>Recent situation and problems surrounding end-of-life procedures, overview of Mori-no-boen, and sharing needs for end-of-life procedures and inheritance</p>  <p>Online in-house study session on Mori-no-boen</p>	<p>The history of the National Trust, the company's leading initiatives, and sharing needs related to real estate and inheritance</p>  <p>Online in-house study session on the National Trust</p>

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 2022, they had donated funds equating to the acquisition cost of 3,770 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.

In the SuMi TRUST Group, each and every employee comes up with plans to assume responsibility for raising awareness about the SDGs. In this way, all employees take action to facilitate greater understanding of, and implement initiatives towards achieving, the SDGs.

2018
October

The Group's newsletter featured a special article about the SDGs, explaining the significance of addressing them and how each of the Group's businesses are connected.



Group newsletter
Future Bloom
(October 2018 issue)

2018
December onwards

An e-Learning course for all directors, officers, and employees has been run every year in an effort to further promote understanding of the SDGs and call for specific initiatives to be implemented.



e-Learning (from left: December 2018 training, December 2019 training, December 2020 training)

2018
Second half

Internal SDGs study session held at all 103 branches and departments across Japan

Internal SDGs study session **3,112** participants
(November 2018-March 2019)

2019
March onwards

All employees of the SuMi TRUST Group started wearing an SDGs badge

Number of SDGs badges distributed
Approximately 23,000
(March 2019-December 2022)



2019
March

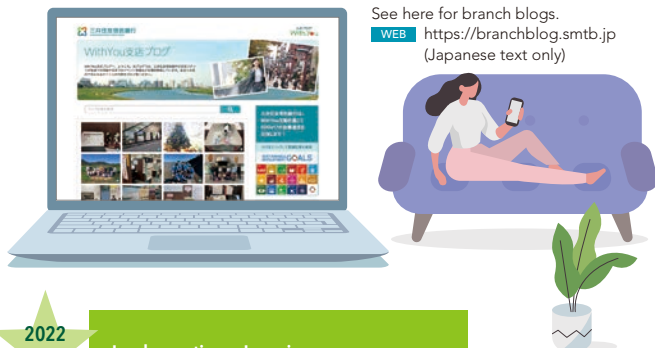
Started to display posters raising awareness of SDGs



2019
August

All 103 branch offices in Japan formulated their own SDGs Declarations (see page 172), which were published on branch blogs and websites

See here for branch blogs.
WEB <https://branchblog.smtb.jp>
(Japanese text only)



2020
March

All 103 branch offices in Japan display their own SDGs Declarations posters



2022
March

Implementing e-Learning



For the new employee training that SuMi TRUST Bank conducts every April, employees from the Sustainability Management Department act as instructors, providing detailed explanations about the Group's sustainability activities and initiatives related to the SDGs. Moreover, since the onset of the COVID-19 pandemic, all branches of SuMi TRUST Bank have been holding online internal study sessions on long-standing themes such as natural capital, marine plastic garbage, and climate change in line with the motto Think Globally, Act Locally. These sessions allow employees to learn and also actively promote awareness among the local community, including individual business clients, through lobby exhibitions. On the company's internal intranet, we have prepared an environment where various study materials, videos, lobby exhibition posters, initiatives by branches and departments that serve as good

examples, and e-mail newsletters distributed by other Group companies can be freely accessed. This helps raise the activity level throughout the Group.



2021 March
Poster about natural capital





2021 July
Poster about plastics

Each April
Materials for new employee training



2022 June
Poster about climate change

Summary of Online In-house Study Sessions for the Fiscal 2022

Month implemented	June 2022	December 2022
Theme	How to Handle Plastic - Advanced Edition	Contemplating the Climate Change Issue
Presenters	Two staff members from the Sustainability Management Department	Carbon Neutrality Planning and Management Department and the Sustainability Management Department
Participation	708 participants from 85 branches and departments	640 participants from 81 branches and departments
Details	<p>3R+ renewables, Act on Promotion of Resource Circulation for Plastics (New Plastics Act)</p> 	<p>Understanding carbon neutrality, the Group's initiatives, and our possible contributions</p> 



Initiatives that Address Environmental and Social Issues



The Group is committed to addressing environmental and biodiversity challenges. This includes disclosing information about our efforts related to natural capital; the formation of the SuMi TRUST Group Zero Plastic Garbage Declaration, which aims to eradicate non-recycled plastic waste by 2030; and the creation of the Carbon Neutral Commitment.

In line with the announcement of the Carbon Neutral Commitment in October 2021, SuMi TRUST Bank routinely organizes the With You Eco Festival, a series of events focused on environmental issues. These initiatives aim to

increase each employee's awareness of social issues and to foster proactive involvement in problem-solving. We also promote actions to visualize the reduction of CO₂ emissions from our activities using a dedicated calculation tool.

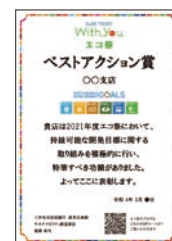
Posts entitled "Eco Festival" on the With You Branch Blog showcase the various efforts and tangible results achieved by branches nationwide in areas such as decarbonization, ecological networks, food loss and plastic waste issues, energy conservation, and various recycling and donation activities.

Activity Outcomes

	Second half of Fiscal 2021	First half of Fiscal 2022
Internal study group participation	1,037	284
External activity participation	70	142
Food drive contributions	169.2 kg	108.2 kg
Donations of books and other items	799	388
Duration of lobby exhibitions	287 days	311 days
CO ₂ emission reductions	5,545 kg of CO ₂	7,215 kg of CO ₂

Activities by the Award-winning Branches and Departments from the "With You Eco Festival" in the Second Half of Fiscal 2021

Branches and departments that led by example at the With You Eco Festival were conferred the Best Action Award and Best Idea Award. The Best Action Award recognizes branches and departments that involved the broader community and their employees in exemplary activities. The Best Idea Award is given to branches and departments that pioneered initiatives based on unique ideas. Recipients were selected through a comprehensive evaluation process. Electronic certificates were issued to acknowledge the award-winning branches and departments, and all that participated in the With You Eco Festival during this period received electronic certificates of participation.



	Winning Branches and Departments	Reasons for Award
Best Action Award	Nagoya Business Department & Nagoya Sakae Branch	Actively pursued a number of initiatives, including the SDGs Class for Elementary School Students held at a Nagoya city elementary school. Employees served as instructors and facilitated quizzes on relevant topics such as water and global warming, fostering active participation and learning among the next generation.
	Wakayama Branch	Partnered with local businesses and the prefecture to conduct in-house study sessions on the subject of Achieving a Hydrogen Society as a measure against climate change. These efforts were covered by multiple local media outlets, including television and newspapers, resulting in significant publicity.
	Himeji Branch	In collaboration with the Ministry of the Environment and Himeji City, the branch organized a lobby exhibition featuring panels on climate change. The initiative was extended by having the panels loaned out to seven nearby branches and displayed in their lobbies, thereby achieving wider exposure.
	Kitakyushu Branch	Produced or used original items such as tote bags, notebooks, and recycled paper folders, and held a record six activities, including an in-house study session with a speaker from the local shopping district. These efforts were highlighted in collaborating organizations' media channels. Engaged with the local community on a diverse range of themes. Its multifaceted approach received particularly high marks.
Best Idea Award	Omori Branch	Arranged for extra calendars at branches to be donated to local residents via regional councils of social welfare. Leveraged existing networks to swiftly implement recycling initiatives.
	Shakujii Branch	Enforced an early lights-off policy at counters and in the lobby as part of energy conservation efforts. In a blog reporting project results, the branch took a unique approach to raising employee awareness by representing the CO ₂ emission reduction amount by comparing it to the amount of CO ₂ absorbed by trees, thereby visualizing the results in terms of an equivalent number of cedar trees.
	Ogikubo Branch	Implemented internal study sessions on themes including climate change (COP26), natural capital (COP15), and ethical consumption. They were one of the first to adopt multiple themes for the Eco Festival and dedicated a significant amount of effort to raising awareness.
	Koganei Branch	Organized a hanger collection and donation initiative that also supported the provision of material aid to developing countries. This call to action was extended to our clients as well as employees, emphasizing widespread awareness efforts.
	Hoshigaoka Branch	Every branch employee established personal SDGs targets, which were displayed as SDGs-themed votive tablets in the lobby. Leveraged the Eco Festival, which spanned the New Year, as an opportunity to increase employee awareness and public relations outreach.



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 Shared by Our Branches Nationwide

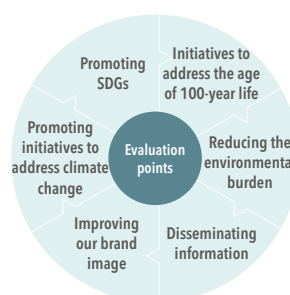
SuMi TRUST Bank is implementing the community-based sustainability activities known as “With You” initiatives to build strong relationships with local communities.

At SuMi TRUST Bank, we have categorized these With You activities and measured them by difficulty and effect, and we introduced a point system in fiscal 2012 as a guideline for setting benchmarks for activities, promoting systematic initiatives. The point system sets a benchmark for points to be earned each year, evaluating branches based on aspects such as promotion of SDGs, initiatives aimed at the age of 100-year life, promotion of initiatives to address climate change, and reducing the environmental burden, along with making improvements to the brand image and disseminating information, such as efforts related to raising awareness about activities and posts made on the With You branch blog. The benchmark point achievement rate for the branches has steadily increased since the introduction of the system, indicating that the With You activities have become deeply ingrained in our branches and

departments through collaboration with local communities.

Furthermore, branches and departments that have made remarkable achievements in With You activities are recognized with the With You Excellence Award, With You Special Award, SDGs Declaration Award, and With You Sparkle Activity Award. By sharing their activities with all of the branches nationwide, we are actively promoting our initiatives.

With You Activity Objectives



Branches That Achieved Target Points:

103 (100%)

Since 2H 2017 and Continuing

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.



One of the Goals 1-16

Decided by all
103 branches

Specific
Actions

[WEB https://www.smtb.jp/about/sustainability/sdgs/declaration](https://www.smtb.jp/about/sustainability/sdgs/declaration) (Japanese text only)

Communication

SuMi TRUST Bank engages in sustainability activities rooted in the community centered on branch offices in regions nationwide to build strong trust-based relationships with local communities.

To communicate our branch office 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 clients 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 103 branch offices

nationwide formulated “SDGs Declarations,” with the aim of instilling the SDGs in local communities and linking them to community revitalization. In October 2021, we established our overseas bases blog, and have also been focusing on disseminating information about overseas initiatives.

[WEB https://branchblog.smtb.jp/](https://branchblog.smtb.jp/) (Japanese text only)

Total Number of Blog Posts

15,740

(as of April 28, 2023)

Quarterly Pamphlet: SuMi TRUST With You (Fiscal 2022 With You Report)

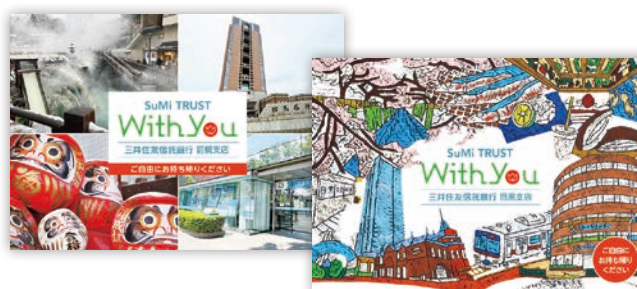
We publish a quarterly pamphlet, SuMi TRUST With You (Fiscal 2022 With You Report), four times a year for our clients nationwide. This report also serves as an information dissemination tool that delivers topics of interest and information about current issues to the elderly.

In fiscal 2021, we published a special series on “Life design in the age of 100-year life as told by the numbers” written by the Sumitomo Mitsui Trust Financial Education Institute. In fiscal 2022, we published a special series on “What we can do about climate change” written by the Sustainability Management Department Technology-based Finance Team. It proposed actions that we can take in our daily lives, along with easy-to-understand explanations by our in-house experts about the current trends related to climate change, which is a major topic nowadays.



Branch-Produced “With You” Booklets

In addition to disseminating information via posts on their “With You” branch blogs and 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 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.



A Digest Report for Seniors



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

The Sumitomo Mitsui 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 3.0,” which we published in April 2021, 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. Branches offices nationwide display posters introducing this report to encourage people to take time to think about the best housing for senior generations, and offer assistance and consultation to help all people live a better life in their senior years.



Lobby exhibit poster

Thinking about the Dementia Issue

In Japan, which has become a super-aged society, it is said that one in four elderly people aged 65 and over is suffering from dementia or is in a pre-dementia stage.

The “A Digest Report for Seniors - Thinking about the Dementia Issue 3.0” issued in March 2022 is a booklet that specifically discusses what kind of disease dementia is, what kind of support is necessary if one develops dementia, and so on. SuMi TRUST Bank offers consulting from a client-centered perspective, such as proposals for advanced planning in preparation for cognitive impairment or dementia, and has established a lineup of asset management solutions that address dementia.

This report has also added a feature to help clients with visual impairments, providing a synthesized voice support function that provides guidance for each page by reading a two-dimensional barcode with a smartphone.



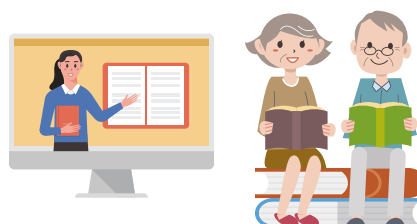
You can view the booklet here.
(Japanese text only)

Introduction of Branch Initiatives

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 dementia; how to lead an enriched life in old age), each branch plans and hosts its own distinctive Silver College seminars.

Face-to-face seminars have been suspended since February 2020 as a result of the COVID-19 pandemic, and a limited-time video edition has been produced.



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, and started the first private-sector exhibition of the Itasenpara bitterling (Acheilognathus longipinnis), an endangered species. From

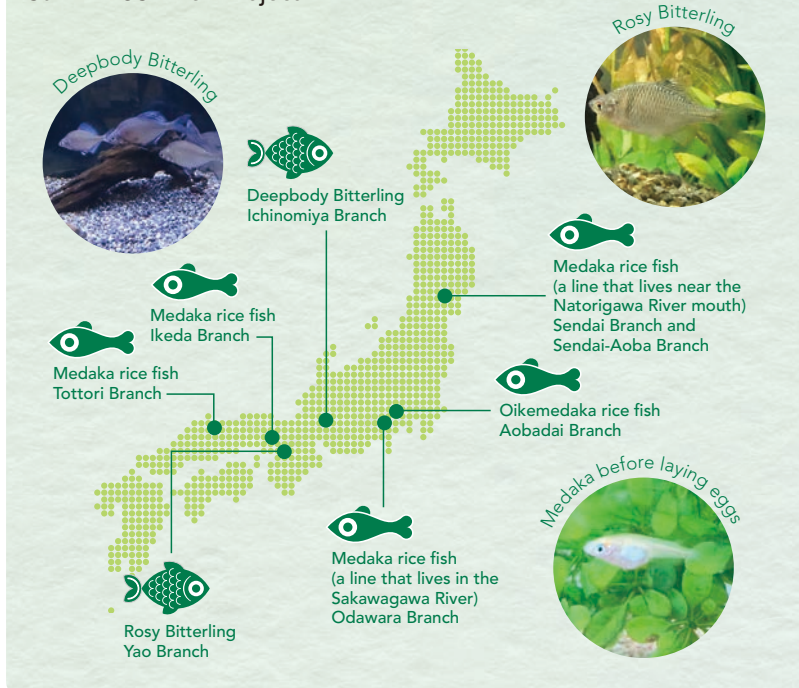
September 2022, we have taken on the challenge of breeding the Itasenpara bitterling for the seventh time. We have been certified as an Aichi Biodiversity Certified Company by the Aichi Biodiversity Company Certification System established by Aichi Prefecture, as a company that has been evaluated for its long-standing activities and actively contributes to biodiversity conservation.

Since August 2005, the Yao branch has been continuously involved in the breeding of the endangered Rosy Bitterling. In August 2020, we installed a new information panel in the show window to raise awareness of this initiative.



Raising Itasenpara in our Ichinomiya branch

SuMi TRUST Fish Project



*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

The SuMi TRUST Bank “Inheritance from Me” Series is a project that started as a CSR activity in 2013. It involves individuals writing down the “people, things, and matters” that are unique and important to them, sharing the reasons and stories behind their choices in 400-character narratives to be passed on to the future.

For the momentous 10th iteration of this project, we received an impressive 9,634 submissions. Each of the works submitted was filled with a heartwarming charm that brought to life the expressions of the authors and the characters involved.

The pieces that received the winning and runner-up prizes were published in a pamphlet, distributed in the lobbies of our branches nationwide, and featured on the SuMi TRUST Bank website and in various newspapers.

“Inheritance from Me” also serves as an initiative that contributes to school education and local community

development. Given the substantial number of entries from young children, students, and whole schools during the inaugural round, we established the “School Award” starting with the second round, welcoming group entries from schools. The 10th iteration saw participation from 99 schools, resulting in 4,484 submitted works. Starting from the 6th round, we instituted the Heart’s Hometown Award, which celebrates works focusing on the theme of “my town/my village and the hometown in my heart that I wish to pass on.” For the 6th round, the setting was Ako City in Hyogo Prefecture; the 7th round, Oita City in Oita Prefecture; the 8th round, Goto City in Nagasaki Prefecture; the 9th round, Toon City in Ehime Prefecture; and for the 10th round, Fukuzumi in Yubari City, Hokkaido. Each of these locales was highlighted in local media, generating considerable attention.



Good Examples of Community Collaboration

As a financial institution, in addition to promoting specific initiatives for the achievement of the SDGs (Sustainable Development Goals) declared by the United Nations, we also have a major role in disseminating and promoting SDGs to local communities. Our branches nationwide are engaged in activities and events in cooperation with local communities based on the SDG Declarations formulated at each branch (see page 172) and the needs of each region.

Obtaining Recognition under Regional Revitalization SDGs Statement, Registration, and Certification Systems



Local publicbodies have established Regional Revitalization SDG Statement, Registration, and Certification Systems with two main objectives: 1) to make the contributions of companies to regional revitalization SDGs visible and 2) to encourage support from local stakeholders and lay the groundwork for a self-sustaining cycle of growth. SuMi TRUST Bank is actively engaged in these systems. For instance, our Yokohamaeki-Nishiguchi Branch and Yokohama Branch have achieved the highest (Supreme) certification under the Y-SDGs. By obtaining these certifications, we are making strides in expanding regional revitalization efforts driven by the SDGs in collaboration with various stakeholders. Our Kawasaki Branch is among the branches and departments that have achieved recognition under the Statement, Registration, and Certification Systems, obtaining certification. Other branches include the Kumamoto Branch and Kumamoto-Chuo Branch, the Kita-Kyushu Branch, and the Takamatsu Branch obtaining registration, as well as 12 branches with statements (as of January 18, 2023).



Chiba SDGs Partner Accreditation
(Chiba Branch and Chiba-Ekimae Branch)

Clothing Exchange Event “Changing Clothes” - Reusable Fashion Initiative:

Corporate Business Department II, Osaka; Fujisawa Branch and Fujisawa-Chuo Branch; Yokohamaeki-Nishiguchi Branch and Yokohama Branch; Odawara Branch



The clothing exchange event “Changing Clothes” held at Fujisawa SST Culture Festival 2022 was an opportunity for cherishing old clothing while passing it on to someone new. The fashion industry is known as the second most environmentally damaging industry due to its massive use and emissions of energy, water, plastic, and CO₂ throughout the process of apparel production, transportation, and disposal. It is estimated that one billion articles of clothing are made and thrown away in Japan every year, highlighting the urgent need for a shift towards sustainable fashion. Our booth, which was planned with the support of ONE PEACE Ltd., encouraged visitors to experience reusable fashion in a fun, local context. At our booth, people could exchange their clothes for an equal number of items for free. People who were unaware of our booth or who did not bring clothes were still able to participate by filling out a message card. The booth was a success, with about 120 participants bringing around 80 items of clothing. Almost an equal number of items found new owners. Participants left many warm comments such as “I brought clothes that were too good to throw away,” “I found designs that I wouldn’t usually choose,” and “I want to support these new eco-initiatives.”

Apart from this, some of our nearby interested branch employees also participated in “Changing Clothes” events organized by One Peace, Ltd. at commercial facilities nationwide, thus gaining first-hand experience with regard to the circulation of goods.

*At SuMi TRUST Bank, we are participating in a community-building project at the former site of a Panasonic Group factory (Fujisawa City) alongside leading Japanese companies such as Panasonic, Mitsui & Co., Mitsui Fudosan Residential, Tokyo Gas, and Dentsu. We are the only financial institution involved in this project. Fujisawa Sustainable Smart Town (Fujisawa SST) has been hosting a community event known as the Fujisawa SST Cultural Festival since 2016. Our company participates in this event by hosting booths, among other activities.



Our company booth at the Fujisawa SST Cultural Festival

Financial Literacy Education and SDG Awareness in Collaboration with Local Educational Institutions: Sumitomo Mitsui Trust Future Assets Institute, branches nationwide



In 2022, the age of adulthood was lowered to 18 in Japan, and financial education became compulsory in high school home economics classes. In light of this, SuMi TRUST Bank has taken the initiative to provide financial education at local schools. In June 2022, the Sumitomo Mitsui Trust Future Assets Institute* conducted a special class on “Creating a ‘Global + Personal’ Future: SDGs and Finance” at the private NADA Junior and Senior High School in Hyogo Prefecture, with 51 middle and high school students participating. The purpose of the class, which was a part of the “Saturday Lecture” special lecture series given twice a year by the school, was to raise students’ financial literacy and awareness of the SDGs. The lecture was divided into two parts: discussing the role of finance for the future and envisioning the world of 2050. It explored the current state of SDGs and decarbonization, the role of finance, and the importance of investment as a money management plan for the age of 100-year life. The lecture led to many eager questions from the students, and the feedback received was very positive, with comments such as “I now have a better understanding of the relationship between SDGs and finance” and “I want to pay attention to other companies’ initiatives.”

Moreover, our branches across the country are also responding to requests from local educational institutions to offer classes on financial literacy and the SDGs, taught by our employees, to elementary, junior high, and high school students.

*An organization established within SuMi TRUST Bank for the purpose of investigating and studying the formation and utilization of safe and secure assets from a neutral standpoint in the age of 100-year life.



Special classes held at the private NADA Junior and Senior High School

Sponsoring the All-Japan Elementary School Volleyball Tournament: 10 Branches Across the Country



SuMi TRUST Bank is proud to be the only financial institution to serve as an official sponsor for the All-Japan Elementary School Volleyball Tournament. Regional tournaments building up to the national competition in August were held in every prefecture between June and July 2022. Our bank has sent supportive spectators from 10 nearby branches* to 10 of these regional tournaments. After the tournaments, lobby exhibitions were set up to share details from the competition. The tournaments, held for the first time in three years due to the effects of the COVID-19 pandemic, featured heated matches in every region. Our bank employees joined with the local community in cheering on the competitors, contributing to society through the promotion of elementary school sports.

* 1) Utsunomiya Branch, 2) Nihonbashi Business Department and Tokyo-Chuo Branch, 3) Nagoya Business Department and Nagoya Sakae Branch, 4) Kyoto Branch and Kyoto-Shijo Branch, 5) Sakai Branch, 6) Tottori Branch, 7) Kobe Branch and Kobe-Sannomiya Branch, 8) Hiroshima Branch and Hiroshima-Chuo Branch, 9) Takamatsu Branch, and 10) Matsuyama Branch



Tournament announcement poster



A scene from the Tochigi Prefecture tournament

Food Loss Initiatives, Children's Cafeteria Support Activities



Food drives are activities in which people bring surplus food from homes or workplaces and distribute it to local welfare organizations, facilities, children's cafeterias, and other places in need of food support. In Japan, the amount of "food loss," which refers to food that can be eaten but is discarded, amounts to approximately 5.22 million tons per year (2020 estimate). Food waste per Japanese person comes to about 41 kilograms a year, and a large amount of CO₂ is emitted during disposal, making food waste a significant societal issue.

The Namba Branch and Namba-Chuo Branch were the first to launch food drive initiatives in 2019, and with the cooperation of our clients, they have been donating the collected items to Osaka Palcoop and visiting children's cafeterias in the region, among other activities. Since then, these activities have evolved to encompass a variety of efforts, including food donations to the Kyoto Children's Home Meal Project (Kyoto, Kyoto-Shijo Branch) in collaboration with local governments, in-house study sessions to learn about food waste (Kita-Kyushu

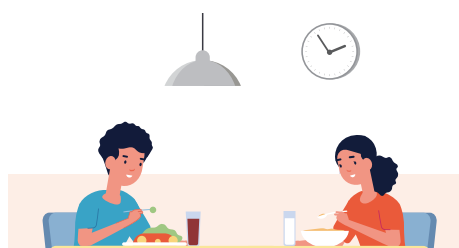
Branch, Hirakata Branch, Keihan-Hirakata Branch), promotion of the "3010 (San Maru Ichi Maru) Movement" to reduce leftovers (Oita Branch), and lobby exhibitions on food waste (Kichijoji Branch, Kichijoji-Chuo Branch, Matsudo Branch). At the Konandai Branch, we are gradually advancing cooperation within the Group, such as by conducting food drives in collaboration with Sumitomo Mitsui Trust Realty's Konandai Center, an adjoining Group company.



Donating to Food Bank Kanagawa (Yokohamaeki-Nishiguchi Branch, Yokohama Branch)



Regular food drive activities (Namba Branch, Namba-Chuo Branch)



Showing Consideration Toward Disadvantaged/Minority Individuals



At SuMi TRUST Bank, we promote consideration of socially disadvantaged individuals as well as awareness-raising activities both inside and outside the company.

In terms of initiatives related to members of the LGBTQ community, we are implementing initiatives that include voluntarily wearing badges to show that one is an ally, conducting in-house study sessions, obtaining certification as an “Osaka City LGBT Leading Company” (Umeda Branch, Hankyu-Umeda Branch), participating in events to promote collaboration among local businesses from the perspective of supporting LGBTQ allies, such as the Shibuya Rainbow Meeting (Shibuya, Shibuya-Chuo Branch) and the Rainbow Ceremony in Saitama - 6th LGBTQ Coming of Age Ceremony (Urawa Branch), and holding a “Sexual Diversity” panel exhibition (Saga Branch). In addition, our branch booklet on the LGBTQ community has been well received by our clients and neighboring companies to whom it has been distributed.

In addition, each branch promotes activities in collaboration

with local communities, such as the Orange Ribbon Campaign to prevent child abuse (Nara-Nishioji Branch), lobby exhibitions to raise awareness of the campaign to eliminate violence against women (Maebashi Branch), and the Citrus Ribbon Project to eliminate prejudice during the COVID-19 pandemic (Tsudanuma Branch).



1st Shibuya Rainbow Meeting Poster (Shibuya, Shibuya-Chuo Branch)



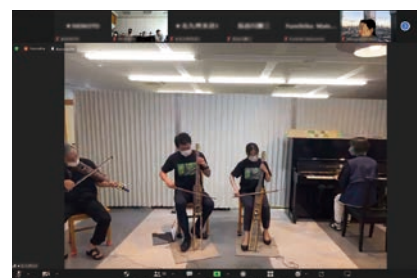
Branch Booklet on the LGBTQ Community (Yokohamaeki-Nishiguchi Branch, Yokohama Branch)

Online Cross-Cultural Initiative: Kita-Kyushu Branch, Global Business Planning and Coordination Department, Hong Kong Branch



In August 2022, a joint effort between the Kita-Kyushu Branch, the Hong Kong Branch, and the Global Business Planning and Coordination Department led to the launch of “Online Travel to Kitakyushu.” This event emerged from a collaboration across various internal departments with a shared goal: to enable cross-cultural exchange despite the challenges posed by the pandemic. Given that the majority of the staff in the Hong Kong Branch are locals, all communication during the online journey was conducted in English. The audience responded with much virtual applause to the showcasing of a video highlighting sights of the city of Kitakyushu, which has been designated a model city for promoting SDGs; the “With You” initiative being promoted by the Kita-Kyushu Branch; a presentation by a new branch employee on NPO Wakuwaku’s bamboo damage mitigation initiative; and a performance

featuring bamboo cellos crafted from locally harvested bamboo. Spurred by the success of this event, both branches are actively working on plans for new sustainability initiatives (see page 184 in the Overseas Offices section as well).



Bamboo cello performance by Kita-Kyushu Branch employees



Online exchange meeting announcement

Supporting Vaccine Distribution and Job Creation in Developing Countries: Global Business Planning and Coordination Department



On March 15 and 16, 2023, the Global Business Planning and Coordination Department implemented the “Used Clothes for Vaccines” and “Foreign Currency Donation Activity.” These initiatives support the certified NPO Japan Committee, Vaccines for the World’s Children (JCV) through donations of unneeded clothing and leftover foreign currency from overseas business trips.

The Used Clothes for Vaccines initiative, lauded for its sustainable practices, earned the Special Award (SDGs Partnership Award) at the 3rd Japan SDGs Award. By buying dedicated collection kits and shipping out old clothes, vaccines can be dispatched to children worldwide, while also fostering job creation for those in developing nations and

individuals with disabilities. Moreover, the foreign currency collected is exchanged and utilized to buy vaccines.

Through these actions, we were able to donate 77 items, which included used clothes and towels, along with eight types of foreign currency.



Donations for Japan Committee, Vaccines for the World's Children (JCV)



Initiatives at Overseas Offices

New York Branch

As a Japanese bank based in New York, we are involved in the local community in various ways. We collaborate with a diverse array of partners and, through our business activities and educational, environmental, and cultural initiatives, we aim to solve social issues, invigorate local communities, and further facilitate Japanese-American exchange.

Initiative 01 Japan Parade



On May 14, 2022 (Sat.), the first large-scale parade beginning with the word “Japan” was held in New York. SuMi Trust Bank’s New York Branch, the primary organizer of Japan Day Inc., which operates the parade, took charge of the event, with Branch Manager Ueda serving as Chairman. The parade was led alongside notable Japanese-American actor George Takei (famous for his role in the “Star Trek” series), who served as Grand Marshal of the parade; Ambassador Mikio Mori of the Japanese Consulate; the Japan Day Inc. office, and various sponsors.

Around 80 groups, including local Japanese cultural organizations, artists, and Japanese companies, participated in the parade, with more than 2,400 people attending in total. Japanese dance, swordfight performances, and Japanese drumming were showcased, attracting over 20,000 spectators and various media outlets along the route and fostering a festive atmosphere.

140 employees from the Group and their friends and families marched down Central Park West wearing matching happi coats and T-shirts. They also assisted in the operation of the parade as volunteers.

The year 2022 marked the 150th anniversary of the visit to the United States by a delegation led by Tomomi Iwakura in 1872. The delegation’s visit led to developments in Japan-US relations, such as the establishment of a Japanese consulate in the area. The Japan Parade was

orchestrated during this significant year to deepen the bonds of U.S.-Japan exchange, fortify the Japanese community, and express appreciation to New York, all while ensuring that the torch of amity is passed on to future generations. With plans already underway for the next parade (scheduled for May 2023), it just might establish itself as a burgeoning New York tradition.

[Reference] Japan Day: Since its inception in 2007, the outdoor event Japan Day@Central Park has been held annually. It offers traditional Japanese performances, cultural experiences, and food tents, among other attractions. The fiscal 2022 event, the first in three years due to the COVID-19 pandemic, was held in the form of a parade, marking the first time a parade beginning with the word “Japan” was held in New York.

[Reference] Japan Heritage Night: On the eve of the parade, we celebrated the 150th anniversary of baseball’s introduction with an MLB Japanese-American cultural exchange event, Japan Heritage Night, held at the local Mets Stadium. In addition to watching the Mets play against the Mariners, we shared information about the charming aspects of Japan on the premises outside the stadium. For the opening pitch, Ambassador Mori from the Japanese Consulate made an appearance alongside Branch Manager Ueda, and the event was a great success.



At the opening ceremony, from the left: Secretary-General Yoshii, NY Branch Manager Ueda (Chairman), George Takei, Ambassador Mori, Ms. Junko Kubo (Photo provided by Masahiro Noguchi)



More than 20,000 people thronged the parade route.



Group employees, their families, and friends marched along Central Park West (Photo provided by Masaki Hori)



More than 80 individuals and groups performed



The food corner, where people could enjoy Japanese cuisine, was also a big hit

New York Branch

The New York Branch has selected Zero Hunger, Quality Education, and Climate Action from among the 17 SDGs as priority areas for the next five years. The objective of the SDGs is for employees to gradually change their lifestyles and be conscious of having an impact on their families, workplace, and the broader community. To support this initiative as a company, we have arranged for employees to hold a Volunteer Day once a year where they can participate in company-sponsored events or independent activities at non-profit organizations.

Initiative 02 → Support for the homeless

As part of the homeless relief activities taking place in New York City, we packed 3,000 backpacks with essentials and donated them to non-profit organizations. The backpacks were filled with items such as toothbrushes, toothpaste, mouthwash, hand warmers, socks, water bottles, gloves, hats, soap, shampoo, conditioner, and lotion, all packed by our branch employees. The event spanned two days, and our staff members found time between their regular duties to participate, taking a proactive stance towards tackling local social issues.

Afterwards, we hosted the non-profit organizations who received donations at our office. Over lunch, they shed light on the realities faced by the homeless population and suggested ways in which companies and individuals could extend their support. We believe in the importance of not just offering one-off volunteer services, but in perpetuating awareness through continued activities of this nature.



Staff members packing everyday essentials into backpacks

[Reference] The homelessness issue: In recent years, homelessness in New York has soared to levels unseen since the Great Depression of the 1930s. In January 2022, the main municipal shelter system in New York City housed a staggering 48,413 homeless people, among whom 15,057 were children. For those living in shelters, access to everyday items is not a given, but a luxury.

Initiative 03 → Contributing to high-quality education

We partnered with New York University, a major source of hires for our branch, and held a seminar at the university. At the seminar, front-line staff from our Specialty Finance and Treasury teams gave presentations to students about their roles and day-to-day responsibilities in their respective fields. For students, this presented a valuable opportunity to gain insights into career paths in the financial industry and to learn what they could do to succeed in finance in the future. For our branch, which does not necessarily have high name recognition as a foreign bank in the area, one of the objectives was to raise our profile and brand power as an employer in the community.



The passionate lectures from employees on the front lines inspired the students

We have also disseminated information to students in Japanese schools. We conducted a lecture on the SDG initiatives of the Americas Division, among other topics, to students at Ena High School in Gifu Prefecture, Japan over Zoom. The goal was to inspire students by sharing our experiences as Japanese businesspeople working in the United States, as well as our social contributions.

We also organized the School Supply Scramble to provide school supplies to children in need through local non-profit organizations. Employees had fun forming teams and participating in the quiz show-like event, packing 75 backpacks with school supplies for donation. This initiative is in continuation of the Back to School project we implemented last year, which aims to ensure that all children receive a high-quality school education.



It was also an opportunity for team building, so it was a fun event all around!

Initiative 04 → Consideration for the environment



At our New York Branch, we have installed a composting machine in the office to promote the composting of renewable waste such as leftovers, tea bags, and paper products. This initiative aims to reduce the amount of waste sent to landfills and contribute to creating a sustainable environment in New York City. For this initiative, we invited an organization that promotes composting efforts to our company and held a study session on the background, usage methods, and effects during our lunch break.

[Reference] Composting: Nearly all products made from organic material are able to be composted, and it is said that the average office can compost up to 40% of its waste.



Composting is gradually gaining popularity

Also, to reduce the use of disposable plastic containers, which pose a major environmental issue, we distributed a set of reusable bottles and solid cleaning agents to 120 employees who expressed interest. One of the most environmentally harmful plastic items regularly used in households is said to be cleaning-related products. This

initiative offers an opportunity to bring about small but very meaningful changes in employees' homes.

[Reference] Bottles and solid cleaning agents: The kits distributed on this occasion were eco-friendly products in reusable packaging. Once the initial amount of cleaning agent is used up, employees can buy inexpensive refills, which helps to reduce disposable plastic use in households.



Cleaning products for reducing disposable plastic use in households

Lastly, among the various issues facing the environment, climate change is one of the most critical. We held a series of seminars aimed at improving employees' knowledge about climate change, spreading awareness of the issue, and stimulating discussion. In total, more than 130 people participated over five sessions. After the project team gave lectures about the global trends with regard to carbon neutrality and the commitments of the Group, there was a lively Q&A session and discussion in line with participants' work responsibilities and areas of interest.

Initiative 05 → Cleaning up the local community (park)



In collaboration with a local non-profit organization, we carried out activities to maintain a community garden (All Peoples Garden) in the local area. More than 20 employees from our branch participated, removing ivy that covered the walls of a church adjacent to the park, gathering

fallen leaves, and spreading wood chips in the flower beds. Additionally, our team helped to repaint benches and plant trees. It was truly inspiring to witness the rapid transformation of the park, and all of us feel privileged to have been part of this event.

[Reference] The effects of community gardens: As climate change continues to worsen, New York City is grappling with rising temperatures, extreme heatwaves, and natural disasters such as hurricanes. Community gardens help to enhance air quality, alleviate urban heat island effects, provide access to fresh produce, enable interaction with nature, and offer opportunities for environmental education. They also play a significant role in preventing rainwater runoff. Unlike asphalt, garden vegetation and soil can absorb and store rainwater.



Every tree was planted by our employees



In collaboration with members from the non-profit organization GrowNYC

London Branch

Initiative 01 Engaging in renewable energy project financing



At the London branch, we are enhancing our engagement in project financing for renewable energy in line with the goals of our 2030 mid-term plan for the electric power sector that conforms to NZBA rules, which aim to achieve a GHG emission intensity of 2.0°C/1.5°C.

In this context, in November 2022, we entered a loan agreement with a bank group, which included the International Cooperation Bank, for an onshore wind power project in Egypt, with Sumitomo Corporation being among the developers.

This project will construct, own, and operate an onshore wind farm that will generate approximately 500MW, equivalent to the annual electricity consumption of nearly 1 million households in Egypt, thereby helping to increase the country's renewable energy ratio.

Given the project's significance for Egypt, which was the host country for COP27, the contract signing ceremony for this project took place at the Prime Minister's Office in Cairo, with the Assistant General Manager from the London Branch in attendance.

Going forward, we will continue to actively promote our engagement in renewable energy projects such as off-shore wind projects.



The contract signing ceremony for the renewable energy project finance project at the Prime Minister's Office in Egypt

Initiative 02 Taking part in a charity race



On September 9, 2022, the Standard Chartered Great City Race was held in London.

This annual event, hosted by Standard Chartered, collects donations and a portion of the entry fees from participants and sponsoring companies to fund education and entrepreneurial support programs aimed at reducing economic disparities and promoting financial inclusion among youth.

25 employees from the London Branch took part. They wore matching T-shirts both at the venue and via camera for those appearing virtually, which further enhanced our team spirit.



Commemorative photo of team members participating in the charity race

Initiative 03 Donating to the Great Ormond Street Hospital



Since 2011, our London Branch has been saving money by sending Christmas cards to business partners via email instead of postal mail, and we have donated these savings to the Great Ormond Street Hospital annually. Great Ormond Street Hospital, which opened in 1852, is a children's hospital and charity. It is a pioneering institution in pediatrics known for its success in bone marrow transplants. Known for being donated the copyright to Peter

Pan by British author J.M. Barrie and for developing the medical device known as the "shunt" in collaboration with Roald Dahl, author of Charlie and the Chocolate Factory, the hospital continues to make significant strides in pediatric medicine.

Funds donated, such as those from our London Branch, are put to use for research into a myriad of life-saving treatments and for maintaining hospital operations.

Initiative 04 Implementing a Charity Partnership System



In response to a call from our employees to expand and promote charity activities, we have set up a system whereby each year, our team selects a charity to support as a branch and ensures that all gathered donations go

directly to the chosen cause. This year, we have contributed the funds accumulated through various in-branch events to the Jenna Atkins Foundation, an organization committed to supporting cancer patients.

Initiative 05 Educational volunteer activities



We have initiated a framework whereby our team can come together and engage in an array of volunteer activities. Our inaugural project involved contributing to the construction of a Sensory Room—a safe, calming space designed for children with learning difficulties marked by

hypersensitivity. As the introduction of Sensory Rooms becomes more prevalent in London schools, our London Branch remains steadfast in its commitment to support such initiatives in 2023.

Singapore Branch

Initiative 01 Taking part in the POSB PASSion Run for Kids



In October 2022, our Singapore Branch proudly took part in the annual POSB PASSion Run for Kids. This event, co-hosted by Post Office Savings Bank*¹ (POSB) and the People's Association*² (PAssion), directs a portion of the donations and registration fees collected from participants and sponsors towards youth-oriented educational and development programs via the POSB PASSion Kids Fund.

Many of our staff members and their families have participated in this event each year since 2012. This year, which marked the first mass gathering in three years since the onset of the COVID-19 pandemic, we held a 3-km eco-walk incorporating a beach cleanup effort at East Coast Park along the southeast coast to bolster environmental

conservation efforts. To avoid crowding, the event started in three separate time slots, and while our staff couldn't congregate all at once, many were eager to participate and fully endorsed the event's dual goals of charity and environmental conservation. At the beach, besides large pieces of trash, tiny fragments of styrofoam and plastic—too many to pick up completely—were found embedded in the sand, which served as a powerful reminder of the importance of protecting our environment and engaging in SDG activities. Moreover, the beach cleanup offered a valuable opportunity to engage and interact with the local community.

*1 POSB (Post Office Savings Bank) is Singapore's oldest bank and presently a part of DBS Bank, a comprehensive business partner of SuMi TRUST Bank.

*2 PAssion is an informal name for The People's Association, a governmental organization.



Photo of participants in the 7:30 a.m. group



Photo of participants in the 8:30 a.m. group



Photo of participants in the 9:30 a.m. group



A dedicated team engaged in the beach cleanup

Initiative 02 The Deposit & Donation initiative



We have made donations aimed at providing meals for those in need and minimizing food waste.

Instead of making a one-off donation, we opted for the Deposit & Donation approach, which entails deciding*¹ the donation amount based on the average balance of our clients' deposits over a certain period, which is used as a KPI and made a donation. The beneficiaries of our donations are chosen through a democratic voting system available to all branch employees from a pre-selected list of nominees, thus connecting our day-to-day operations with sustainability efforts and enhancing our team's engagement with SDG activities.

The recipient chosen was The Food Bank Singapore Ltd*², established in Singapore in 2012 and a member of The Global FoodBanking Network that comprises over

950 Food Banks across 40 countries. The amount donated was equivalent to the provision of 1,000 meals.

We have received numerous words of praise from our clients regarding our initiatives, which has led to increased awareness among our employees towards SDG activities. As a branch, we are committed to periodically continuing these efforts.

*1 These donations are independent activities funded by our budget, with the donation amount determined by referencing deposit balances.

*2 In fiscal 2021, we provided a cumulative total of 2.9 million meals within Singapore, and we are registered as a charity organization in Singapore that contributes to the public good.



Certificate of appreciation received from The Food Bank Singapore Ltd.

Hong Kong Branch

At SuMi Trust Bank's Hong Kong Branch, we formed a Social Value Committee (SVC) primarily composed of local employees in fiscal 2020. Now in its third year, we have evolved SVC into the Social Value and Well-being Committee (SVWC), with the aim of achieving employee well-being while actively working on the following initiatives as a cohesive team.

Initiative 01 ▶ Online travel to Kitakyushu with local employees



In August 2022, considering how difficult it was for local employees to travel to Japan due to COVID-19, we planned this event in collaboration with SuMi Trust Bank's Kitakyushu Branch and the Global Business Planning and Coordination Department at the Head Office. The goal was to provide an opportunity for employees to learn about SDG activities within Japan and get a real sense of what physical well-being entails.

For the people of Hong Kong, Japan is one of the most popular overseas travel destinations. Kitakyushu City in Fukuoka Prefecture is not only a tourist destination, but has also been selected by the Organisation for Economic Cooperation and Development (OECD) as the only Model City for Green Growth in Asia. It was also selected as an "SDGs Future City" in Japan. For these reasons, it was chosen as the destination for this virtual travel event.

Approximately 50 people from our Hong Kong Branch, 5 from the Kitakyushu branch, and 15 from the Head Office participated in the event. They learned about the SDG initiatives of Kitakyushu City and the Kitakyushu Branch directly from its employees, along with experiencing a

virtual tour of Kitakyushu City through live broadcasts.

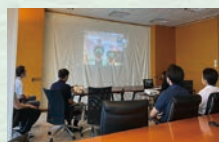
The highlight was the city's major "Kokura Castle Bamboo Light" local initiative, which involved lighting bamboo lanterns made by reusing harvested bamboo in an effort to create something positive out of Kitakyushu's "bamboo blight."

Participant commented, "I didn't know much about Kitakyushu City before this event, but I found it attractive as a tourist destination and would love to visit."

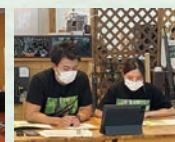
We will continue to plan and implement events that offer chances to learn about the culture, history, and environmental initiatives of Japan and other countries.



Event overview



Participants from our Hong Kong Branch



Presentation by an employee from the Kitakyushu Branch



Actual scenery from the "Kokura Castle Bamboo Light" event

Initiative 02 ▶ Restaurant actively re-employing elderly takes part in free boxed lunch distribution for local impoverished community



In August and September 2022, we participated in an initiative to distribute free boxed lunches to the needy conducted by Ginkgo House, a local restaurant that actively employs elderly individuals seeking work opportunities as part of an effort to get them involved in the community. During the event, we not only distributed boxed lunches purchased from the restaurant, but also helped to prepare and display the cooked dishes, check the guest list, and interact with local residents.

Hong Kong is known for its wealthy class, but it also has a high poverty rate, particularly among the elderly, with many struggling to afford daily meals. Given the situation, it was fulfilling knowing that we were able to express, even if only in a small way, our compassion and dedication to those less fortunate in Hong Kong through our meal distribution efforts. It was not simply about supplying food. The work that day was quite intense—harder than anticipated for those not used to it—but everyone managed to stay cheerful and found the experience enriching.

Though we originally planned for two sessions, we expanded to a third session in October due to the positive feedback from participants and the numerous requests from other employees who'd heard good things about the initiative. Ultimately, 25 branch employees were involved, and over the course of three events, we managed to distribute over 300 meals.

At our Hong Kong Branch, we're committed to continuing to contribute to society in a variety of ways.



The local restaurant we partnered with



Group photo of those who participated the first day



Distributing meals

Initiative 03 ▶ Hosting a D&I Workshop in collaboration with a social enterprise committed to encouraging cross-cultural understanding



In November 2022, in collaboration with the social enterprise WEDO Global, an organization dedicated to promoting understanding of different cultures locally through a variety of initiatives, we hosted a workshop entitled “Exploring and Discovering South Asian Culture.” On the day of the workshop, 15 employees from our Hong Kong Branch engaged directly with South Asians residing in Hong Kong, hearing first-hand about their daily concerns relating to language, clothing, and food as minority residents. During introductions, we were surprised to find that some were fluent Cantonese speakers who had studied it to better navigate life in Hong Kong. In terms of food, while the limited options for Halal food is a worry for some, it was heartening to hear their desire to continue living in Hong Kong—a city that embraces diversity and welcomes people of all races.

After these discussions, we broke into teams to play gesture games and “Telephone” in South Asian languages.

Through these games, participants learned that language doesn’t necessarily have to be a barrier to communication.

At the end of the workshop, we heard feedback from some participants that even small acts, like extending a hand to a South Asian individual in need in the city, can be a step towards greater cross-cultural understanding. Such actions may seem small, but we believe they are vital as they foster a sense of warmth and happiness for all involved.



Scenes from the cross-cultural understanding games



Group photo with WEDO Global members and participants

Initiative 04 ▶ Taking part in a beach cleanup and ecosystem learning tour organized by the Hong Kong government and co-hosted with our business partner



In November 2022, the Hong Kong Branch carried out a beach cleanup in the northern part of Hong Kong. This was done in partnership with ISI-DENTSU OF HONG KONG, LTD., a trusted IT vendor and vital business partner. A total of 20 employees from both companies participated in this outdoor event. We formed mixed teams, and deepened our camaraderie beyond the confines of business relationships as we sweated from the exertion.

Before the cleanup, we received detailed guidance from the staff of a Hong Kong government agency. We were instructed to list each piece of trash collected, as it would be used as reference data for future marine pollution studies by the Hong Kong government.

After the cleanup, we joined a local tour led by the same staff. The tour was about the history and current state of the seas around Hong Kong and its coastal ecosystems. It offered many new discoveries not only for the expatriate employees from Japan, but also for the local staff.

Through this outdoors event, we not only assisted in environmental conservation efforts, but also experienced the benefits of spending a relaxed time in nature, which is often difficult to do in a bustling city like Hong Kong. This enhanced the physical well-being of the participants. Moreover, collaboration with partners who share the same vision allowed us to feel a stronger sense of accomplishment and synergy (community well-being).

The Hong Kong Branch will continue to maintain a close information-sharing relationship with internal and external stakeholders and create opportunities for collaboration.



Photos: Group photo with ISID participants



Ecosystem learning tour

Sumitomo Mitsui Trust (Hong Kong) Limited

Initiative 01 ▶ Launching an SDG Art Project with Art Related to the 17 Goals Created by Employee Volunteers



Sumitomo Mitsui Trust (Hong Kong) Limited launched a cross-Group SDG project in the second half of fiscal 2021. This term, under the title of the SDG Art Project, employee volunteers created art related to the 17 international goals. Based on the conviction that each individual's small changes in awareness and behavior can have a significant impact on society, we promoted a deeper understanding of the SDGs among our staff. The project members took the lead in selecting and drafting a tutor. Under the instruction of a tutor with a hearing disability, around 40 volunteers came together over about two weeks to work

together to create two pieces of art. Through creating the artwork and communicating with the tutor, each employee had the opportunity to consider what individual actions they could take towards solving big goals like environmental pollution, inequality, and achieving a sustainable society. It was also a great opportunity for employees who do not usually interact with each other, and the project received high praise from the volunteers. The two completed art pieces were eventually made into PC desktop calendars and distributed to our employees.



SDG Art Project creations

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Initiative 01 ▶ Mangrove planting in the outskirts of Bangkok



At Sumitomo Mitsui Trust Bank (Thai), we carried out a mangrove planting activity on November 19, 2022, at the Khlong Khon Mangrove Forest Conservation Center, located 80 kilometers west of Bangkok. Mangroves not only curb CO₂ emissions, but also provide safe environments for various animals such as fish and birds to nest and reproduce. The site where we conducted the planting is known as a habitat for wild monkeys, and we were greeted by many monkeys on the day of the activity.

This activity was planned as a unique local initiative led by our national staff. Although we had to wait over a year due to the COVID-19 situation, a total of 54 people participated, and it was a very meaningful day both in terms of appreciating the importance of nature conservation and team building.

At our subsidiary in Thailand, we will continue to engage in a variety of activities to support a sustainable society while improving our employees' ESG awareness.



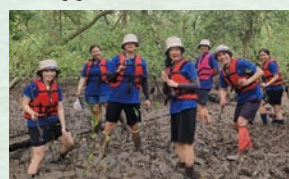
All the participants



Morning guidance (from the CEO)



Heading to the mangrove forest by boat



In the mangrove forest



Greeted by monkeys

Ireland Subsidiary

Initiative 01 → CSR strategy

At our Ireland subsidiary, we have established an Environmental, Social, and Governance (ESG) forum to thoroughly investigate, identify, and manage impactful ESG issues.

In September 2022, the subsidiary began a partnership with Business in the Community (BITC). Founded in 2000, BITC aims to stimulate businesses and achieve a sustainable, carbon-free economy and a more inclusive society where everyone thrives. They operate as trusted advisors on sustainability and corporate social responsibility.

At our Ireland subsidiary, we are leveraging BITC's support to pursue the following CSR activities:

1. Community outreach program
 - Secondary schools - The World of Work: Presentations to students about day-to-day job responsibilities and industry insights
 - Primary schools - Math and Reading Time: Employees pair up to volunteer for one-hour classes at local schools each week
2. Introducing an appropriate charity partner program in line with the company's business philosophy: A survey is planned for the beginning of the year
3. Thinking about participating in industry pledges on diversity, inclusivity, and carbon-free practices
4. Diversity: Organization-wide review of diversity
5. Second Chance Program: Providing new paths into financial services careers for those who haven't followed traditional career paths



Initiative 02 → Employee urban garden

In November 2022, the culture working group at our Ireland subsidiary renovated the urban garden in the outdoors space on the third floor of the Dublin office for all employees to enjoy during their break times. Beautiful wildlife has already begun to return, slowly transforming the area into a delightful sanctuary for our staff.



Office outdoors space: Before renovation vs. after renovation



Initiative 03 → ESG & sustainability training

Our Ireland subsidiary has promoted ESG & Sustainability Training.

This course has emphasized our responsibilities towards

the environment and society from both business and personal perspectives.



Initiative 04 → Charity donations

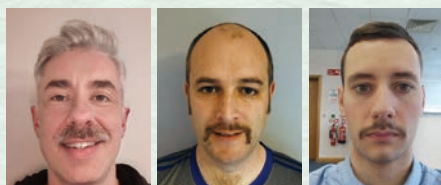
We continue to donate to several charities this year as well.

On International Women's Day, we donated to the Irish Woman's Aid Charity.

To commemorate International Men's Day, we participated in an initiative called Movember, which promotes diverse lifestyles and health for men. Through this initiative, we raised funds, and three of our employees grew moustaches and participated in walks throughout the month.

We also gave employees the right to exchange their

annual paid leave for donations in support of the Ukrainian Red Cross, which resulted in substantial donations.



National staff growing moustaches during the Movember initiative



Luxembourg Subsidiary

Initiative 01 ➤ Luxembourg International Charity Bazaar



As part of our SDGs initiatives, our local Luxembourg entity sponsors and collaborates with the International Bazaar. The event was held over three days, from Friday, November 11 to Sunday, November 13, 2022, at LUX EXPO. We not only donated to the bazaar and cooperated on the tombola (raffle) as a company, but our staff also volunteered by helping with venue setup, food and drink sales (such as chicken skewers and sake), and working the cash register, thus actively involving ourselves in SDG initiatives in collaboration with other Japanese companies in the area.

The Luxembourg International Bazaar (Bazar International de Luxembourg), a government-sanctioned charity bazaar under the patronage of the Grand Duchess of Luxembourg, is one of the largest events in Luxembourg. It is an extremely unique event in which volunteers from various countries with different nationalities and cultures work together toward the common goal of financially supporting and promoting charities around the world, specifically focusing on victims of poverty, violence, and social isolation, as well as improving the status of women and girls in society.

Its origins date back to 1960, with the first bazaar being held by the Luxembourg Protestant Church. Subsequent efforts have seen the integration of the charity bazaars, transcending national and religious differences. In 1967, it was legally recognized by the Luxembourg government as an independent non-profit organization, the Bazar International de Luxembourg asbl. What began with only 8 countries has now grown to include over 60 participating countries, each with beautiful stalls selling food, drinks, art, jewelry, clothing, and more, attracting thousands of visitors each year. The following photos show the actual Japanese stand. In 2022, we were able to donate 15,000 Euros through this organization, which includes the revenue from the tombola and sales of food and goods.



At the Japanese stand



Tickets for the tombola we sponsored



Initiatives at Group Companies

Nikko Asset Management Co., Ltd.

Initiative 01 Making donations for humanitarian aid in Ukraine



In February 2022, in response to the crisis caused by the military conflict that broke out in Ukraine, Nikko Asset Management conducted a global fundraising initiative to support those affected. This is the first time the global working groups worked in unison to raise funds from employees

for a single cause. Nearly 200 employees worldwide made their own donations to international NGOs, and the company matched the total amount donated. This demonstrated our employees' desire to take collective action to help those in need.

Initiative 02 Partnership with Maggie's



As part of an effort to increase staff engagement, NAM Europe sustainability group asked colleagues to nominate charities that the employees can support in the financial year of 2022. The organization that garnered the most support was Maggie's, a UK-based organization that provides free support and information to cancer patients and their families. A number of activities, including study sessions and volunteering at facilities, were planned throughout the year, and many local employees took part. Donations were collected from employees as well, and the company matched the total amount. Maggie's is the parent organization of

Maggie's Tokyo, which Nikko Asset Management headquarters has supported since 2020. We believe that supporting the same initiative across borders will create synergy among our activities.



"Maggie's Night Walk" in London



"Maggie's Together We Walk" in Edinburgh

Initiative 03 Donating backpacks and school supplies



NAM Americas conducted a company charity drive and used the collected funds to purchase backpacks and school supplies, which were then donated to children in temporary housing for low-income families via the Harlem Boys & Girls Club in New York. The participation rate for this activity was very high, with a number of employees gathering at the office to pack parcels for 96 children in preparation for the new school term.



Employees packing school supplies into backpacks at the NY office

Initiative 04 Beautifying Yoyogi Park



The Japan Environment Group at Nikko Asset Management participated in a volunteer program in October 2022 organized by Bloomberg and the nonprofit organization "The Life style Research Institute of Forests" with the philosophy of "create sustainable forests together with the public and corporations." During the event, participants collecting fallen and broken branches in Yoyogi Park. This activity not only helps to ensure that park users and pets can use the park safely, but also promotes healthy plant growth. The collected branches are recycled into wood chips and used for park path maintenance.



Loading branches onto a handcart



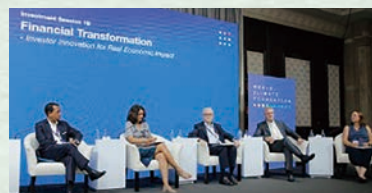
Participants from both companies were filled with a sense of accomplishment

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Initiative 01 ➤ Proposals on North-South climate change issues submitted at a COP27 side event

Following up on last year's COP26, we appeared at the World Climate Summit, a COP27 side event, and submitted a proposal on the North-South climate change issue. Specifically, we mentioned that one of the reasons for carbon emission reductions in developed countries is the transfer of production to emerging countries; meanwhile, emerging countries are not only struggling to reduce carbon emissions, but also suffering from natural disasters caused by climate change. We suggested that if there were more suitable targets for investment, such as decarbonization funds specializing in emerging countries, institutional and individual investors would find it easier to invest and fund size and liquidity could be ensured, thus accelerating the flow of transition funds needed in emerging countries.

Those at the venue opined that fundamentally solving climate change issues would require a global effort that encompasses the entirety of both the economy and society.



COP27 World Climate Summit panel discussion (President Sameh in the center)



President Sameh giving a presentation as a panelist

Initiative 02 ➤ Establishing an interim target towards achieving net zero greenhouse gas emissions from our investee companies by 2050

As a participating company in the Net Zero Asset Managers initiative—a global initiative by asset management companies to achieve net zero greenhouse gas emissions from investee companies by 2050—we have set an interim target for 2030. We aim to halve the carbon footprint (greenhouse gas emissions per unit) of approximately 50% (approximately 43 trillion yen) of our managed assets (approximately 85 trillion yen as of the end

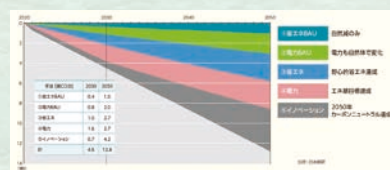
of June 2021) compared to 2019. Assets such as sovereign bonds, for which a method for calculating greenhouse gas emissions has not yet been established, are currently excluded. We plan to consider incorporating such assets into our initiative as they become calculable.

The Net Zero Asset Managers initiative

Initiative 03 ➤ Conducting a gap analysis in collaboration with The Japan Research Institute comparing corporate plans for reducing greenhouse gas emissions with government targets

To facilitate engagement with added value and uncover investment opportunities to achieve carbon neutrality, we carried out a comparative analysis together with The Japan Research Institute. We compared the Japanese government's target for reducing greenhouse gas emissions—a 46% reduction by 2030 (compared to 2013), achieving carbon neutrality by 2050—with the emission reduction plans of 200 large Japanese companies that have a significant impact on greenhouse gas reductions. The results found that there was approximately a 4% gap for both 2030 and 2050. Greater innovation is required to achieve

these targets. Sumitomo Mitsui Trust Asset Management is committed to supporting the initiatives of our investee companies through engagement.



Shifts in greenhouse gas reduction volumes by method

Initiative 04 ➤ Engaging in discussions with healthcare and pharmaceutical experts as a panelist and moderator at a communicable diseases conference

At the 9th Nikkei/FT Communicable Diseases Conference held in Tokyo, we served as a panelist and moderator. We proposed and discussed solutions to the issue of drug resistance and challenges in drug development as the sole financial institution in attendance and from the perspective of an institutional investor. Over the two-day conference, approximately 1,500 people from both Japan and abroad listened to discussions and proposals made by speakers from about 10 countries, primarily by healthcare and pharmaceutical experts in the field of infectious diseases. The details of the conference were featured in special

articles and programs in the Nihon Keizai Shimbun and on BS TV TOKYO.



Senior Stewardship Officer Takaguchi serving as a moderator at the Communicable Diseases Conference

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Initiative 01 Getting involved in the SDGs "Arigatou" project



Sumitomo Mitsui Trust Panasonic Finance has begun implementing the SDGs Arigatou project (hereinafter referred to as "this project") to contribute to a sustainable society.

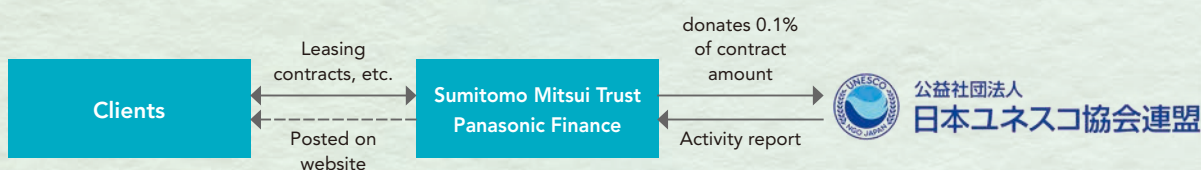
In this project, when our clients decide to install SDG-related equipment through leasing and so on, we donate a portion of the contract amount to the United Nations Association of Japan for contracts where we have received approval to do so.

Furthermore, for clients who have agreed to this project, with their consent, we publish their company names on

our website and designate them as supportive companies.

The name of this project combines the spirit of the SDGs with that of our corporate slogan, "For Your 'Thank You'". As a member of the SuMi Trust Group, we will continue to strive to contribute to our clients and society.

You can view which companies have joined the SDGs Arigatou project here. (As of December 2022)
(Japanese text only)



*Contracts are subject to screening and procedures prescribed by the Company.

*Client donations are not tax-deductible.

Overview of the SDGs "Arigatou" Project

Target transactions	Leasing, installment sales, payment consignments
Eligibility	Corporate clients who agree with the project aims and meet the standards set by the Company
Target amount	In principle, 5 million yen or more per contract
Target properties	Facilities that can contribute to the achievement of the SDGs
Donation amount	0.1% of contract amount
Donor	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
Recipient	National Federation of UNESCO Associations in Japan



SUMITOMO MITSUI TRUST CLUB CO., LTD.

Initiative 01 Employees participating in SDGs



Machikado (Street Corner) Clean Day

Since June 2022, as part of our SDGs activities, we have been participating in "Machikado Clean Day," a local cleaning initiative promoted by Chuo Ward, Tokyo, for the creation of a clean and comfortable city. We recruit volunteers from within the company for this activity, which involves picking up trash around Triton Square, where our office is located. We plan to carry out this activity six times in fiscal 2023. Feedback from participants included, "It made me think about separating trash at the office," and "I want to be a little more active," among other

comments. Not only does this activity deepen employees' understanding of the SDGs, but it also provides an opportunity for cross-departmental communication.



Machikado Clean Day
(cleanup in progress)



Machikado Clean Day
(trash that was collected)

Initiative 02 New SDG initiatives for fiscal 2022



(1) Lecture at Hiroshima University on credit card and cashless systems

On November 9, 2022, we gave a lecture at Hiroshima University on "The Role of a Cashless Society and Credit Cards." Approximately 80 students attended. During the lecture, we made the lecture interactive by taking questions submitted via smartphones and conducting surveys via a show of hands by the attendees. Feedback from the students included, "In one lecture, we were able to learn a lot about the mechanism behind credit cards, how to use them, and what to be careful about when we actually use them," and "It was good to learn about what to do if we lose our credit card or if it gets stolen." The lecture appears to have given them an opportunity to think more about their credit cards, which are a prominent feature in their lives but rarely understood in full. We hope that this lecture helped students reconsider their money-spending habits.

(2) Food-related SDGs during Diners Club's "France Restaurant Week"

During the 12th Diners Club's "France Restaurant Week" held in 2022, initiatives were incorporated to encourage thinking about the future of food and working toward achieving the SDGs.

1) A food education event was held for middle school students for the first time (August 29, 2022). A municipal middle school in Osaka served as the venue. We invited a chef from a French restaurant and a vegetable farmer as speakers. Together with the students, we thought about food waste issues and what sustainable food initiatives we could pursue. The students, who sampled cold corn soup and experienced the benefits of local production for local consumption, said, "Even bruised vegetables can be delicious with a bit of creativity. I want to tell my mom to try not to waste anything when preparing meals." A Diners Club SDG novelty item, the "Sprout Pencil," was presented to participating students.



Lecture at Hiroshima University



The Consul General of France in Kyoto also participated in the event, along with lecturers Chef Yoshida and Mr. Fujimoto, a vegetable farmer



Students were given "Sprout Pencils"



2) In Tokyo, we welcomed Alain Ducasse, a master of French cuisine, and held an event on September 21st and 22nd focused on the future of food. At the “Global Gourmet Panel Talk Show: Thinking about the Cuisine of the Future,” five Japanese and French panelists gathered around Mr. Ducasse to discuss sustainable initiatives for the future of food. The “200% No Food Waste Dinner” presented a multi-course meal that was as waste-free as possible and both looked and tasted wonderful. Mr. Ducasse, who appeared at the venue, shared the message, “Let’s make it a habit to enjoy high-quality food in appropriate portions. The era of mass consumption has ended.” Many in attendance agreed with him.



Global Gourmet Panel Talk Show
From left: Susumu Ohta (Ohta Publications), Haruka Magami (Takahide Bokujo), Chef Ai Kawazoe, Alain Ducasse, Tsushima Kitahara (Yamanashi Meijo), Florent Dabadie

(3) Parent-child event on “Miraihe” sailboat

On September 7, 2022, a parent-child member event was held onboard the sailboat “Miraihe” in which they thought about marine environmental issues. Aboard this sustainable sailboat, which uses wind power, a lecture was given by a researcher from the Marine Biodiversity and Environmental Assessment Research Center on microplastics, and participants actually performed collection and observation activities. Child-friendly activities were included as well, such as activities that involved unfurling the mast sails, steering, and crafting seashell straps. Both children and adults seriously worked on the task of using tweezers to pick up small pieces of plastic floating in the sea filled with algae and small fish, helping to instill the realization that we are the ones who protect the sea and the creatures in it.



“Miraihe” boat event participants



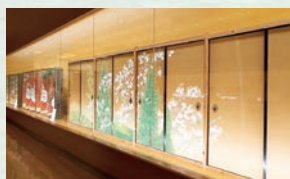
Taking samples of marine debris (microplastics)

Initiative 03 Ongoing initiatives

Diners Club continues to offer clients opportunities for social contributions, such as protecting precious cultural properties as well as supporting young talents with the discerning eye they have cultivated over the years based on the brand slogan “Something you can only discover here.”

(1) Daigoji Temple Cultural Property restoration project

Daigoji Temple, which owns many treasured items, considers the fusuma paintings by painter Insho Domoto to be new additions. However, Japanese paintings degrade over time due to the deterioration of the paper and the peeling of the backing glue, requiring repairs every 50 to 100 years. Artwork drawn in the early Showa era is in dire need of restoration. Long-term support for the restoration of 44 fusuma paintings has begun.



Daigoji Temple restoration project
(Fusuma Paintings by Insho Domoto)

(2) Artist Support Program/Fund

Our Commemorative Concert is an annual showcase for young artists who are part of the “Artist Support Program” that is conducted in collaboration with Tokyo University of the Arts.

On October 21, 2022, a concert commemorating the program’s 10th anniversary was held at Suntory Hall (Blue Rose). Up-and-coming performers are featured most years, but for this occasion, we enjoyed performances by world-class artists and young musicians ready to take to the world stage. Also, a portion of the participation fees were donated to a fund supporting the music outreach activities conducted by students of Tokyo University of the Arts.



Performers at the 10th Anniversary Artist Support Concert



Sumitomo Mitsui Trust Realty Co., Ltd.

Initiative 01 Supporting zoos as part of endangered species conservation activities



Sumitomo Mitsui Trust Realty conducts advertising campaigns using a brand ambassador named Mr. Trust that is modeled after a tiger, as well as provides support for tigers at zoos in various regions. Starting with an agreement with Higashiyama Zoo & Botanical Gardens in Nagoya, Aichi

Prefecture in 2014, the support circle expanded to include Fukuoka City Zoo in Fukuoka Prefecture in 2018 and Yokohama City's Yokohama Zoo (Zoorasia) in Kanagawa Prefecture in 2022.

Yokohama City Yokohama Zoo (Zoorasia)

New support activities achieved in 2022, the Year of the Tiger. To educate visitors on why tigers have stripes, a life-sized Sumatran tiger replica and an explanatory panel were donated. An unveiling ceremony was held in November, which many of our clients, including their families, attended. Feel free to visit yourself and find out why tigers have stripes.



Life-sized Sumatran tiger replica and explanatory panel



© Mr. Trust

Higashiyama Zoo & Botanical Gardens

We sponsor the spring and autumn festivals every year. At the 2022 Autumn Festival, we distributed 2,000 free animal calendars and conducted an activity where participants could create pads featuring endangered species. We include not only photos, but also explanations about the animals, their IUCN Red List category, and the main reasons for their being endangered. These events have been well-received, with clients participating and saying that they look forward to it every year.



Lion pad



2023 animal calendar



The Autumn Festival was a great success

Fukuoka City Zoo

In addition to donating a large explanatory panel titled "Distribution of Tigers around the World" in 2018, we continue to donate funds for the food expenses of the animals being kept at the zoo, including the Siberian tiger. In March 2022, we donated a three-wheeled bike with an eye-catching tiger pattern for transporting feed. It is utilized throughout the hilly zoo.



Large explanatory panel



Three-wheeled bike with tiger pattern

Initiative 02 Employment support for single-parent households and others



We are participating in the Watashi Mirai Project launched by the certified NPO "Kidsdoor." This project is a new attempt at employment support that is free, online, and supportive, and aimed primarily at impoverished households with children. This initiative offers employment support tailored to the needs of struggling guardians in single-parent or multi-child families for three months,

assisting with 1) ways to balance child-raising and work, 2) finding work suitable for their lifestyle, and 3) matching with prospective employers.

At Sumitomo Mitsui Trust Realty, one of our principles is "generating vitality and warmth in society through our work." To achieve our principles and contribute to solving social issues, we will continue to support these initiatives.

Sumitomo Mitsui Trust Card Co., Ltd.

Initiative 01 ➤ Achieving a three-star rating, the highest rating possible, in HDI-Japan's "Monitoring Rating" and "Web Support Rating" evaluations



At Sumitomo Mitsui Trust Card, we have been requesting the HDI Rating Benchmark survey since fiscal 2021, and we have received the highest rating for two consecutive years in the Monitoring Rating and Web Support Rating categories.

HDI is a membership organization that has established an internationally recognized certification system for support services.

The HDI rating benchmark is a system where judges perform evaluations from a customer perspective according to the evaluation criteria, which are set based on HDI's international standards. The judges provide a rating on a four-tier scale, from three stars to zero stars.

<Monitoring Rating Division>

This survey evaluates the responses based on the interactions between the Sumitomo Mitsui Trust Card Service Desk and our clients. At Sumitomo Mitsui Trust Card, we have been working daily toward our goal of responding promptly to client inquiries and making positive proposals. We hope to receive recognition for our client-focused service and daily efforts, which will motivate our employees to work even harder to be more attentive to our clients and provide them with kind and considerate service.

<Web Support Department>

This survey entails the panel members making actual calls to the Sumitomo Mitsui Trust Card Service Desk, assessing the quality of support provided in areas such as website navigation and usage. In this department, we received commendations such as, "the phone representative is proficient in the service and the website, providing explanations that go above and beyond." Moreover, we received praise not only for our telephone support, but also for our commitment to reflecting timely inquiries in our web content and FAQ (Client Support) sections. This renewed our resolve to continue to strive for creating easy-to-understand content and providing guidance in the future.



Initiative 02 ➤ Utilizing client satisfaction surveys to improve our services



At the Sumitomo Mitsui Trust Card Service Desk, we've been conducting a Client Satisfaction Survey since December 2022 with the support of Proseed Corporation, a specialized consulting firm that supports the improvement of client experiences (CX). The aim is to identify issues that we should address to further improve the quality of our responses.

While a full-scale analysis and verification will be

conducted in the future, this survey will serve as a baseline for setting our Key Performance Indicators (KPIs) by gauging feedback from our service desk clients. By examining the correlation between each KPI and client satisfaction and trends in the free-response sections, we aim to discern what quality our clients demand and what the appropriate target values should be. We then plan to leverage these findings to deliver services that enhance satisfaction.



Sumitomo Mitsui Trust General Service

Initiative 01 ▶ Expanding the use of renewable energy (Rental Business Division)

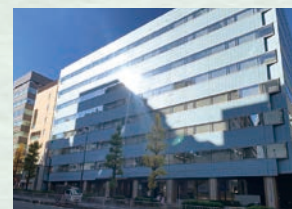


As part of the SuMi TRUST Bank Group's efforts towards carbon neutrality, Sumitomo Mitsui Trust General Service is promoting the transition from fossil fuels to renewable energy for the electricity used in the buildings we own. We aim to balance decarbonization and achieving a stable supply of power, thereby contributing to reducing our impact on the environment and mitigating climate change.

- Ichikawa Shimamura Building: Transition began August 2022
- Lucid Square Gotanda Building: Transition began August 2022



Ichikawa Shimamura Building



Lucid Square Gotanda Building

Initiative 02 ▶ Contributing to local communities through food drives (at each site)



In all of SuMi TRUST Bank's site buildings, we continue our initiative of donating emergency bottled water and long-lasting food supplies whose expiration dates are approaching to local social welfare councils. This initiative not only reduces food waste, but also aids those living in poverty and supports services like cafeterias for children.

In our drive to reduce food waste, we are also implementing an initiative to distribute emergency drinking water that is approaching its expiration date to those in our buildings who want it.



Senri Office



Marunouchi Office

Initiative 03 ▶ Initiative to reuse stationery to reduce plastic waste to zero (Shiba, Fuchu, Kiba)



At our Shiba Office, Fuchu Office, and Kiba Branch, we set up reuse corners for stationery and office supplies during the previous fiscal year in an effort to reduce the disposal of unnecessary stationery and office supplies and promote reuse, with the goal of reducing plastic waste to zero.

This fiscal year, the Fuchu Office expanded the scope of its reuse activities and donated a large number of recycled items such as folders to the Fuchu City Council of Social Welfare.

We will continue to strive to reduce plastic waste by encouraging reuse and to run our offices in an eco-friendly manner.



Shiba Office



Fuchu Office



Kiba Branch

Initiative 04 ▶ Specific efforts to improve diversity



The Marunouchi Office Expense Team actively supports members with hearing impairments by encouraging communication through the use of apps, holding sign language study sessions in the workplace, and creating easy-to-understand procedure manuals. This combination of teamwork and individual effort allows them to flourish.

At Sumitomo Mitsui Trust General Services, we are working to promote an environment where those with disabilities can work in comfort and everyone plays an active role in their respective workplaces.



Marunouchi Office Expense Team

Sumitomo Mitsui Trust Business Service

Initiative 01 Promoting the advancement of disabled persons



Sumitomo Mitsui Trust Business Service aims to expand employment of people with disabilities, and as part of the “Choco Labo” initiative with the Bean to Bar Chocolate Shop, in which the Group has taken a leading role, it has been dispatching people with disabilities to the workshop since July 2019. This represents the Company’s first attempt to dispatch people with disabilities.

The workshop, which opened in Yokohama with the aim of “everyone, regardless of nationality or disability, being able to lead happy lives,” handles every part of the production process, from the shelling of the cocoa beans to manufacturing, bagging, and packaging by hand. It offers motivation and pride through sweets and supports the independence of individuals with disabilities in society.

The Group agrees with the corporate philosophy of Choco Labo and aims to help the business get back on track and expand the employment of people with disabilities. In addition to supporting Bon Festival gifts, end-of-year gifts, online sales, and various events, we are undertaking a number of sales cooperation efforts, as outlined below.

In response to the COVID-19 pandemic, when those

with disabilities began working from home, we increased the number of variations of message cards featuring coloring and writing comments, and included them in various gifts. In addition, we have worked together to develop a new line of chocolates with logos and cookies with messages. These are used as gifts for Group companies, including the company’s end-of-term thank-you gifts and gifts for internal company ceremonies. These gifts are being expanded for use in a number of internal award systems, departments, and companies, and we plan to continue to work hard towards making more win-win scenarios a reality.



End-of-term thank you gifts



Job offer ceremony gifts

Tokyo Securities Transfer Agent Co., Ltd.

Initiative 01 Publishing an explanatory article on the “Guidelines on Respecting Human Rights in Responsible Supply Chains” in our company newsletter



In September 2022, the Japanese government established and publicized the Guidelines on Respecting Human Rights in Responsible Supply Chains (hereafter referred to as “the Guidelines”). Although they are not legally binding, it is explicitly stated that all companies (including individual business owners) conducting business in Japan, regardless of their size and industry, should strive to respect human rights in their own companies, group companies, suppliers, and so on. Respect for human rights is one of the important themes for those working at corporations, as it is included in the initiatives related to sustainability, for which disclosure is required under the Corporate Governance Code. For this reason, the Tokyo Securities Transfer Agent asked Aki Tanaka of Mori Hamada & Matsumoto law office to write an overview of the Guidelines, then published it in our customer-facing

company newsletter, Toshodai-Dayori (Tokyo Securities Transfer Agent Newsletter). Tanaka gave a clear explanation about the scope of human rights and the approach to initiatives, together with the Q&A attached to the Guidelines, and it has been very well received. Since sustainability-related disclosures were mandated by the securities report for the fiscal year ending March 2023, Tokyo Securities Transfer Agent will continue to provide information that can be used as a reference for the sustainability disclosures of our client companies.



Tokyo Securities Transfer Agent's company newsletter, Toshodai-Dayori

Sumitomo Mitsui Trust System & Services

Initiative 01 ▶ Hosting a programming workshop for children using programming robots



Sumitomo Mitsui Trust System & Services has been participating in the Fuchu Citizen Co-operation Festival hosted by Fuchu City, where our headquarters are located, since fiscal 2007, leveraging its characteristics as a systems company to contribute to the city.

This year, 15 employees gathered to teach children the basics of programming and allowed them to experience logical thinking by having them lift small drones indoors and move robots according to the instructions they programmed. The sight of drones and robots moving according to the programmed instructions gave rise to smiles and surprise-filled voices.

A total of 209 visitors visited our booth, and it was so popular that there was standing room only. The parents and children taking part shared comments such as, “My child seemed interested in programming, and it was a good experience” (parent), “I want to buy the same robot for my child (how much is it?)” (parent), and “It was fun connecting the robot to the computer” (child). This really made us feel like the experience was getting children interested in programming.



Poster



Drone



Robot



Explanation

BIDV-SuMiTRUST Leasing

Initiative 01 ▶ Taking part in the Vietnamese Children's Day picture book charity event



In Vietnam, June 1st is Children's Day, and various charity events are held. BIDV-SuMiTRUST Leasing (BSL) took part in the Vietnamese Children's Day Donation event for delivering picture books to Vietnamese children. Japanese and Vietnamese employees from BSL visited the pediatric ward of the Vietnam-Cuba Friendship Hospital in Hanoi, donated a bookshelf and 50 picture books, and held a storytelling session.



At the hospital the picture books were donated to

SBI Sumishin Net Bank

Initiative 01 Launch of the smartphone app "Takashimaya NEOBANK"



SBI Sumishin Net Bank, in collaboration with Takashimaya Company, Limited, launched a new financial service, Takashimaya NEOBANK, in June 2022. Clients can use the banking services provided by SBI Sumishin Net Bank through the Takashimaya NEOBANK app. In addition, the app includes the membership, savings, and usage

functions of Takashimaya's "Sugoi-Tsumitate (Incredible Savings)" (a.k.a. "Sugo-Tsumi"), where if you save a certain amount every month for 12 months, you receive a one-month bonus that you can use towards purchases.

SBI Sumishin Net Bank will continue to strive to provide better services using the latest in technology.

Initiative 02 Preferential home loan interest rates for eco-friendly homes



SBI Sumishin Net Bank began offering special preferential interest rates for home loans for eco-friendly homes (such as ZEH) in April 2022. This is the first such initiative among domestic online banks to also include stand-alone houses.

In September 2022, in collaboration with the Japan Wood-Housing Association (Mokubunkyo), we started

offering preferential interest rates for home loans for houses using 95% or more domestic lumber certified by Mokubunkyo. The goal was to contribute to the spread of eco-friendly homes, promote the realization of a society with net zero carbon emissions, and make society more comfortable and convenient.

Initiative 03 Hosting the Economics Koshien online tournament



Economics Koshien is a quiz event aimed at helping high school students across the country enjoy learning about finance and economics.

SBI Sumishin Net Bank hosted an online tournament, which serves as one of the preliminary rounds, again this year, and high school students took part in the quiz online. In the tournament, teams compete to answer questions covering a wide range of knowledge about finance and economics, including current affairs and trivia about money, with the winning teams advancing to the national tournament. The 10th online tournament saw 99 teams (60 schools) participate, and the winning team, Oita Tomei

High School, along with the top three teams, advanced to the national tournament. We will continue to provide opportunities for many high school students to learn about finance and economics through their participation in this event.



Economics Koshien

Initiative 04 SENSEI Yo No Naka Gaku launched



SBI Sumishin Net Bank, in collaboration with ARROWS Inc., has developed educational materials for high school students to learn about finance and economics. The materials, which include guides and manuals for teachers, are packaged so that school teachers themselves can easily provide practical financial and economic education not found in textbooks. All materials are provided free of charge to any interested school or teacher. We were able to deliver lessons to approximately 2,000 people in fiscal

2019 and approximately 10,000 people in fiscal 2021. We have received applications from many schools for fiscal 2022 as well, and plan to deliver lessons to approximately 10,000 people, the same as the previous year.



Custody Bank of Japan

Initiative 01 → Establishing a new office in Musashi-Kosugi that is conscious of the SDGs



In September 2022, the Custody Bank of Japan (hereinafter referred to as “CBJ”) opened a new office in Musashi-Kosugi in Kawasaki City, Kanagawa Prefecture. The new office takes the SDGs into consideration, with monitors to promote paperless operations installed, an open-plan seating arrangement, and focus booths set up, among other features, all while ensuring a comfortable work environment for employees. Furthermore, we have also installed a re-skilling room for enhanced employee training and a disaster-prevention meeting room equipped with backup office functions for emergencies. CBJ will

continue to take the initiative in promoting the SDGs internally as a financial and payment infrastructure company.



Initiative 02 → Going paperless and contributing to the environment through collaboration with our clients



In its daily operations, CBJ receives a large volume of documents from clients, including balance reports, and sends out a large number of documents to clients for contract processing and to share various reports. However, to conserve the environment and reduce the cost of paper processes, we are working on digitization and the elimination

of unnecessary paper processes, and we have garnered the understanding and cooperation of many clients. As a result, we have achieved an annual reduction of tens of thousands of sheets’ worth of documents, helping not only to conserve the environment, but also to improve the business efficiency of our clients.

Initiative 03 → Promoting Diversity and Inclusion (D&I) - Platinum Kurumin certification and more



CBJ established a D&I Promotion Office in April 2022 and is strengthening its diversity and inclusion initiatives, which include encouraging women to thrive, supporting work-life balance for child-raising, promoting the active participation of older employees, and collaborating with people with disabilities. In November 2021, the Minister of Health, Labour and Welfare designated CBJ a “Kurumin” and “Platinum Kurumin” company for the excellent support it

provides for child-raising. Afterward, in January 2022, it also received “Eruboshi (2nd stage)” certification for its commitment to encouraging women to thrive.



Initiative 04 → Promoting D&I - a farming business operated by employees with disabilities



We began hydroponic cultivation at CBJ’s Itabashi office in January 2021 in collaboration with a company that provides employment support for people with disabilities and a rental farm business. The vegetables grown are distributed free of charge to employees as part of the company’s

welfare program. We will continue to foster a corporate culture and work environment where all employees acknowledge a diversity of values and where they can work more vigorously than ever before.



Trust Future Forum

Service to Society Aimed at Development and Spread of Trust System

Trust Forum Foundation

Trust Forum Foundation, 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 Forum Foundation will celebrate its 35th year anniversary in 2022.

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 Forum Foundation has released 92 research books as of December 2022, 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 Forum Foundation 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 Forum Foundation will continue as a public interest incorporated foundation to promote social contribution and activities with a high public interest.

Grants, Social Contributions via Endowed Courses

The foundation's second core focus revolves around grant projects that support surveys, research, and activities tied to trusts and related financial and economic topics. Open to researchers, practitioners, and various groups both domestically and internationally, the foundation provides grants for research expenses.

Additionally, it has established endowed courses for university undergraduates to raise awareness and promote knowledge about trusts. In Japan, where interest in trusts is growing, not only does the foundation provide a priceless educational opportunity for people to learn about trust systems from a young age, but it also established endowed courses on the workings and application of trusts for seniors, starting in the 2020 fiscal year.

Moreover, it provides educational resources such as online lectures and videos about the basics of the Trust Act and how to use trusts, available to the general public through the foundation's website.



Themes of Self-Directed and Consignment Research (as of December 2022)

Self-Directed Research	Research on systems and legal principles of investment trusts
	Research on the development of the Trust Act and trust-related principles of law
	Research on new issues faced by trusts and the Trust Act
	Research on financial transactions and taxation
	Comprehensive study contributing to the understanding of the legal foundations of trusts
	Research on the Trust Act during civil law amendments
	Research on regulatory laws and associated laws for trusts
	Research on annotations to the Trust Act
	Research on civil trusts
Consignment Research	Research on legislative issues and recommendations regarding commercial trusts
	Exploration and research contributing to the system design of nuclear power plant decommissioning strategies in Japan using trust methods
	Research to aid in the development of scheme designs
	Investigation into legal issues related to testamentary substitute trusts
	Research on issues with the use of digital technology, AI, and smart contracts in trusts and the like

List of grant-assisted projects in FY2022

Publication of a research report summarizing the status of sustainable investment in Japan
Building a legal framework for the trust of elderly data
Research on the choice of applicable law in international trusts
Workshop on Asia-Pacific Trusts Law
Current state and challenges of using trusts for achieving carbon neutrality
Research on legal, tax, and practical issues of successive beneficiary trusts
Property valuation under inheritance tax law for foreign trusts
2022 Survey of Actual State of Charitable Donations

List of Endowed Courses Established

Kwansei Gakuin University	Undergraduate School of Law and Politics
Chuo University	Faculty of Law
Tohoku University	Faculty of Law
Doshisha University	Law School
Rikkyo Second Stage College	

The Sumitomo Foundation

Partnership with the Sumitomo Foundation

The Besshi Copper Mine in Ehime Prefecture was opened in 1691 after Tomoyoshi Sumitomo—the fourth head of the Sumitomo family—acquired mining rights from Japan’s feudal government. It thereafter became the foundation of the various businesses of the Sumitomo Group. The Sumitomo Foundation was established in 1991 to commemorate the opening of the mine 300 years earlier and since then the SuMi TRUST Group has collaborated with the Foundation in various ways. For example, we have contributed money, played a part in its management as trustee, and dispatched staff.

Grant Business of the Sumitomo Foundation

As a universal grant-making organization, the Sumitomo Foundation extends grants to research activities and businesses in various fields, including basic sciences, the environment, art and culture, and international exchange. From fiscal 1991 through 2021 the Foundation had awarded a total of 7,354 grants worth more than ¥11.8 billion.

Basic Science Research Grants

Scientific advancements have contributed greatly to the development of society and science has the potential to open up the future of humankind. This grant provides support to basic science research projects considered important but lacking research funds, and especially budding research undertaken by young researchers expected to generate innovative ideas.

Cumulative number of grants from FY1991 through FY2021: 2,603 for a total of more than ¥4.2 billion

Environmental Research Grants

Environmental issues are some of the biggest problems currently confronting humanity. Researchers continue to investigate the causes and seek solutions to numerous environmental problems, including global warming, ozone-layer depletion, acid rain, species decline, food and population, desertification, and pollution. Given the need to develop analysis methods and various countermeasures based on a multi-faceted approach in order to solve the problems plaguing the environment, this grant provides support to research projects undertaken in a variety of fields (humanities, social sciences, natural sciences).

Cumulative number of grants from FY1991 through FY2021: 1,560 for a total of more than ¥3.0 billion

Grant for Projects for the Protection, Preservation & Restoration of Cultural Properties in Japan

When considering spiritual wealth, cultural assets are the source of a spiritually affluent lifestyle and the basis for the creation of new culture. And as a foundation for mutual understanding, they serve to deepen awareness of one’s own culture and the cultures of other countries. Having access to cultural assets is therefore an extremely effective way of learning about the history of bilateral cultural exchange. From this point of view, it is the responsibility of the current generation to preserve cultural assets so they can be inherited by the next generation. That said, it is hard to say that there is always enough money to

spend on preserving and restoring cultural property in Japan. This grant is for projects that aim to help protect, preserve, and restore cultural assets in Japan (fine arts such as paintings, sculptures, craftwork, handwriting, books, ancient documents, antiquities, and historical materials).

Cumulative number of grants from FY1991 through FY2021: 912 for a total of more than ¥1.8 billion

Grant for Projects for the Protection, Preservation & Restoration of Cultural Properties outside Japan

Culture is the cornerstone of a country and the source of spiritual enrichment. Cultural properties are assets in which humanity and the history of mankind are interweaved—they represent the hope and pride of the people in all countries. Mutual understanding is deepened when the people of the world have access to each other’s cultural assets, which in turn builds relationships of trust. It is the responsibility of the people alive today to protect cultural properties and pass them on to the next generation. That said, not enough has been done in other countries to preserve and restore cultural assets. With the aim of helping to hand cultural properties shared by all humanity down to posterity, this grant is for projects in other countries that preserve and restore cultural properties (fine arts and relics), as well as preliminary research that leads directly to preservation and restoration work.

Cumulative number of grants from FY1991 through FY2021: 368 for a total of more than ¥862 million



Kaman-Kalehöyük archaeological site, Turkey

Japan-Related Research Grants in Asia

This grant is for researchers in mainly East Asian or Southeast Asian countries undertaking research related to Japan, including comparative studies, international relation studies, and historical exchange studies that include Japan. The grant aims to lay the groundwork for deepening understanding of Japan in these countries and to help further mutual understanding between Asian countries and Japan.

Cumulative number of grants from FY1991 through FY2021: 1,744 for a total of more than ¥1.3 billion



Inouchuzu (Map of Japan, made by Ino Tadataka), The University of Tokyo

Mitsui Bunko

Mitsui Bunko Initiatives

Mitsui Bunko is a non-profit research institution consisting of the Archive (Mitsui Bunko Main Building), which preserves, displays, and conducts research on socio-economic historical materials; and the Mitsui Memorial Museum, which preserves, displays, and conducts research on art.

The origins of this archive can be traced back to the early 20th century. After World War II, under orders from GHQ, the Mitsui head office was dissolved, and the Mitsui Bunko was forced to cease its activities. However, talks about reconstructing the Mitsui Bunko arose within the Group, and with approval from the Ministry of Education, Mitsui Bunko was established in May 1965 at its current location in Nakano-ku, Tokyo. With the resumption of operations, the Mitsui family documents, which had been kept out of the public eye, were made available for academic research.

At Mitsui Bunko, research on modern commerce, finance, and corporate management was also conducted. The results were published in the Mitsui Bunko Essay Collection (published annually), and the History of the Mitsui Business (Main: 3 volumes/5 books; Archive: 4 volumes/5 books) was published, with publishing of all volumes being completed in March 2001. In addition, in October 2022, we began publishing the Mitsui Bunko Historical Materials Database on the web. As of December of that year, over 92,000 historical materials are available for searching and viewing.



Former Mitsui Bunko exterior (property of Mitsui Bunko)



Current Mitsui Bunko exterior

In 1985, a cultural history research department (annex) was established. Multiple donations were made from the Mitsui family's art and stamp collections, and donations from other corporations and individuals were also accepted for research and public display. In October 2005, we moved to Nihonbashi, which has deep ties with the Mitsui family and the Group, to open the Mitsui Memorial Museum for public exhibitions of the art collection.

During the era of Mitsui Takatoshi's children, the Mitsui family divided into nine branches, with the eldest son, Takahira, establishing the Kita House; the third son, Takaharu, forming the Shinmachi House; the fourth son, Takatomo, founding the Muromachi House; and the ninth son, Takahisa, creating the Minami House. Later, two more branches were added, resulting in a total of eleven Mitsui houses. While there were various fluctuations in their management, each Mitsui family engaged in art collection. Particularly during the period from the Kyoho era to the Genbun era, when business revenues soared, they were making active efforts to collect famous artifacts, which were primarily used in tea ceremonies. The Mitsui Memorial Museum houses around 4,000 pieces of art donated by the Kita House, Shinmachi House, Muromachi House, Minami House, Isariko House, and Motomura-cho House, as well as by the Takatsukasa family, who are relatives of the Mitsui family. The museum showcases numerous treasures, including National Treasures and Important Cultural Properties, which were donated by various Mitsui houses. Along with preserving these cultural properties, the museum is committed to conducting research and promoting arts and culture.



Mitsui Memorial Museum

Comparative Table of Common Metrics for Sustainable Value Creation

This report was created based on consideration of “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation,” a document put together mainly by the global Big 4 accounting firms based on the recommendations of the World Economic Forum’s International Business Council. Measurement standards include core metrics and expanded metrics. This report was created in line with the disclosure items of the core metrics, and is also built to support some of the disclosure items of the expanded metrics.

Principles of Governance

Theme	Core metrics and disclosures	Page No.
Purpose	Setting purpose The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	P8-9
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	P14-18
Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	P21-24, P28-29
Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization’s anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	P30-37
	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	P31-33
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	P21-23, P39-44

Theme	Expanded metrics and disclosures	Page No.
Purpose	Purpose-led management How the company’s stated purpose is embedded in company strategies, policies and goals.	P8-11
Quality of governing body	Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	P21-24
	Remuneration 1. How performance criteria in the remuneration policies relate to the highest governance body’s and senior executives’ objectives for economic, environmental and social topics, as connected to the company’s stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ul style="list-style-type: none"> • Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	Integrated Report 2022 P88-95

Theme	Expanded metrics and disclosures	Page No.
Ethical behaviour	Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.	P35
	Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	
Risk and opportunity oversight	Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	—

Planet

Theme	Core metrics and disclosures	Page No.
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	TCFD REPORT 2022/2023 P43-48
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	TCFD REPORT 2022/2023
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	—
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	—

Theme	Expanded metrics and disclosures	Page No.
Climate change	Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	P66, P68
	Impact of GHG emissions Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.	TCFD REPORT 2022/2023 P43-48
Nature loss	Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material): <ul style="list-style-type: none"> Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations. Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme. 	—
	Impact of land use and conversion Report wherever material along the value chain: the valued impact of use of land and conversion of ecosystems.	—

Comparative Table of Common Metrics for Sustainable Value Creation

Theme	Expanded metrics and disclosures	Page No.
Freshwater availability	Impact of freshwater consumption and withdrawal Report wherever material along the value chain: the valued impact of freshwater consumption and withdrawal.	—
Air pollution	Air pollution Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	—
	Impact of air pollution Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions.	—
Water pollution	Nutrients Estimate and report wherever material along the value chain: metric tonnes of nitrogen, phosphorous and potassium in fertilizer consumed.	—
	Impact of water pollution Report wherever material along the value chain: the valued impact of water pollution, including excess nutrients, heavy metals and other toxins.	—
Solid waste	Single-use plastics Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.	P75-76
	Impact of solid waste disposal Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.	P75-76
Resource availability	Resource circularity Report the most appropriate resource circularity metric(s) for the whole company and/or at a product, material or site level as applicable. Potential metrics include (but are not limited to) the Circular Transition Indicators (WBCSD), indicators developed by the Ellen MacArthur Foundation and company developed metrics. Disclose the methodological approach used to calculate the chosen circularity metric(s) and the rationale for the choice of metric(s).	

People

Theme	Core metrics and disclosures	Page No.
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	P110-114
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	—
	Wage level (%) 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	—
	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	—
Health and well-being	Health and safety (%) 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	P105-107, P120
Skills for the future	Training provided (#, \$) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	P117-119

Theme	Expanded metrics and disclosures	Page No.
Dignity and equality	Pay gap (% , #) 1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non-BAME) at a company level or by significant location of operation. 2. 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.	—
	Discrimination and harassment incidents (#) and the total amount of monetary losses (\$) Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: a) law violations; and b) employment discrimination.	P107, P124
	Freedom of association and collective bargaining at risk (%) 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	P108
	Human rights review, grievance impact & modern slavery (#, %) 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	P122
	Living wage (%) Current wages against the living wage for employees and contractors in states and localities where the company is operating.	P120
Health and well-being	Monetized impacts of work-related incidents on organization (#, \$) By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, health-care costs, compensation costs to employees).	—
	Employee well-being (#, %) 1. The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers. 2. a) Percentage of employees participating in "best practice" health and well-being programmes, and b) Absentee rate (AR) of all employees.	P107-110, P120
Skills for the future	Number of unfilled skilled positions (#, %) 1. Number of unfilled skilled positions (#). 2. Percentage of unfilled skilled positions for which the company will hire unskilled candidates and train them (%).	—
	Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$) 1. Investment in training as a percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.	—

Comparative Table of Common Metrics for Sustainable Value Creation

Prosperity

Theme	Core metrics and disclosures	Page No.
Employment and wealth generation	Absolute number and rate of employment Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	P112, P120, P134
	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> • Revenues • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government • Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	P35, P120, P134-135, P148, P237
	Financial investment contribution Total capital expenditures (CapEx) <i>minus</i> depreciation, supported by narrative to describe the company's investment strategy. Share buybacks <i>plus</i> dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	P135
Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	—
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	P148

Theme	Expanded metrics and disclosures	Page No.
Employment and wealth generation	Infrastructure investments and services supported Qualitative disclosure to describe the below components: <ol style="list-style-type: none"> 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements. 	P135
	Significant indirect economic impacts <ol style="list-style-type: none"> 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas). 	P135
Innovation of better products and services	Social value generated (%) Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	—
	Vitality Index Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales, supported by narrative that describes how the company innovates to address specific sustainability challenges.	P136
Community and social vitality	Total Social Investment (\$) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECF Valuation Guidance.	P135, P148
	Additional tax remitted The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	—
	Total tax paid by country for significant locations Total tax paid and, if reported, additional tax remitted, by country for significant locations.	—

PRB Initiatives

We became a founding signatory to the Principles for Responsible Banking (PRB) advocated by the United Nations Environment Programme Finance Initiative (UNEP FI) and launched on September 22, 2019. We are committed to collaborating with other signatory banks worldwide to strategically align our business operations with the Sustainable Development Goals (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 planet. By focusing on the areas in which our core business has the greatest impact, setting goals for specific initiatives, and taking action, we hope to make significant contributions towards achieving the targets of the SDGs on both the global and local level.

Having signed on to the PRB, we are obligated to disclose information about our PRB initiatives in our existing reports. More specifically, within 18 months after signing (i.e., by March 2021 for the Company) and then every year thereafter, we must report on progress and self-assessments, and then within four years fully implement the following necessary steps as a signatory bank: (1) impact analysis; (2) target setting and implementation; and (3) accountability. Our first initiative is shown below.

As we have reported twice before, we have made updates primarily based on the details of the previous report, with a focus on the current status of our responses. Our next report is planned for around September 2023, following receipt of third-party certification.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
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.		

1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.

The Sumitomo Mitsui Trust Group is a unique ensemble that generates new value by leveraging significant expertise and comprehensive capabilities to create a new business model that integrates banking, asset management and administration, and real estate operations.

2022 disclosure materials

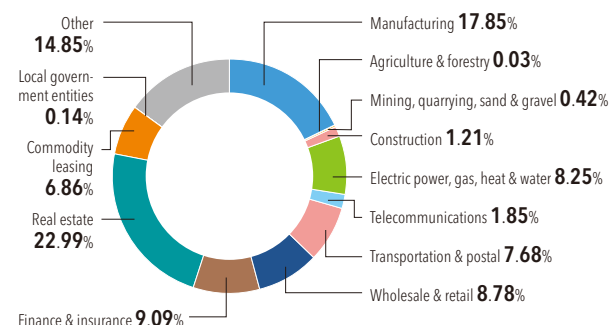
Group's Gross Business Profit by Segment in Fiscal 2021 (Unit: billion yen)

Retail Total Solution Services Business	190.8
Companies	212.5
Stock Transfer Agency Services Business	40.8
Real Estate Business	62.7
Fiduciary Services Business	96.5
Asset Management Business	101.9
Global Markets Business	52.3

Breakdown of loan balance

Domestic loans	86%
Overseas loans	14%

Industry Ratio of Loans to Domestic Corporate Clients



(Note) Share ratio calculated based on the assumption that the balance of loans for corporations at domestic branches is 100%.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>The SuMi TRUST Group defines its reason for existence ("Purpose") as "to create new value with the power of trusts and let prosperous future for our clients and society bloom," and seeks to achieve the balanced creation of both social value and economic value.</p> <p>In order to realize its Purpose, the Group must organically combine the process of creating positive impacts while maximizing stakeholder value with the process of sustainably strengthening its own financial and non-financial management foundations (the six types of capital); and it must establish a system to appropriately manage these processes at the management level. The Group calls this system the "value creation process."</p> <p>The Group defines the "events that have a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital" as "Materiality"—or priority issues—and has drawn up a list of 11 Materiality issues.</p> <p>Of these issues, the Group recognizes that climate change has a particularly large impact. For this reason, in October 2021 the Group announced its Carbon Neutral Commitment and joined the Net-Zero Banking Alliance, while its two core management subsidiaries—Sumitomo Mitsui Trust Asset Management and Nikko Asset Management—signed up to the Net-Zero Asset Managers initiative. The Group has chosen to accelerate initiatives aimed at reducing its own GHG emissions, as well as those generated by its trusts, and investments and loans in order to realize a carbon-free society.</p>	<p>Sustainability Report 2022/2023 Page 10-11</p> <p>TCFD REPORT 2022/2023 Page 9-10</p>

Principle 2: Impact and 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.

<p>2.1 Impact Analysis:</p> <p>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) Scope: The bank's core business areas and products/services across the main geographies in which the bank operates have been included in the scope of analysis, as outlined in section 1.1.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts 	<p>For the Group, to pinpoint the sectors that have the greatest impact within our domestic loans, we have scrutinized industries with substantial amounts of loans from us and gauged the influence in each sector.</p> <p>Given that in Japan, frequent natural disasters caused by global warming have made reducing greenhouse gases to curb global warming an urgent priority, and by looking at these characteristics through the lens of our impact radar, we have identified climate change as our most crucial focus.</p> <p>To tackle this critical issue of climate change, we issued the Carbon Neutral Commitment in October 2021.</p>	<p>TCFD REPORT 2022/2023 Page 45-48</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

The SuMi TRUST Group defines its Purpose—or reason for existence—as "to create new value with the power of trusts and let prosperous future for our clients and society bloom," and seeks to achieve the balanced creation of both social value and economic value.

In order to achieve its Purpose, the Group has drawn up a list of 17 Materiality issues, defined as "events that have a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital."

Of these issues, the Group recognizes that climate change has a particularly large impact. For this reason, in October 2021 the Group announced its Carbon Neutral Commitment, and has sought to accelerate initiatives aimed at reducing its own GHG emissions, as well as emissions generated by its trusts, and investments and loans in order to realize a carbon-free society.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact," resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>■ SuMi TRUST Group Carbon Neutral Commitment</p> <p>The Group's reason for existing (its Purpose) is defined as "creating new value using the power of trusts and let prosperous future for our clients and society bloom." To support decarbonization throughout society, we aim for the balanced creation of both social value and economic value and aid the creation of a sustainable society not only through investments and loans, but by advocating a trust-type financial intermediary model that fosters new markets and investment opportunities through the asset management and administration business distinctive of a trust banking group. We will do this by engaging in the following initiatives.</p> <p>(1) Two investment companies within the Group that aim to leverage the characteristics of a trust bank group to achieve net zero GHG emissions, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, are members of the Net Zero Asset Managers Initiative (NZAMI), which aims to achieve net zero GHG emissions from investee companies. In the realm of real estate, we have been diligently working on energy-saving consulting for facility construction and getting involved in a number of businesses to help expand environmentally friendly properties. Going forward, we will also begin to offer support plans aimed at net zero GHG emissions for entrusted real estate properties.</p> <p>(2) Net zero GHG emissions in the investments and loans sector We are striving to reach net zero GHG emissions (Scope 3) within our investment and loan portfolios by 2050. To bolster this commitment, we have joined the Net-Zero Banking Alliance (NZBA), founded by the United Nations Environment Programme Finance Initiative (UNEP FI). For our medium-term goals set for 2030, we will follow the NZBA framework.</p> <p>■ Sustainable Finance Target</p> <p>SuMi TRUST Bank, a key subsidiary, has established a long-term target for sustainable finance in the banking sector (loans to corporate clients). This plan aims to commit a cumulative total of 10 trillion yen over ten years, from fiscal 2021 to 2030.</p>	<p>TCFD REPORT 2022/2023 Page 41</p> <p>TCFD REPORT 2022/2023 Page 42</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
<p>The SuMi TRUST Group is a signatory to the Principles for Responsible Banking (PRB), and announced its Carbon Neutral Commitment as part of its efforts to respond to climate change and achieve a carbon-free society.</p> <p>The Group will contribute to the realization of a carbon-free society by reducing its own GHG emissions, as well as emissions generated by its trusts, and investments and loans.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Sustainability forms the cornerstone of the Group's management strategy. To tackle critical sustainability issues, including climate change, domestically and globally, we have instituted a mechanism whereby an Executive Committee is formed and the Board of Directors supervises its deliberations.</p> <p>In particular, with regard to climate change responses, we commit to achieving net-zero GHG emissions (Scope 3) in the investments and loans sector by 2050, which is a part of our Carbon Neutral Commitment. We also aim to set a medium-term target for 2030 under the NZBA framework. To further these climate change initiatives, we have established a project team that regularly reports to the Executive Committee and operates under Board of Directors supervision.</p>	<p>TCFD REPORT 2022/2023 Page 6</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
<p>For our sustainable finance target in banking, we plan to determine numerical targets and disclose our progress on a fiscal year basis.</p> <p>We also aim to further enhance SuMi TRUST Bank's policy on investments and loans through dialogue with stakeholders.</p>		
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>1. GHG Emissions Reduction Goals</p> <p>Net-zero GHG emissions in the investments and loans sector As per our Carbon Neutral Commitment, we aim to achieve net-zero GHG emissions in the investments and loans sector by 2050, and we will set a medium-term target for 2030 under the NZBA framework. We have set targets for the electric power sector in October 2022 and for the oil and gas sector in February 2023.</p> <p>2. Sustainable Finance Target</p> <p>SuMi TRUST Bank, a key subsidiary, has established a long-term target for sustainable finance in the banking sector (loans to corporate clients). This plan aims to commit a cumulative total of 15 trillion yen over ten years, from fiscal 2021 to 2030. The cumulative lending amount, as of March 2022, is 0.83 trillion yen.</p>	<p>TCFD REPORT 2022/2023 Page 45-48</p> <p>TCFD REPORT 2022/2023 Page 42</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.		
<p>The Group intends to steadily carry out all manner of measures to achieve its goals, and will continue to provide reports on its progress.</p>		

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
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Principle 3: Clients and Customers

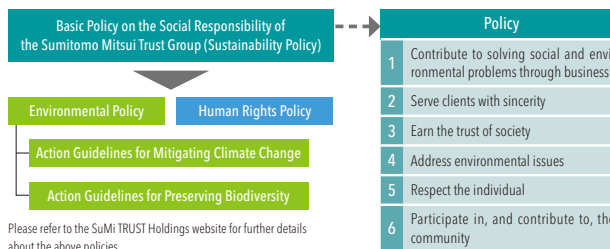
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers.

This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

As a Group, we have established various sustainability policies, as outlined below, and are diligently acting upon them.

Policies Related to Sustainability



We also confirm our commitment to environmental and societal considerations in projects based on the Equator Principles, and support decarbonization of the maritime sector through the Poseidon Principles.

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Page 19-20

3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.

This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

Positive impact finance (PIF)

In March 2019, SuMi TRUST Bank launched engagement in positive impact finance (PIF) for ordinary corporate credit (in which the use of loaned funds is unspecified) in line with the Principles for Positive Impact Finance of the United Nations Environment Programme Finance Initiative (UNEP FI). PIF is a loan agreement in which the Bank comprehensively analyzes and assesses the impacts of a company's supply chain on the environment, society, and the economy; it draws up specific KPIs for increasing positive impacts and limiting negative impacts, and requires the client commit to them. The Bank then encourages the client in its efforts to contribute to SDGs by monitoring and disclosing the results of these impacts, and supports client efforts to boost the competitiveness of its business, products, and services from a global perspective.

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Impact evaluations on funds (expanding impact evaluations)

SuMi TRUST Bank provides support for conducting impact evaluations on the impact investments funds created by Anchor Ship Partners Co., Ltd. ("ASP") and Real Tech Holdings Co., Ltd. ("Real Tech"). ASP carries out investments in the shipping industry—one of the 14 promising fields outlined by the Japanese government in its Green Growth Strategy—in line with global trends toward decarbonization; it also measures the impacts that investee companies have on the environment, society, and the economy, and carries out appropriate management. Through its impact evaluations and monitoring, SuMi TRUST Bank will provide support for ASP's fund, which encourages initiatives aimed at decarbonization in the shipping industry. Real Tech invests in and nurtures "deep tech" startups—startups that seek to use cutting-edge scientific techniques and R&D to provide technological solutions for the earth and society—and is set to become the first deep tech startup fund to implement impact evaluations; to this end, it has signed an agreement with SuMi TRUST Bank to provide advisory services for impact evaluations and for the fund itself. Going forward, SuMi TRUST Bank will promote initiatives aimed at visualizing the impacts of deep tech, and at applying deep tech technologies in society.

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Support for the social implementation of technologies

The implementation of innovative technologies, the combination of various different technologies, and vast funds are required for the realization of a carbon-free society; more than ever before, financial institutions are being required to increase their knowledge of technologies, and to actively identify the present risks and opportunities. For these reasons, the SuMi TRUST Group has established a technology based finance team within the Sustainability Management Department, comprised of researchers and experts with doctorates in science and engineering. Its goal is to provide financial support both for R&D of technologies that can contribute to the realization of a carbon-free society, and for their social implementation.

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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
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Principle 4: Stakeholders

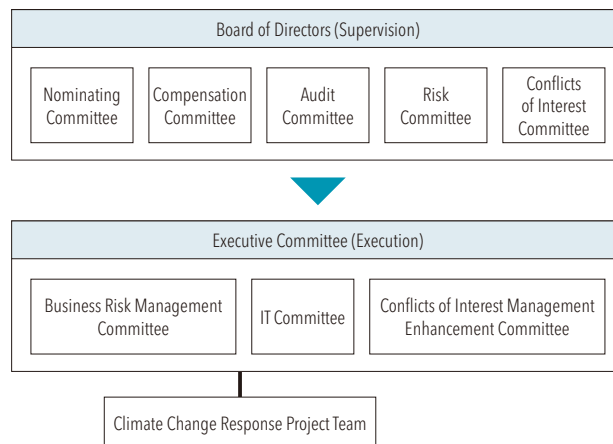
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	<p>Our Management Principles ("Mission") declare our dedication to playing an active role in shaping a sustainable society. This mission identifies our stakeholders as our clients, shareholders, employees, and society at large, underscoring the importance of dialogue.</p> <p>The Group's stakeholder engagement is three-pronged: direct action by related companies and relevant departments (in the case of SuMi TRUST Bank), direct participation in national and international initiatives by related companies and relevant departments, and internal engagement with related companies and relevant departments undertaken by the Sustainability Management Department based on dialogue with its stakeholders and information gathered from ESG assessment organizations. Our dialogue channels have been diversified, which has increased both the quality and quantity of input.</p> <p>In October 2021, we announced the Sumitomo Mitsui Trust Group Carbon Neutral Commitment, and in addition to joining the Net-Zero Banking Alliance, our core asset management subsidiaries (Sumitomo Mitsui Trust Asset Management and Nikko Asset Management) became part of the Net Zero Asset Managers Initiative.</p>	<p>Sustainability Report 2022/2023 Page 28-29</p> <p>Sustainability Report 2022/2023 Page 66</p>
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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/ is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>The Group identifies those factors that significantly impact the Group's value creation process as its materiality.</p> <p>With regard to materiality-related issues, both the Risk Committee and the Business Risk Management Committee serve as advisory bodies to the Board of Directors and the Executive Committee, respectively.</p> <p>For fiscal 2022, deliberations were held by the Board of Directors, and the materiality underwent a review.</p>	<p>TCFD REPORT 2022/2023 Page 6</p>
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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
	<p>■ Supervision</p> <p>(1) Board of Directors The principal role of the Board of Directors is to set the Group's basic management policy and ensure fairness and transparency in its operations through comprehensive management supervision. With the exception of decisions mandated by law, it delegates the execution of operations to executive officers and maintains supervision over their performance. Furthermore, it cultivates an environment where external directors can supervise potential conflicts of interest between our company and management, as well as the execution of duties by the Board of Directors and managers, from the perspective of both the stakeholders and the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.</p> <p>Taking into consideration the importance of environmental and social issues related to sustainability, it establishes a Basic Policy on Social Responsibility (Sustainability Policy) that Group companies are to carry out, raises awareness among executives and employees, promotes proactive initiatives to solve issues with due regard to stakeholders, and strives to achieve both the sustainable development of society and the enhancement of the Group's corporate value. As for initiatives on climate change, it leverages advisory bodies to the Board of Directors, such as the Risk Committee, for proper supervision and receives reports from the executives.</p> <p>(2) Risk Committee The Risk Committee considers and advises the Board on the appropriateness of matters about which it receives inquiries from the Board of Directors, such as the environment the Group's management finds itself in, top risks, matters related to materiality, operation of the Group's risk appetite framework, and supervision of the effectiveness of the internal control system for risk management and compliance.</p> <p>In response to climate change risks, external experts have provided insights and advice to the Board of Directors based on their specialized knowledge for the Carbon Neutral Commitment and the launch of the Climate Change Response Project Team.</p> <p>■ Execution</p> <p>(1) Executive Committee Chaired by the President and Executive Officer, the Executive Committee deliberates on significant matters concerning business execution. Specifically, it holds discussions and issues reports on management policy and strategy, the Medium-Term Management Plan, annual plans, and risk management issues, and presents these to the Board of Directors. With regard to initiatives related to critical sustainability issues, it establishes medium-term policies and annual plans aligned with the Medium-Term Management Plan, and it manages its operations based on the PDCA cycle. It considers climate change issues from the perspectives of both risk and opportunity. In fiscal 2021, it held intense deliberations on the review of the climate change response system, the public announcement of the 2050 Carbon Neutral Commitment, and membership in NZBA. After establishing the Climate Change Response Project Team, it has provided monthly progress reports and regularly deliberates on business matters related to climate change and decarbonization as a cross-divisional theme.</p> <p>(2) Business Risk Management Committee As an advisory body to the Executive Committee, it discusses aspects related to the Group's business management, financial stability, operational appropriateness, and risk and compliance management. Climate change risk, being directly linked to our finances, is examined and monitored from a risk management viewpoint.</p> <p>■ Establishment of the Climate Change Response Project Team In 2019, we set up the TCFD Project Team to enhance risk management and disclosure regarding climate change, but in October 2021, we launched the Climate Change Response Project Team to reorganize and develop it to specifically promote the Carbon Neutral Commitment. The Group encompasses not only the corporate management department of Sumitomo Mitsui Trust Holdings, but also various business sectors of SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management. Furthermore, it includes the Europe, Middle East and Africa Division, and the Americas Division, ensuring Group-wide coverage.</p>	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.</p> <p>This should include a high-level overview of capacity building, while including remuneration structures, performance management, and leadership communication, amongst others.</p>	<p>In order to foster a culture of responsible banking, the SuMi TRUST Group promotes understanding of Group strategies among all its directors, officers, and employees via the initiatives listed below.</p> <p>Employee education activities The SuMi TRUST Group defines its reason for existence ("Purpose") as "to create new value with the power of trusts and let prosperous future for our clients and society bloom," and seeks to achieve the balanced creation of both social value and economic value.</p> <p>Since adopting its new management system in April 2021, the Group has launched a Purpose Caravan, via which the President seeks to explain the Purpose of the Group directly to its employees. As part of this Caravan, the President of SuMi TRUST Bank held a total of 26 online discussions, attended by approximately 12,000 Bank employees, temporary overseas employees, and directors and officers from other Group companies. Since September 2021, by holding discussions and distributing videos, the Group has gradually broadened the scope of the Purpose Caravan to cover Group company employees, and national staff at overseas worksites.</p> <p>Voluntary employee activities Departments across the Group are promoting voluntary activities such as Challenge for SDGs, Our Own SDGs Declarations, and With You. The Group provides support for employees to think about SDGs for themselves, and act accordingly.</p> <p>Executive Compensation Our standard approach to compensation combines monthly compensation (consisting of fixed compensation and individual performance compensation), executive bonuses (performance-linked bonuses), and stock compensation (share delivery trust). We have integrated ESG evaluation components into the performance assessment system of each executive's stock compensation.</p>	<p>Sustainability Report 2022/2023 Page 8</p> <p>Sustainability Report 2022/2023 Page 161</p> <p>TCFD REPORT 2022/2023 Page 7-8</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>a) Within the Group, goal setting and action plans for achieving said goals are determined at the Executive Committee meetings. The Sustainability Committee regularly monitors these goals, with the process supervised by the Board of Directors. In fiscal 2022, we reflected on our previous work under the Principles for Responsible Banking (PRB), discussing themes such as clarifying decision-making and monitoring structures at the Board of Directors meeting.</p> <p>b) If we observe unfulfilled goals or negative situations, they are reported at the Executive Committee meetings, and we promptly explore corrective measures.</p>	—
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.		
As a PRB signatory, we have instituted a governance system to ensure the effective implementation of these principles, with a focus on goal setting and monitoring. Our Sustainability Management Department, along with departments managing goal attainment, tracks progress, provides updates at the Executive Committee meetings, and periodically engages in discussions with the Board of Directors, our supervisory body.		
<p>Principle 6: Transparency & Accountability</p> <p>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.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking.</p> <p>These good practices serve as a reference when setting priorities and goal levels.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Our company keeps stakeholders informed about the details of our initiatives through a variety of reports, such as an integrated report, a sustainability report, and a TCFD report.</p> <p>As a PRB signatory, we remain committed to advancing our initiatives in line with these principles and strive for transparency in our disclosures.</p>	—
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.		
<p>In the first 18 months following our commitment to the PRB, we took action on climate change by signing the Poseidon Principles, revising our sector-specific policies, and releasing our TCFD report.</p> <p>In October 2021, to advance our commitment to the Carbon Neutral Commitment and our membership in the NZBA, we established a Climate Change Response Project Team, which is actively addressing this issue.</p>		

SASB Index

In June of 2021, the merger of the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) led to the formation of the Value Reporting Foundation (VRF). Subsequently, in November of the same year, the IFRS Foundation launched the International Sustainability Standards Board (ISSB). In August 2022, the VRF was completely integrated into the ISSB, and the SASB STANDARDS were carried forward as well.

In line with the main business of the Group, we are committed to disclosing information related to our commercial banking operations (FN-CB) and our asset management and administration business (FNAC) as classified by SASB. While we currently do not disclose all of the indicators encompassed by these two standards, we aim to keep abreast of developments in sustainability information disclosure, with the goal of consistently providing our investors with meaningful sustainability information that is both useful and relevant.

The data disclosed here is current as of the end of March 2022.

CB: Commercial Banks

AC: Asset Management & Custody Activities

Industry	Accounting Metric	Category	Code	Response
Sustainability Accounting Standards				
Data Security				
CB	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	<ul style="list-style-type: none"> Information Security Risk and Cyber Risk Measures 2021/2022 Sustainability Report; pages 43-45 Cyber Security Management Declaration https://www.smth.jp/english/-/media/th/english/about_us/management/risk/pdf/CSMD.pdf
Financial Inclusion & Capacity Building				
CB	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	FN-CB-240a.1	<ul style="list-style-type: none"> Status of loans to SMEs 2022 Annual Report – Financial Data Section; page — https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all2.pdf
CB	Number of participants in financial literacy initiatives for unbanked, under-banked, or underserved customers	Quantitative	FN-CB-240a.4	<ul style="list-style-type: none"> Financial Inclusion Initiatives 2021/2022 Sustainability Report; pages 151-156 2022 Integrated Report; pages 71, 85 https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all.pdf
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis				
CB	Commercial and industrial credit exposure, by industry	Quantitative	FN-CB-410a.1	<ul style="list-style-type: none"> Balance of exposure to credit risk at the end of the fiscal year and breakdown by type of exposure 2022 Annual Report – Financial Data Section; page 268 https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all2.pdf
AC	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	FN-AC-410a.1	<ul style="list-style-type: none"> Investment (asset management) initiatives 2021/2022 Sustainability Report; pages 60-61
CB	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	FN-CB-410a.2	<ul style="list-style-type: none"> Lending (banking) initiatives 2021/2022 Sustainability Report; pages 48-59

Industry	Accounting Metric	Category	Code	Response
Incorporation of Environmental, Social, and Governance Factors				
AC	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Quantitative	FN-AC-410a.2	<ul style="list-style-type: none"> Investment (asset management) initiatives 2021/2022 Sustainability Report; pages 60-61 2022 Integrated Report; page 47 PDF https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all.pdf
AC	Description of proxy voting and investor engagement policies and procedures	Discussion and Analysis	FN-AC-410a.3	<ul style="list-style-type: none"> Sumitomo Mitsui Trust Asset Management 2022/2023 Stewardship Report WEB https://www.sumitrust-am.com/responsible-investment Nikko Asset Management 2022 Sustainability Report PDF https://en.nikkoam.com/files/pdf/esg/sustainability-report-2022-en.pdf
Business Ethics				
CB	Description of whistleblower policies and procedures	Discussion and Analysis	FN-CB-510a.2	<ul style="list-style-type: none"> Compliance Hotline System 2021/2022 Sustainability Report; page 30
AC			FN-AC-510a.2	<ul style="list-style-type: none"> Sumitomo Mitsui Trust Accounting Hotline WEB https://www.smth.jp/en/about_us/management/compliance/index.html
Systemic Risk Management				
CB	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1	<p>Although SuMi TRUST Holdings has not been selected as a G-SIB, it discloses the following metrics:</p> <ul style="list-style-type: none"> G-SIB metrics 2022 Annual Report – Financial Data Section; page 317 PDF https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all2.pdf
CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2	<ul style="list-style-type: none"> Risk Appetite framework 2022 Integrated Report; page 100 PDF https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all.pdf Enterprise Risk Management 2022 Annual Report – Financial Data Section; page 222 PDF https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all2.pdf
Activity Metrics				
CB	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CB-000.A	
CB	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	FN-CB-000.B	<ul style="list-style-type: none"> Status 2022 Integrated Report; page 121 PDF https://www.smth.jp/english/-/media/th/english/investors/annual/2021/all.pdf
AC	(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	FN-AC-000.A	
AC	Total assets under custody and supervision	Quantitative	FN-AC-000.B	

Comparative table of GRI Guidelines

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.

Disclosure	Requirements	Corresponding Sections
General Disclosures		
1. The organization and its reporting practices		
2-1	Organizational details <ul style="list-style-type: none"> a. report its legal name; b. report its nature of ownership and legal form; c. report the location of its headquarters; d. report its countries of operation. 	239
2-2	Entities included in the organization's sustainability reporting <ul style="list-style-type: none"> a. list all its entities included in its sustainability reporting; b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting; c. if the organization consists of multiple entities, explain the approach used for consolidating the information, including: <ul style="list-style-type: none"> i. whether the approach involves adjustments to information for minority interests; ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics. 	237
2-3	Reporting period, frequency and contact point <ul style="list-style-type: none"> a. specify the reporting period for, and the frequency of, its sustainability reporting; b. specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this; c. report the publication date of the report or reported information; d. specify the contact point for questions about the report or reported information. 	4
2-4	Restatements of information <ul style="list-style-type: none"> a. report restatements of information made from previous reporting periods and explain: <ul style="list-style-type: none"> i. the reasons for the restatements; ii. the effect of the restatements. 	—
2-5	External assurance <ul style="list-style-type: none"> a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved; b. if the organization's sustainability reporting has been externally assured: <ul style="list-style-type: none"> i. provide a link or reference to the external assurance report(s) or assurance statement(s); ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organization and the assurance provider. 	—
2. Activities and workers		
2-6	Activities, value chain and other business relationships <ul style="list-style-type: none"> a. report the sector(s) in which it is active; b. describe its value chain, including: <ul style="list-style-type: none"> i. the organization's activities, products, services, and markets served; ii. the organization's supply chain; iii. the entities downstream from the organization and their activities; c. report other relevant business relationships; d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period. 	19-29

Disclosure	Requirements	Corresponding Sections
2-7	Employees <ul style="list-style-type: none"> a. report the total number of employees, and a breakdown of this total by gender and by region; b. report the total number of: <ul style="list-style-type: none"> i. permanent employees, and a breakdown by gender and by region; ii. temporary employees, and a breakdown by gender and by region; iii. non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region; c. describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: <ul style="list-style-type: none"> i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology; d. report contextual information necessary to understand the data reported under 2-7-a and 2-7-b; e. describe significant fluctuations in the number of employees during the reporting period and between reporting periods. 	120
2-8	Workers who are not employees <ul style="list-style-type: none"> a. report the total number of workers who are not employees and whose work is controlled by the organization and describe: <ul style="list-style-type: none"> i. the most common types of worker and their contractual relationship with the organization; ii. the type of work they perform; b. describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: <ul style="list-style-type: none"> i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology; c. describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods. 	120
3. Governance		
2-9	Governance structure and composition <ul style="list-style-type: none"> a. describe its governance structure, including committees of the highest governance body; b. list the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organization's impacts on the economy, environment, and people; c. describe the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organization; viii. stakeholder representation. 	14-15
2-10	Nomination and selection of the highest governance body <ul style="list-style-type: none"> a. describe the nomination and selection processes for the highest governance body and its committees; b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: <ul style="list-style-type: none"> i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organization. 	14-15
2-11	Chair of the highest governance body <ul style="list-style-type: none"> a. report whether the chair of the highest governance body is also a senior executive in the organization; b. if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated. 	14-15

Comparative table of GRI Guidelines

Disclosure	Requirements	Corresponding Sections
2-12	<p>Role of the highest governance body in overseeing the management of impacts</p> <ul style="list-style-type: none"> a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development; b. describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including: <ul style="list-style-type: none"> i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes; c. describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review. 	39-58
2-13	<p>Delegation of responsibility for managing impacts</p> <ul style="list-style-type: none"> a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: <ul style="list-style-type: none"> i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees; b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people. 	39-58
2-14	<p>Role of the highest governance body in sustainability reporting</p> <ul style="list-style-type: none"> a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information; b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this. 	58
2-15	<p>Conflicts of interest</p> <ul style="list-style-type: none"> a. describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated; b. report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: <ul style="list-style-type: none"> i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances. 	14-15, 17-18
2-16	<p>Communication of critical concerns</p> <ul style="list-style-type: none"> a. describe whether and how critical concerns are communicated to the highest governance body; b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period. 	14-15
2-17	<p>Collective knowledge of the highest governance body</p> <ul style="list-style-type: none"> a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development. 	14-15
2-18	<p>Evaluation of the performance of the highest governance body</p> <ul style="list-style-type: none"> a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; b. report whether the evaluations are independent or not, and the frequency of the evaluations; c. describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices. 	14-16
2-19	<p>Remuneration policies</p> <ul style="list-style-type: none"> a. describe the remuneration policies for members of the highest governance body and senior executives, including: <ul style="list-style-type: none"> i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits; b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people. 	15

Disclosure	Requirements	Corresponding Sections
2-20	<p>Process to determine remuneration</p> <p>a. describe the process for designing its remuneration policies and for determining remuneration, including:</p> <ul style="list-style-type: none"> i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives; <p>b. report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.</p>	15
2-21	<p>Annual total compensation ratio</p> <p>a. report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual);</p> <p>b. report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);</p> <p>c. report contextual information necessary to understand the data and how the data has been compiled.</p>	—
4. Strategy, policies and practices		
2-22	<p>Statement on sustainable development strategy</p> <p>a. report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.</p>	2-3
2-23	<p>Policy commitments</p> <p>a. describe its policy commitments for responsible business conduct, including:</p> <ul style="list-style-type: none"> i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights; <p>b. describe its specific policy commitment to respect human rights, including:</p> <ul style="list-style-type: none"> i. the internationally recognized human rights that the commitment covers; ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment; <p>c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;</p> <p>d. report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;</p> <p>e. report the extent to which the policy commitments apply to the organization's activities and to its business relationships;</p> <p>f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties.</p>	25-26
2-24	<p>Embedding policy commitments</p> <p>a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:</p> <ul style="list-style-type: none"> i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments. 	27
2-25	<p>Processes to remediate negative impacts</p> <p>a. describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to;</p> <p>b. describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;</p> <p>c. describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;</p> <p>d. describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;</p> <p>e. describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.</p>	141, 147

Comparative table of GRI Guidelines

Disclosure	Requirements	Corresponding Sections
2-26	Mechanisms for seeking advice and raising concerns <ul style="list-style-type: none"> a. describe the mechanisms for individuals to: <ul style="list-style-type: none"> i. seek advice on implementing the organization's policies and practices for responsible business conduct; ii. raise concerns about the organization's business conduct. 	30-37
2-27	Compliance with laws and regulations <ul style="list-style-type: none"> a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: <ul style="list-style-type: none"> i. instances for which fines were incurred; ii. instances for which non-monetary sanctions were incurred; b. report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: <ul style="list-style-type: none"> i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods; c. describe the significant instances of non-compliance; d. describe how it has determined significant instances of non-compliance. 	N/A
2-28	Membership associations <ul style="list-style-type: none"> a. report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role. 	29
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement <ul style="list-style-type: none"> a. describe its approach to engaging with stakeholders, including: <ul style="list-style-type: none"> i. the categories of stakeholders it engages with, and how they are identified; ii. the purpose of the stakeholder engagement; iii. how the organization seeks to ensure meaningful engagement with stakeholders. 	19-29, 59-60
2-30	Collective bargaining agreements <ul style="list-style-type: none"> a. report the percentage of total employees covered by collective bargaining agreements; b. for employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations. 	108
Material Topics		
Disclosures on material topics		
3-1	Process to determine material topics <ul style="list-style-type: none"> a. describe the process it has followed to determine its material topics, including: <ul style="list-style-type: none"> i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance; b. specify the stakeholders and experts whose views have informed the process of determining its material topics. 	19-29
3-2	List of material topics <ul style="list-style-type: none"> a. list its material topics; b. report changes to the list of material topics compared to the previous reporting period. 	19-29
3-3	Management of material topics <ul style="list-style-type: none"> a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts; e. report the following information about tracking the effectiveness of the actions taken: <ul style="list-style-type: none"> i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e). 	19-29

Disclosure	Requirements	Corresponding Sections
Topic Standard		
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> <ol style="list-style-type: none"> Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; Economic value retained: 'direct economic value generated' less 'economic value distributed'. <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	237
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> <ol style="list-style-type: none"> a description of the risk or opportunity and its classification as either physical, regulatory, or other; a description of the impact associated with the risk or opportunity; the financial implications of the risk or opportunity before action is taken; the methods used to manage the risk or opportunity; the costs of actions taken to manage the risk or opportunity. 	43-44, 58, 67-69, 73-78
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>	120

Comparative table of GRI Guidelines

Disclosure	Requirements	Corresponding Sections
202-2	Proportion of senior management hired from the local community <ul style="list-style-type: none"> a. Percentage of senior management at significant locations of operation that are hired from the local community. b. The definition used for 'senior management'. c. The organization's geographical definition of 'local'. d. The definition used for 'significant locations of operation'. 	—
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported <ul style="list-style-type: none"> a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements. 	58, 67-69, 135
203-2	Significant indirect economic impacts <ul style="list-style-type: none"> a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 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. 	—
Procurement Practices		
204-1	Proportion of spending on local suppliers <ul style="list-style-type: none"> 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). b. The organization's geographical definition of 'local'. c. The definition used for 'significant locations of operation'. 	—
Anti-corruption		
205-1	Operations assessed for risks related to corruption <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 anticorruption 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. 	30-37
205-3	Confirmed incidents of corruption and actions taken <ul style="list-style-type: none"> 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. 	34-37
Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices <ul style="list-style-type: none"> 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 judgements. 	N/A

Disclosure	Requirements	Corresponding Sections
Tax		
207-1	Approach to tax <ul style="list-style-type: none"> a. A description of the approach to tax, including: <ul style="list-style-type: none"> i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization. 	37
207-2	Tax governance, control, and risk management <ul style="list-style-type: none"> a. A description of the tax governance and control framework, including: <ul style="list-style-type: none"> i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated. b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax. c. A description of the assurance process for disclosures on tax including, if applicable, a link or reference to the external assurance report(s) or assurance statement(s). 	37
207-3	Stakeholder engagement and management of concerns related to tax <ul style="list-style-type: none"> a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including: <ul style="list-style-type: none"> i. the approach to engagement with tax authorities; ii. the approach to public policy advocacy on tax; iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders. 	37
207-4	Country-by-country reporting <ul style="list-style-type: none"> a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. b. For each tax jurisdiction reported in Disclosure 207-4-a: <ul style="list-style-type: none"> i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. c. The time period covered by the information reported in Disclosure 207-4. 	—
Materials		
301-1	Materials used by weight or volume <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> i. non-renewable materials used; ii. renewable materials used. 	73-78
301-2	Recycled input materials used <ul style="list-style-type: none"> a. Percentage of recycled input materials used to manufacture the organization's primary products and services. 	—
301-3	Reclaimed products and their packaging materials <ul style="list-style-type: none"> a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected. 	—

Comparative table of GRI Guidelines

Disclosure	Requirements	Corresponding Sections
Energy		
302-1	<p>Energy consumption within the organization</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> 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. 	73-78
302-2	<p>Energy consumption outside of the organization</p> <ul style="list-style-type: none"> 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	<p>Energy intensity</p> <ul style="list-style-type: none"> 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. 	73-78
302-4	<p>Reduction of energy consumption</p> <ul style="list-style-type: none"> 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. 	73-78
302-5	<p>Reductions in energy requirements of products and services</p> <ul style="list-style-type: none"> 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. 	73-78
Water and Effluents		
303-1	<p>Interactions with water as a shared resource</p> <ul style="list-style-type: none"> 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 the organization has caused or contributed to, or that are directly linked to its operations, products, or services by its business relationships (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 approach to managing water and effluents, and how they relate to public policy and the local context of each area with water stress. 	—

Disclosure	Requirements	Corresponding Sections
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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <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). d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	—
303-4	Water discharge a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable: <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. b. A breakdown of total water discharge to all areas in megaliters by the following categories: <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). c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories: <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). d. Priority substances of concern for which discharges are treated, including: <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. e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	—
303-5	Water consumption a. Total water consumption from all areas in megaliters. b. Total water consumption from all areas with water stress in megaliters. c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact. 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.	—

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Disclosure	Requirements	Corresponding Sections
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 ground-water 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
304-3	<p>Habitats protected or restored</p> <p>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.</p> <p>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.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methodologies, and assumptions used.</p>	70-72, 164-167
304-4	<p>IUCN Red List species and national conservation list species with habitats in areas affected by operations</p> <p>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:</p> <ul style="list-style-type: none"> i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern 	—

Disclosure	Requirements	Corresponding Sections
Emissions		
305-1	Direct (Scope 1) GHG emissions <ul style="list-style-type: none"> a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent. b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> 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. 	73-78
305-2	Energy indirect (Scope 2) GHG emissions <ul style="list-style-type: none"> a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> 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. 	73-78
305-3	Other indirect (Scope 3) GHG emissions <ul style="list-style-type: none"> a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent. b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. 	73-78
305-5	Reduction of GHG emissions <ul style="list-style-type: none"> a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent. b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, 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. 	73-78
305-6	Emissions of ozone-depleting substances (ODS) <ul style="list-style-type: none"> 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. 	—

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Disclosure	Requirements	Corresponding Sections
305-7	<p>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> i. NOx ii. SOx 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 <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	—
Effluents and Waste		
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> <ul style="list-style-type: none"> i. Location of spill; ii. Volume of spill; 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>c. Impacts of significant spills.</p>	—
Waste		
306-1	<p>Waste generation and significant waste-related impacts</p> <p>a. For the organization's significant actual and potential waste-related impacts, a description of:</p> <ul style="list-style-type: none"> i. the inputs, activities, and outputs that lead or could lead to these impacts; ii. whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain. 	73-78
306-2	<p>Management of significant wasterelated impacts</p> <p>a. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.</p> <p>b. If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.</p> <p>c. The processes used to collect and monitor waste-related data.</p>	73-78
306-3	<p>Waste generated</p> <p>a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Contextual information necessary to understand the data and how the data has been compiled.</p>	73-78
306-4	<p>Waste diverted from disposal</p> <p>a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <ul style="list-style-type: none"> i. Preparation for reuse; ii. Recycling; iii. Other recovery operations. <p>c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <ul style="list-style-type: none"> i. Preparation for reuse; ii. Recycling; iii. Other recovery operations. <p>d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal:</p> <ul style="list-style-type: none"> i. onsite; ii. offsite. <p>e. Contextual information necessary to understand the data and how the data has been compiled.</p>	73-78

Disclosure	Requirements	Corresponding Sections
306-5	<p>Waste directed to disposal</p> <p>a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <ul style="list-style-type: none"> i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations. <p>c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <ul style="list-style-type: none"> i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations. <p>d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal:</p> <ul style="list-style-type: none"> i. onsite; ii. offsite. <p>e. Contextual information necessary to understand the data and how the data has been compiled.</p>	73-78
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>	—
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>	116, 120
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> <ul style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. <p>b. The definition used for 'significant locations of operation'.</p>	110-114
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>	113

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Disclosure	Requirements	Corresponding Sections
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> <ol style="list-style-type: none"> the system has been implemented because of legal requirements and, if so, a list of the requirements; 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>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> <ol style="list-style-type: none"> how the organization ensures the quality of these processes, including the competency of persons who carry them out; how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. <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>	105-109
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>	105-109
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>	105-109

Disclosure	Requirements	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> <ol style="list-style-type: none"> 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; 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; 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> <ol style="list-style-type: none"> The number and rate of fatalities as a result of work-related injury; The number and rate of high-consequence work-related injuries (excluding fatalities); The number and rate of recordable work-related injuries; The main types of work-related injury; 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> <ol style="list-style-type: none"> The number and rate of fatalities as a result of work-related injury; The number and rate of high-consequence work-related injuries (excluding fatalities); The number and rate of recordable work-related injuries; The main types of work-related injury; The number of hours worked. <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ol style="list-style-type: none"> how these hazards have been determined; which of these hazards have caused or contributed to high-consequence injuries during the reporting period; 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>	105-109, 120
403-10	<p>Work-related ill health</p> <p>a. For all employees:</p> <ol style="list-style-type: none"> The number of fatalities as a result of work-related ill health; The number of cases of recordable work-related ill health; 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> <ol style="list-style-type: none"> The number of fatalities as a result of work-related ill health; The number of cases of recordable work-related ill health; The main types of work-related ill health. <p>c. The work-related hazards that pose a risk of ill health, including:</p> <ol style="list-style-type: none"> how these hazards have been determined; which of these hazards have caused or contributed to cases of ill health during the reporting period; 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>	120

Comparative table of GRI Guidelines

Disclosure	Requirements	Corresponding Sections
Training and Education		
404-1	Average hours of training per year per employee a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	117-119
404-2	Programs for upgrading employee skills and transition assistance programs a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	117-119
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.	117-119
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: 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). b. Percentage of employees per employee category in each of the following diversity categories: 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).	15, 110-114
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: 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.	107, 124
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: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	N/A
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: 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: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	N/A

Disclosure	Requirements	Corresponding Sections
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:	
	i. type of operation (such as manufacturing plant) and supplier;	N/A
	ii. countries or geographic areas with operations and suppliers considered at risk.	
	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.	123
	b. Whether training requirements also apply to third-party organizations providing security personnel.	
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;	N/A
	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.	
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;	148-200
	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.	

Comparative table of GRI Guidelines

Disclosure	Requirements	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: <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. 	N/A
	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 procedures for product and service information and labeling: <ul style="list-style-type: none"> 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; iv. Disposal of the product and environmental or social impacts; v. Other (explain). 	N/A
	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: <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. 	N/A
	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: <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. 	N/A
	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: <ul style="list-style-type: none"> 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.	

Corporate Information

Financial Review

Terms with an asterisk are explained in "Glossary" on page 238.

In the consolidated financial results for FY2021, net business profit surged by ¥51.3 billion year on year to a record high since the management integration. The rise was mainly due to an increase in net fees and commissions and related profit from both the client related business and the asset management business, which was spurred by strong market conditions, coupled with an increase in effective net interest income and related profit in SuMi TRUST Bank.

Despite the increase in credit costs due to deteriorating business conditions of some clients and revaluation of special loan loss provision, the net non-recurring profit line and below increased by ¥26.8 billion year on year to ¥169.0 billion after taking steps to reduce the risk that hedging transactions pose to annual profit and loss. In the second year of the three-year Medium-Term Management Plan launched in FY2020, the plan progressed as envisaged.

■ Overview of the Financial Results in FY2021

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2021 (B)	Change (B)–(A)	Rate of change
Net Business Profit*	294.7	346.0	51.3	17.4%
Ordinary Profit	183.1	229.7	46.5	25.4%
Net Income Attributable to Owners of the Parent	142.1	169.0	26.8	18.9%
Total Credit Costs*	(7.8)	(41.5)	(33.7)	432.5%
Return on shareholders' equity*	5.41%	6.25%	0.84%	—
Net Income per Common Shares (EPS) (Yen)	379	451	71	18.9%
Net Assets per Common Shares (BPS) (Yen)	7,192.07	7,249.71	57	0.8%

* [Net Income Attributable to Owners of the Parent / (FY-start total shareholders' equity (equity) + FY-end total shareholders' equity (equity)) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2021 (B)	Change (B)–(A)	Rate of change
Net Business Profit*	206.5	242.0	35.5	17.2%
Net Interest Income and Related Profit*	229.9	275.2	45.3	19.7%
Net Fees and Commissions and Related Profit*	163.9	180.8	16.8	10.3%
Net Trading Profit	(33.2)	13.4	46.6	—
Net Other Operating Profit	91.3	21.1	(70.1)	(76.9)%
General and Administrative Expenses	(245.4)	(248.5)	(3.1)	1.3%
Total Credit Costs*	(6.3)	(42.4)	(36.1)	572.8%
Net Non-recurring Profit, etc.	(86.2)	(48.8)	37.3	(43.3)%
Ordinary Profit	114.0	150.8	36.8	32.3%
Extraordinary Profit	15.6	(1.6)	(17.3)	—
Net Income	95.9	113.3	17.4	18.1%

(Note) Amounts less than ¥100 million are rounded down.

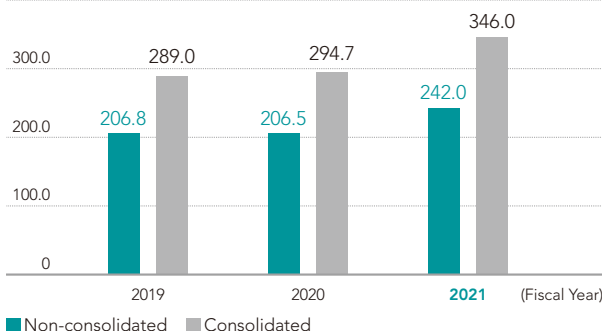
<Dividends>

	FY2020 (A)	FY2021 (B)	Change (B)–(A)
Dividend per Share on Common Share (Yen)	150.00	170.00	+20.00

Status of Profit and Loss

Net Business Profit*

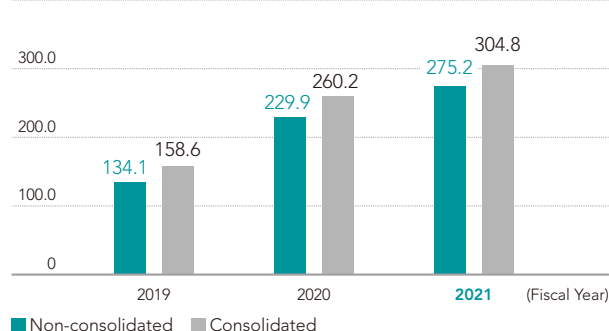
400.0 (Billions of Yen)



Fee-related businesses unique to the trust bank group grew. In addition, effective interest related earnings increased, with market conditions pushing up the profit, bringing the consolidated net business profit to ¥346.0 billion, which is an increase of ¥51.3 billion from the previous fiscal year and the highest profit since the management integration.

Net Interest Income and Related Profit*

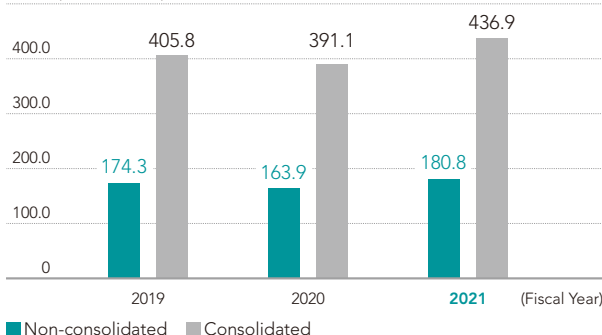
400.0 (Billions of Yen)



Net interest income and related profit increased by ¥44.5 billion compared to the previous fiscal year. Effective interest related earnings increased by ¥30.7 billion, including profit attributable to deployment of foreign currency surplus funds, which is included in net other operating profit. The contribution factors include the effect of favorable market conditions amounting to ¥25.0 billion (investment partnerships + approx. ¥13.0 billion), as well as the improvement of loan-deposit income in domestic and international business.

Net Fees and Commissions and Related Profit*

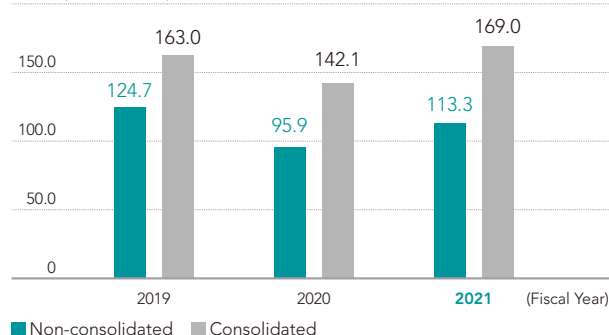
500.0 (Billions of Yen)



Amid the easing of pandemic related restrictions on business activities, the client related business, such as real estate brokerage services and investment management consulting services, performed well, as did the asset management business spurred by strong market conditions. As a result, net fees and commissions and related profit increased by ¥45.7 billion from the previous fiscal year to ¥436.9 billion.

Net Income Attributable to Owners of the Parent

200.0 (Billions of Yen)



Although credit costs increased due to deteriorating business conditions of some clients and revaluation of special loan loss provision, net income attributable to owners of the parent increased by ¥26.8 billion from the previous fiscal year to ¥169.0 billion, mainly due to the increase in net business profit. For the net non-recurring profit line and below, we recorded realized losses on bear funds that exceeded gains on sales due to steady progress in reducing strategic shareholdings, as steps to reduce the risk that bear funds pose to annual profit and loss associated with the expansion of unrealized losses.

Glossary

Net Business Profit

Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

Total Credit Costs

Costs incurred in posting allowances for losses on loans and writing off loans.

Net Interest Income and Related Profit

Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

Net Fees and Commissions and Related Profit

Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Corporate Information (as of December 31, 2022)

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: (1) Supervising management strategies (2) Supervising financial management (3) Supervising human resource management (4) Supervising general affairs management (5) Supervising business process 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 (Prime Market), Nagoya (Premier Market)
Securities Code:	8309

Rating Information (as of December 31, 2022)

		Long-term	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	—
	R&I	A+	—
	S&P	A	A-1
	Moody's	A1	P-1
Sumitomo Mitsui Trust Bank	Fitch	A-	F1
	JCR	AA-	—
	R&I	AA-	a-1+

Website

Please go to our website for specifics on our Group.

Company information	https://www.smth.jp/english/about_us
Investor Relations	https://www.smth.jp/english/investors
Sustainability	https://www.smth.jp/english/sustainability

Issued: August 2023

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