Trust for a flourishing future

SUMITOMO MITSUI TRUST GROUP

Sustainability Report 2024

Editorial Policy

This report, or an online booklet, provides an overview of prioritized sustainability related initiatives of the SuMi TRUST Group, which strives for the balanced creation of both social value and economic value for our stakeholders. To reduce the environmental impacts, we have decided to publish the report only on our website, instead of printing it.

For detailed financial information and the latest status of our initiatives, please refer to the Integrated Report 2024 including Financial Data Section, the website, and other latest information.

Scope of This Report

Base time: March 31, 2024 (some information from April 2024 onwards is also included)
Scope: SuMi TRUST Group
(Sumitomo Mitsui Trust Group, Inc. (SuMiTG), major consolidated subsidiaries, affiliates, etc.)

Notes

- In this report, "we" refers to Sumitomo Mitsui Trust Group, Inc., unless otherwise specified.
- This report was prepared based on the information that we deemed reliable as of the date of preparation, but we do not guarantee the accuracy or reliability of the information. In addition, the contents may be subject to change due to future changes in financial and social conditions.
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Publisher

Sustainability Management Department, Sumitomo Mitsui Trust Group, Inc.

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Value creation process and Materiality Management

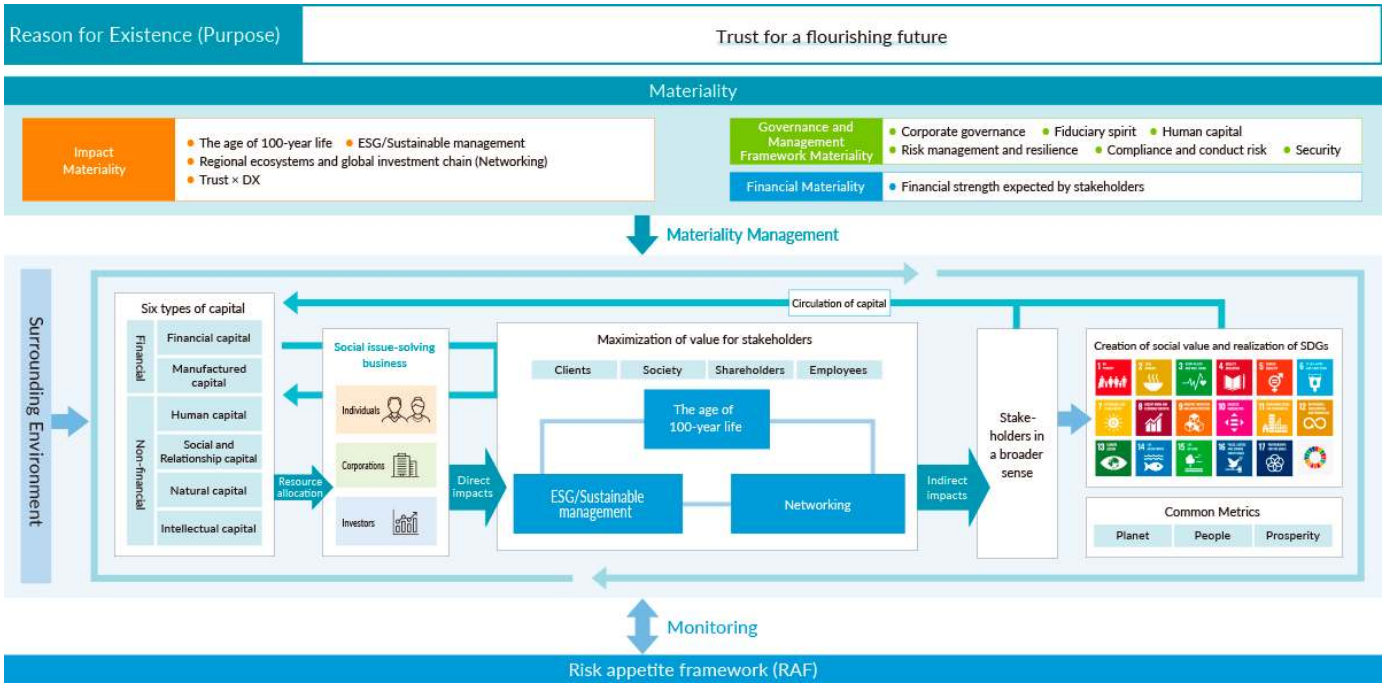
Value creation process

We have established a "value creation process" for the purpose of "balanced creation of both social value and economic value." The value creation process consists of a process to continuously strengthen our own management base (the six types of capital) while maximizing the stakeholder value, and a system to manage this at the management level.

In some cases, social value is created by our Group's corporate activities, but in many cases, it is created through the chain of effects from one stakeholder to the next. Our Group's social-issue-solving business consists of activities that contribute to the realization of SDGs and ultimately create positive impacts and minimize negative impacts on the economy (Prosperity), society (People), and the environment (Planet).

We have also established the materiality management and risk appetite framework to manage these business processes at the management level. In the materiality management, we have classified high-priority issues (materiality) that affect our value creation process over the medium to long term into three categories, and manage them: (1) impact materiality—issues on which social-issue-solving businesses can create social value; (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.

In particular, we have positioned "the age of a 100-year life," "ESG/Sustainable management," and "regional ecosystems and the global investment chain (Networking)" as the three areas of value creation, and will promote a virtuous circulation of funds, assets, and capital with a view to the society we wish to realize in FY2030.



Definition and identification process of materiality

With the balanced creation of both social value and economic value at the foundation of our management, we identify the medium- to long-term high-priority issues (i.e., items of materiality), taking the economy, changes in social conditions, our Group's risk awareness, and requests from stakeholders into account, and decide them at the Board of Directors.

We first identified items of materiality in FY2015 and revised them in FY2019 and FY2022. In identifying the current materiality, we took as our starting point the common metrics in "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation," which was compiled by the Big Four accounting firms based on the recommendations of the World Economic Forum's International Business Council. The first step was to identify "materiality themes" based on the points categorized into "Planet," "People," "Prosperity," and "Principles of Governance" in the common metrics. In the second step, materiality themes were organized into items related to the society and values we aim to achieve in line with our corporate purpose and strategic management themes, and identified as materiality.

We conduct periodic reviews of materiality and materiality themes and report them to the Board of Directors in order to appropriately capture points arising from changes in economic and social conditions.

Identifying materiality from common metrics

(1) Extracted materiality themes based on common metrics themes

(2) Organize materiality themes into items related to society and values to be realized, and identify materiality

Common Metrics		Materiality theme	Materiality
Planet	Climate change	Super-aging society issues Financial inclusion	The age of 100-year life
	Nature loss	ESG management Climate change Biodiversity Recycling of resources/circular economy Air, water and soil pollution Respect for human rights	ESG/Sustainable management
	Fresh water availability	Regional and local revitalization Public sector partnerships	Regional ecosystems and global investment chain (Networking)
	Air pollution	Creation of new technologies and businesses Digital innovation Financial inclusion Virtuous circulation of growth and distribution (Advancement of asset management and asset administration)	Trust × Digital Transformation
	Water pollution	Corporate governance	Corporate governance
	Solid waste (e.g., plastics)	Safety of financial instruments and operational quality Client-oriented approach/fiduciary duties	Fiduciary spirit
	Resource availability	Securing and promoting diverse human resources Well-being for our employees	Human capital
People	Dignity and equality	Risk management Resilience Financial system stability Geopolitical conflict	Risk management and resilience
	Health and well-being	Compliance and conduct risk	Compliance and conduct risk
	Skills for the future	Systems maintenance and combatting cyber-attacks Protecting personal information and client data	Security
Prosperity	Employment and wealth generation	Optimizing financial health and profitability	Financial strength expected by stakeholders
	Innovation of better products and services		
	Community and social vitality		
Principles of Governance	Purpose		
	Quality of governing body		
	Stakeholder Engagement		
	Ethical behavior		
	Integrating risk and opportunity into business processes		

	Materiality	Overview
Impact Materiality Items in which our corporate activities have impacts (both positive and negative impacts) on the economy, society, or the environment. Items that are in a phase where we can take concrete steps toward achieving both social value and economic value.	The age of 100-year life	Providing products and services that support a prosperous life by preparing for changes in social systems such as pensions and social security in a super-aging society, and social issues such as extending healthy life expectancy. Create conditions in which clients can use beneficial and affordable financial products and services that meet their requirements.
	ESG/Sustainable management	Responding to climate change, biodiversity, resource recycling and the circular economy, air, water and soil pollution, respect for human rights, and providing support and means for environmental, social and governance-friendly management for the companies to whom we extend investments and loans and our suppliers.
	Regional ecosystems and global investment chain (Networking)	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.
	Trust × Digital Transformation	Driving force and function which promote a virtuous circulation of funds, assets and capital. Realization of virtuous circulation through the power of trust, including asset management and asset administration with appropriate management and thorough administration, and the power of DX, which creates new businesses through structural transformation of existing business processes and cross-business integration.

Governance and Management Framework Materiality Non-financial items where environmental or social issues do not immediately affect our corporate value enhancement process, but are likely to affect our finance over the long term, so they are highly defensive.	Corporate governance	Establish a management framework that achieve balanced creation of both social value and economic value.
	Fiduciary spirit	Fulfill the trustee's responsibilities and act faithfully on behalf of clients (beneficiaries) with the due care of a prudent manager. Realize our clients' best interests.
	Human capital	Recruit and promote human resources with diverse values, and build a group of them. Create a situation where employees can be of healthy mind and body, sympathize with our Purpose, build healthy relationships that respect diversity, and pursue wellness in their own work by utilizing their own values and strengths.
	Risk management and resilience	Accurately assess risks and take necessary countermeasures to secure earnings and support sustained growth by ensuring sound management, and taking risks based on management strategy.
	Compliance and conduct risk	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.
	Security	Prevent cyber-attacks against core infrastructure providers and address incidents when they occur. Continuously review and improve the system risk management system. Acquire and use client information in accordance with rules and regulations, and manage it strictly.
Financial Materiality Items where environmental or social issues affect our finance.	Financial strength expected by stakeholders	Sound finance, sustained growth. Securing stable earnings.

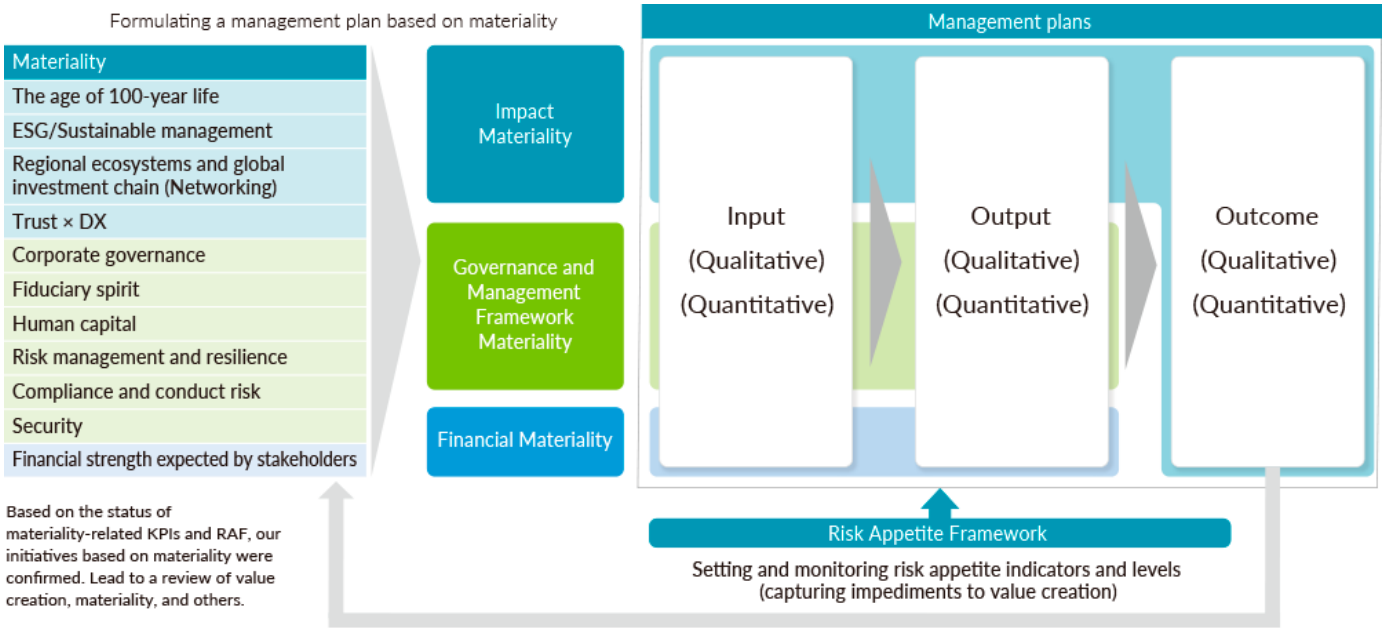
Reflecting in the value creation process (materiality management)

By incorporating materiality as a common concept in various management systems, such as management strategies, internal controls, and the risk appetite framework (RAF), which implement our value creation process, and by increasing the interconnectedness of each function, we can further improve our value creation capabilities. We have formulated a Medium-Term Management Plan for fiscal 2023 and beyond based on newly identified materiality. In the future, we will confirm the status of the measures and KPIs set out in the Medium-Term Management Plan from a materiality perspective, report it to the Sustainability Committee, an advisory body to the Executive Committee, and utilize it in communication with stakeholders to create a virtuous circulation in the value creation process.

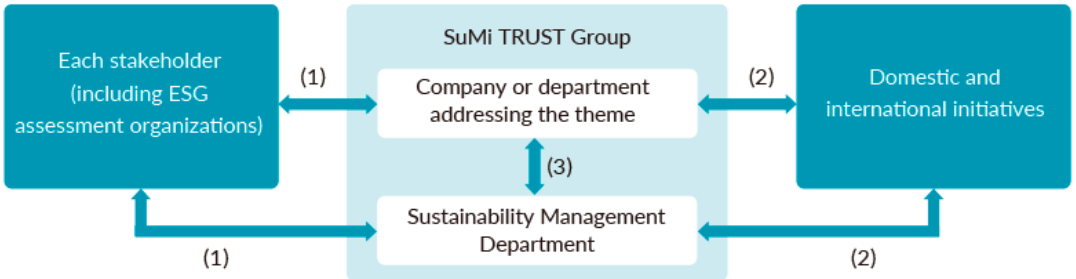
In addition, in order to incorporate the perspectives of stakeholders into management based on such materiality, we have implemented an "internal engagement" system described below, and the status of internal engagement is reported to the Board of Directors as materiality-related matters after discussion by the executive side, including the Sustainability Committee and the Executive Committee.

We adopt a concept of "dynamic materiality," in which social conditions and values change, and these changes affect corporate value. Specifically, the Sustainability Committee will review the need to revise materiality in accordance with the situation based on the results of the aforementioned reviews and reports, and internal engagement. At that time, the Risk Committee responds to questions from the Board of Directors about matters concerning materiality, deliberates on the appropriateness and other aspects of such matters from a professional point of view, and then reports its findings to the Board of Directors.

Materiality Management



Stakeholder Engagement



The Group's stakeholder engagement is divided into three approaches: (1) direct engagement by relevant departments at each company of the Group according to the theme, (2) direct participation in domestic and international initiatives, and (3) internal engagement by the Sustainability Management Department with relevant departments at each company of the Group based on dialogue with its own stakeholders and information gathering from ESG assessment organizations. These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.

Sustainability Promotion Framework

Sustainability Promotion Framework

The world faces a wide range of environmental and social problems, including global warming, biodiversity loss, poverty, human rights violations, and growing health issues. For companies, the decline in social sustainability that results from the intensification of these problems will lead to deterioration of business foundations in the long run. In order for companies to sustain growth towards the future, they must proactively contribute to creation of a sustainable society by engaging with a sense of ownership in solving problems.

At the Group, we believe that it is our social responsibility not only to practice sound management based on a high degree of self-discipline with the background of a fiduciary spirit but also to actively contribute to building a sustainable society. Under this belief, we pay due consideration to the impact our business activities have on society and provide unique value through our core business to solve social and environmental problems faced by our clients and other stakeholders.

Organizational structure

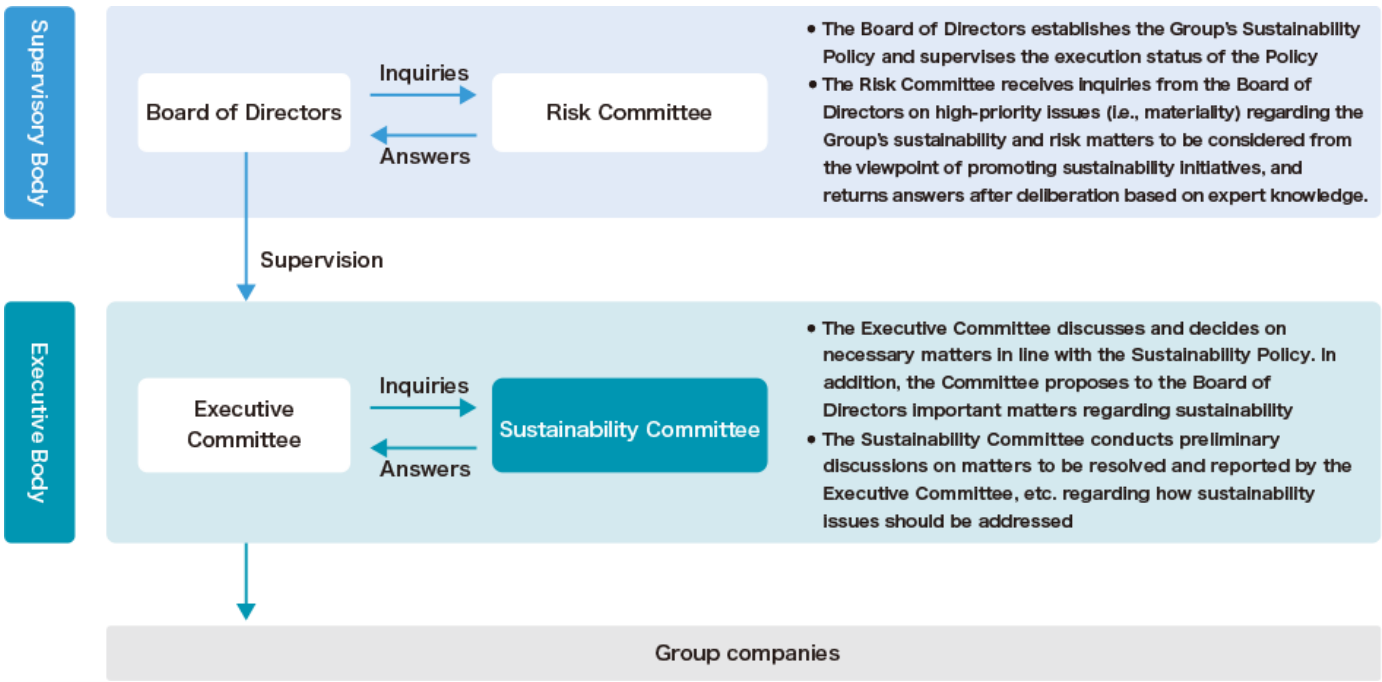
With the recognition that it is our social responsibility to proactively contribute to creating a sustainable society, SuMi TRUST Group has established the "Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)." In our Group, the Executive Committee, which is an executive body, discusses and decides on policies and strategies for promoting sustainability, and the Board of Directors supervises this process, in accordance with the Sustainability Policy.

In fiscal 2023, the Sustainability Committee was established as an advisory body to the Executive Committee with the aim of organizationally discussing issues with responsible departments in addressing issues related to sustainability and reporting the progress of the related initiatives. The Committee is comprised of the Officer in charge of the Sustainability Management Department (CSuO*[1]) as the chairperson and the Officers in charge of the Corporate Planning Department, the Human Resources Department, and the IR Department as members. It checks the progress of the sustainability initiatives in the Group and deliberates on various measures to promote sustainability. In fiscal 2024, the Officer in charge of the Risk Management Department (CRO*[2]) was added as a member of the Committee, in response to the growing attention to sustainability risks.

Through deliberation at the Committee and submission of reports to the Executive Committee, we clarify the scope of issues to address sustainability, and establish a structure to systematically carry out a series of initiatives, including policy planning, response implementation, and disclosure. In fiscal 2023, the first year of the Committee, we held 20 meetings to discuss sustainability, human rights, and human resource strategies.

*1 Chief Sustainability Officer

*2 Chief Risk Officer



Internal Engagement

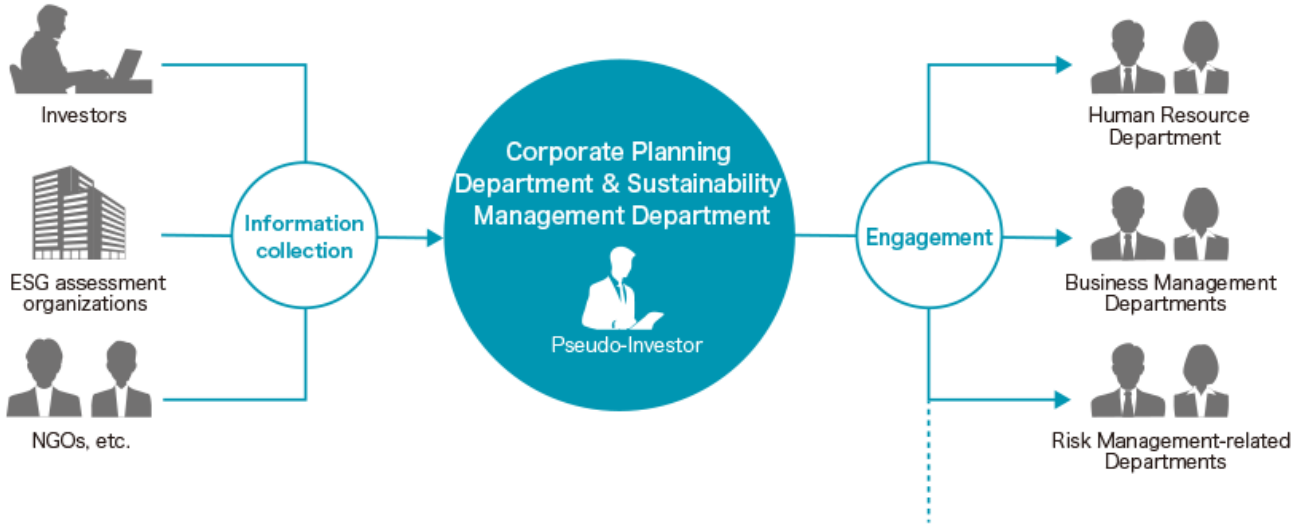
Basic philosophy

As part of materiality management, the Corporate Planning Department and the Sustainability Management Department engage in dialogue with relevant departments as "pseudo" investors regarding the Group's issues extracted from materiality items, thereby improving business operations and expanding information disclosure. We refer to this initiative as internal engagement and consider it as a check and balance function based on an external perspective, different from the supervisory function of the Board of Directors as a management perspective.

The main purpose of internal engagement is to improve the internal management system of the executive side, but the overall activities are reported to the Board of Directors and issues are shared.

Internal engagement process

The Corporate Planning Department and the Sustainability Management Department select topics for internal engagement and conduct dialogue with related departments from items pointed out by ESG assessment organizations, dialogue with domestic and overseas ESG investors, standards of proxy advisory companies, communication with NGOs (letters and dialogue), and high-profile issues related to corporate governance codes, ESG, and SDGs. In FY2023, from November to December 2023, internal engagement on a total of 8 themes was implemented for general managers in 12 departments, and each department recognized them as issues related to business operations and disclosure. Recognized issues were reported to the Sustainability Committee, the Executive Committee, and the Board of Directors.



FY2023 Dialogue Contents and Results of Efforts (Example)

Materiality	Materiality theme	Dialogue content	Results of efforts in FY2023
ESG/Sustainable management	Respect for human rights	Status of implementation of human rights due diligence	Disclosure of results of human rights due diligence and status of deliberations at the Human Rights Due Diligence Liaison Committee
		Status of employee training	Annual training schedule disclosed
	ESG management	Loan Policy on Fossil Fuels	Revised sector policies for oil and gas
Corporate governance	Corporate governance	Designation of senior officers in key areas and clarification of responsibilities	Appointment of Chief Officers (CXO), etc. whose main areas of responsibility, etc. are clarified on a global basis
Fiduciary spirit	Client-oriented approach/ Fiduciary duties	Implementation of employee training to improve client satisfaction	Disclosure of implementation of training for all employees and by level
		Details of complaints and response	Disclosure of major client complaints
Compliance and conduct risk	Compliance and conduct risk	Internal dissemination of Code of Conduct	Disclosure of internal dissemination efforts and confirmation of its status

Environment

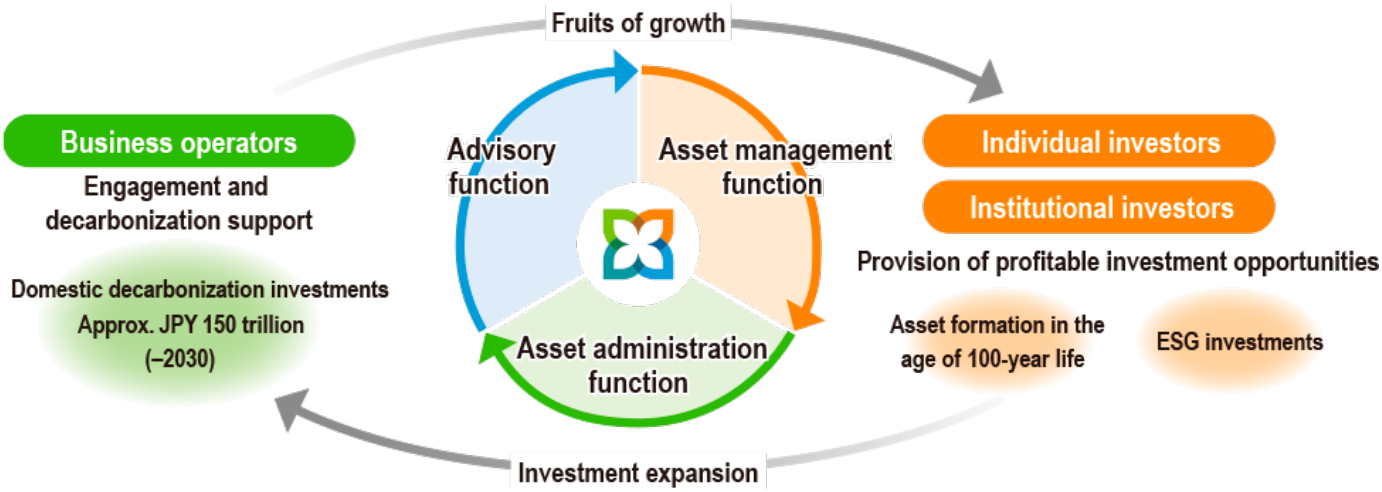
Climate Change

Our Group's Policy on Climate Change

Climate change is among the most serious environmental problems that threaten the durability of the global economy and society. Our Group has tackled the problem as a prioritized social issue.

It is said that the funds necessary to realize decarbonization amounts to approximately 150 trillion yen by the 2030 fiscal year just in Japan. * Our Group aims to realize a decarbonized society while contributing to expanding investment opportunities for investors by demonstrating our "advisory" and "asset management and administration" functions to utilize the money of individual and institutional investors for the decarbonization of client companies through numerous sincere conversations with stakeholders.

* Source: the "Basic Policy for the Realization of GX in Japan," the Cabinet Secretariat



Our Group has pushed forward the efforts toward carbon neutrality through joining the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAMI) since announcing the Carbon Neutral Commitment in October 2021.

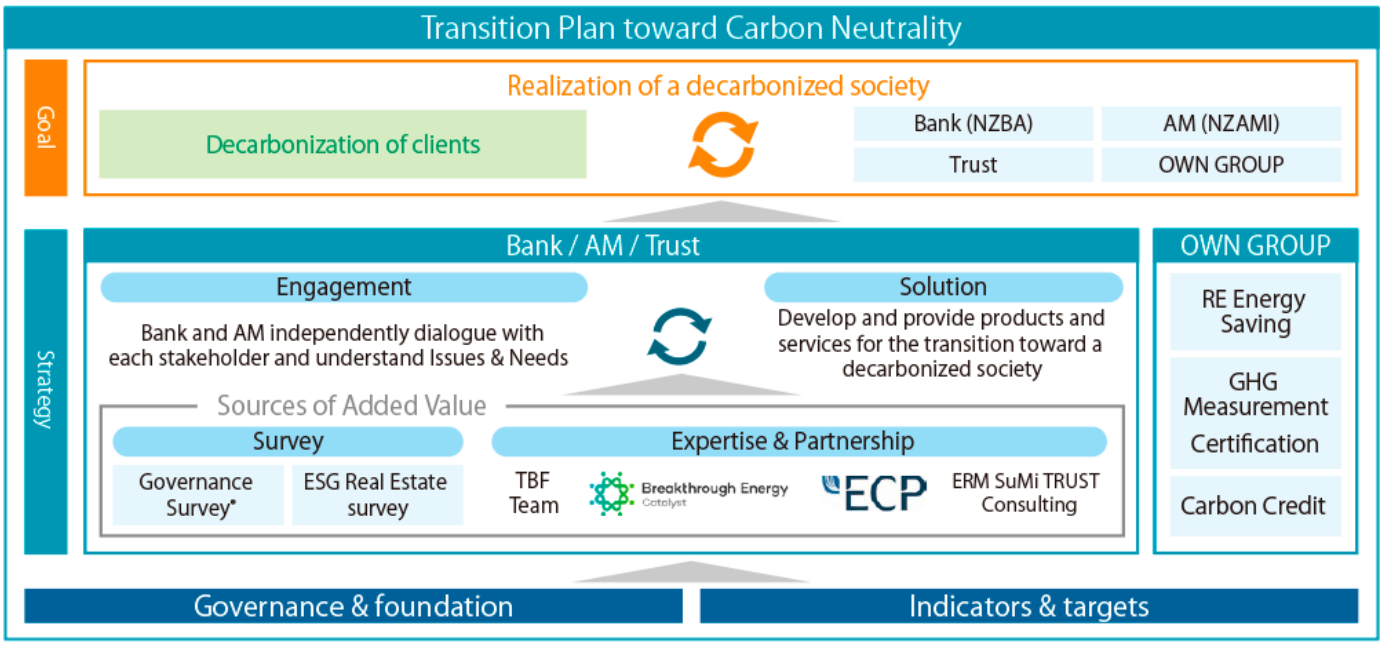
Carbon Neutral Commitment (October 2021)

❶ Contribute to achieving carbon neutrality in society by leveraging the trust banking group's wide-ranging and flexible functions

❷ Target net-zero GHG 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

❸ Achieve net-zero GHG emissions in the SuMi TRUST Group by 2030

We formulated and disclosed our transition plan toward carbon neutrality in October 2023, based on which we tackle concrete issues to realize a decarbonized society.



Overall perspective of the transition plan (For detail, please refer to the "Progress of Our Approach to Carbon Neutrality" reports issued in October 2023 and March 2024.)

Segment	Bank(NZBA)		AM(NZAMI)
Entity※1	Sumitomo Mitsui Trust Bank		Sumitomo Mitsui Trust AM Nikko AM
Timing	Now - 2050		Now - 2050
Strategy: Engagement	Formulate & implement stakeholder-specific engagement strategies		▪ Stewardship activity
Strategy: Initiatives	Decarbonization Businesses ▪ Sustainable finance ▪ "Tech×Policy×Fin." by TBF※2 ▪ Utilize Impact equity ▪ Sectoral strategy ▪ ERM SuMi TRUST Consulting	Process sophistication ▪ Processes ▪ Scenario analysis	▪ Engagement ▪ Monitor and exercise voting rights ▪ Providing ESG products
Indicators &targets	GHG targets(2030 Intermediate targets by Sector, 2050 Net Zero) Monetary target(Sustainable finance, loans for coal fired thermal power plants)		GHG targets(2030, 2050)
Governance Foundation	1.Reinforcement of governance system and executive compensation, 2. Establishment of risk appetite indicators, 3. Human resource development and awareness-raising activities		

Segment	Trust
Entity	Sumitomo Mitsui Trust Bank
Timing	Now - 2050
Strategy	Strengthen investor and real estate businesses

Segment	OWN GROUP
Entity	Sumitomo Mitsui Trust Group, Inc
Timing	Now - 2050
Strategy	1. RE and energy saving, 2. Improve measurement, 3. Carbon credits
Targets	GHG targets (2025, 2030)

*1 Show consolidated basis with the company at the Entity column as the top

*2 Technology Based Finance (TBF) Team, created in the Sustainability Management dept. comprised of experts in each area to support social implementation of technology financially and from the perspective of a policy

Numerical Value and Indicators

Our Group's major targets and results so far are as follows. (As of end-March 2024)

Red: Baseline Green: Targets

		2019	2020	2021	2022	2023	····	2030	2040	2050
❶ Policy toward carbon neutrality (CN) by 2050				CN Commitment		Transition Plan				
❷ Net zero GHGEs in inv. & loan portfolio (NZBA)				Joined						
Formulated Sectoral Strategy	Power generation (intensity, g-CO_2e/kWh)		249	243	253	219	≫	138–173		
	Oil & gas (reduction ratio, Mt-CO_2e)		3.6	(4)%	+19%	(38.9)%	≫	(13)%–(31)%		
	Real estate (intensity, kg-CO_2e/m^2)			66	62	58*1	≫	34–41		
	Shipping (Portfolio Climate Alignment)		old (0.8)%	old (0.4)%	New (striving) +21.2% (min) +16.9% old (4.5)%	New (striving) +19.7% New (min) +14.2%	≫	≤0%		
	Iron & steel (reduction ratio, Mt-CO_2e)	4.3	(4)%	(15)%	(22)%	(30.2)%	≫	(22)%–(27)%		
	Automotive: Production (reduction ratio, Kt-CO_2e)	224	(19)%	(26)%	(30)%	(47.8)%	≫	(47)%		
	Automotive: Products (intensity, g-CO_2e/vkm)	202	198	196	185	184	≫	106–128		
❸ Net zero GHGEs in AUM portfolio (NZAMI)				Joined						
	Sumitomo Mitsui Trust Asset Management				(8.7)% from June, 2021	(21.1)%	≫	Halve intensity of 50% of AUM*2 from 2019		
	Nikko Asset Management				(22.8)%	(23.0)%	≫	Halve intensity of 43% of AUM*3 from 2019		
❹ Loan balance for coal-burning power plants (billion yen)										
	For projects	133.8	141.5	142.7	Approx. 140.0	Approx. 132.0	≫	Halve from Mar. 31, 2020	Zero	
	For corporations (new/expansion)			20.1	Approx. 14.0	Approx. 12.0	≫			
❺ Net Zero GHGEs from OWN GROUP (Scope1,2) (t-CO_2e)				23,763	9,997	8,840	≫	Net Zero		
	SuMi TRUST Bank Group*4 (branch offices in Japan)			22,228	6,952	5,076	FY2025: 7,224*5			

Net Zero

*1 Preliminary figure

*2 The target is 50% (43 trillion yen) of the 85 trillion yen in assets under management as of the end of June 2021. Assets excluded from the target are those for which GHG emission calculation methods are not yet established, such as sovereign bonds. These will be considered for inclusion as calculation methods become available.

*3 The target is approximately 13 trillion yen, which is 43% of the 31 trillion yen in assets under management as of the end of December 2021.

*4 On a consolidate basis of Sumi TRUST Bank as a top and other group companies including subsidiaries such as Sumitomo Mitsui Trust Panasonic Finance and Sumitomo Mitsui Trust Loan & Finance

*5 Joined the GX League in FY2023 and set the intermediate reduction targets, but GHGEs from our internal commercial vehicles are excluded from the targets for FY2025

Our Group's GHG emissions are as follows. (The tables are from the "Climate change Report 2024/2025")

Scope1,2 (to FY2023)

Measurement items	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
GHG emissions	t-CO_2e	33,675	32,191	23,763	9,997	8,840
Scope1 (direct emissions)	t-CO_2e	4,432	4,307	4,225	5,411	4,472
Scope2 (indirect emissions)	t-CO_2e	29,243	27,884	19,538	4,586	4,368

Calculation scope: Domestic and overseas offices of Sumitomo Mitsui Trust Group, Inc. and the Group's consolidated subsidiaries (excluding equity method affiliates)

Calculation method: Compliant with the GHG Protocol. CO_2 emissions from gasoline use have been included in Scope 1 (direct emissions) since FY2022

Scope3 (FY2023)

	Category	Calculation item	Calculation method	GHG emissions ($t\text{-}CO_2e$)
1	Purchased products and services	20 items including products and services	Average consumption method (amount)	101,122
2	Capital goods	Capital investment (building equipment, software, etc.)	Average consumption method (amount)	199,471
3	Fuel and energy activities not included in Scope 1,2	Electricity usage, city gas, etc.	Average data method	5,506
4	Upstream transportation and distribution	Internal mail delivery	Average data method	242
5	Waste generated in operations*1	Generated waste (kg)	Waste type-specific method (waste volume)	233
6	Business travel*2	Transportation, domestic and overseas accommodation fees, assignment travel expenses*3	Consumption-based method (amount)	8,450
7	Employee commuting*4	Commuting expenses	Amount base	3,823
13	Downstream leased assets	Emissions from leased assets	Average data method	1,043,755

Calculation scope:

- Category 3: Domestic and overseas offices of SuMiTB and the Group's consolidated subsidiaries
- Category 4: A portion of SuMiTB's domestic transportation routes
- Category 13: Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
- Others: SuMiTB's domestic and overseas offices and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Calculation method: Based on the Ministry of the Environment's "Database of Emissions Unit Values on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain." In general, we used emission factors in the database.
Emissions figures may be revised due to improvements in the accuracy of available data, changes in calculation methods, etc.

*1 Emissions are calculated based on the amount of industrial waste and the number of employees at the site and the total number of employees

*2 Emissions are calculated based on domestic and overseas business travel expenses of domestic offices

*3 Emissions are calculated for each of the following travel expense categories: (1) domestic assignment, (2) overseas assignment, and (3) training/study abroad programs

*4 All transportation used for commuting was assumed to be by train, and emissions were calculated based on commuting expenses

Financed Emission (FE) Results (FY2022 and FY2023)

Sectors	March 2024					March 2023	
	FE Scope1, 2 (million t-CO_2e)	FE Scope3 (million t-CO_2e)	EXP (JPY trillion)	Score Scope1, 2	Score Scope3	FE Scope1, 2 (million t-CO_2e)	FE Scope3 (million t-CO_2e)
Power generation	14.1	6.5	2.4	2.6	1.5	12.7	6.7
Oil & gas	9.6	26.7	0.8	2.3	2.2	8.8	27.0
Coal	0.1	0.1	0.0	4.0	4.0	0.1	0.1
Air cargo	0.1	0.1	0.0	2.6	2.7	0.1	0.1
Passenger Airplane	0.2	0.1	0.1	2.0	2.0	0.2	0.1
Shipping	4.0	1.7	1.3	1.4	1.4	4.5	1.9
Railways	0.4	0.7	0.9	2.2	2.5	0.4	0.7
Trucking Services	0.3	0.2	0.1	3.5	4.0	0.3	0.2
Automotive & components	0.3	13.3	1.1	1.5	1.6	0.4	14.1
Metals & Mining (except Steel and Aluminum)	1.0	0.7	0.1	3.1	3.2	1.2	0.7
Aluminum	0.1	0.5	0.1	1.1	1.1	0.1	0.6
Iron & steel	3.1	1.9	0.3	1.3	1.4	3.4	1.9
Construction materials (except Cement)	0.0	0.1	0.0	4.0	4.0	0.0	0.1
Chemistry	1.7	3.4	0.6	1.8	1.8	2.0	3.3
Cement	1.0	0.1	0.0	1.7	1.8	0.9	0.1
Capital goods	1.5	40.0	3.0	2.0	2.1	1.6	60.0
Real estate	0.2	0.8	3.5	2.7	1.7	0.2	0.9
Beverage	0.1	0.3	0.1	3.1	3.0	0.1	0.4
Agriculture	0.9	0.4	0.0	4.0	4.0	0.5	0.2
Packed Foods & Meat	1.0	1.6	0.2	2.4	2.6	1.4	2.3
Paper & Forest Products	0.4	0.4	0.1	1.9	2.0	0.5	0.5
Housing loans	1.4	–	10.2	4.0	–	1.4	–
Sovereign bonds	8.2	–	6.0	1.1	–	5.4	–
Non-carbon related sectors	2.2	10.7	6.3	2.1	2.3	2.1	10.3
Total	51.8	110.2	37.4	–	–	48.3	132.3

As for our concrete efforts, numerical value, and indicators on climate change, please refer to the "TCFD Report" or the "Climate Change Report" (since FY2024), and the "Progress of Our Approach to Carbon Neutrality."

Natural Capital

Initiatives for Natural Capital

SuMi TRUST Group recognizes that not only climate change related risks, but natural capital related risks are also significant risks to our lending and asset management businesses. And our Group has developed a wide variety of financial products and services that contribute to proper evaluation and preservation of natural capital since the 2000s.

In September 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) that promotes companies to disclose their information on natural capital, was announced to shift the global finance to flow into the nature positive businesses, by which the entire society has recognized the importance of natural capital more clearly.

We joined the TNFD forum in 2023 and started the experimental analysis to grasp nature-related risks and deepen our basic understanding in the 2024 fiscal year.

As financial institutions are linked with natural capital and biodiversity through their borrowers and investees, to identify our nature related dependency, impacts, and risks, we selected important sectors from the investment and loan portfolios of Sumitomo Mitsui Trust Bank and made an analysis in each sector with "ENCORE."*

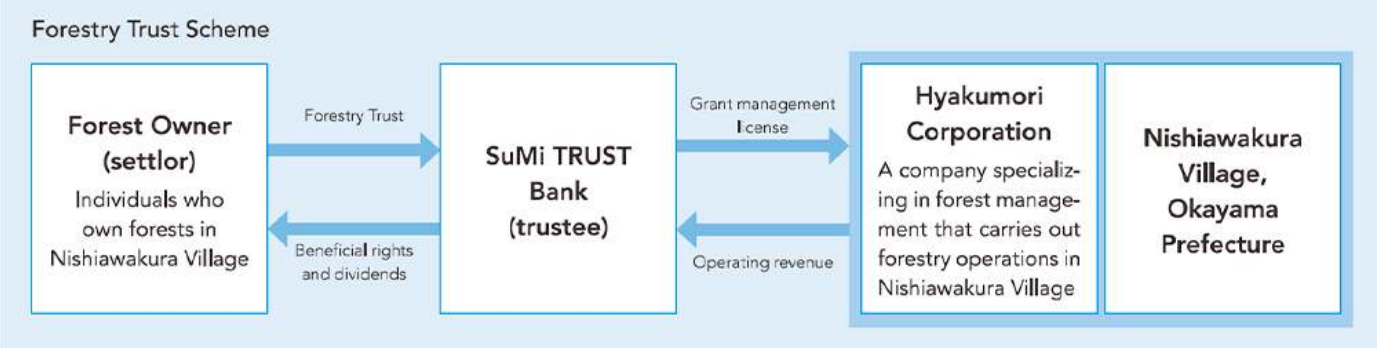
* ENCORE has been developed by the ENCORE Partnership made of UNEP World Conservation Monitoring Centre (UNEP-WCMC), UNEP FI, and Global Canopy, as a tool that enables financial institutions to collectively evaluate the outcomes of existing various tools on nature related risks.

Group Companies' Major Initiatives

Sumitomo Mitsui Trust Bank

Entrusted with a Forestry Trust

In 2020, they were entrusted with a "Forestry Trust," in which a forest is a trust asset, from individual clients that own approximately 10 hectares of forest in Nishiawakura Village, Okayama Prefecture. They have entrusted management activities to forestry entities on behalf of the owners, managed revenues, and distributed dividends. It not only enables the forestry entities to manage forests efficiently, but also secures the perfect management and the continuous preservation of the forests by preventing the situation where the owners of the land becomes unclear due to inheritance and other factors.



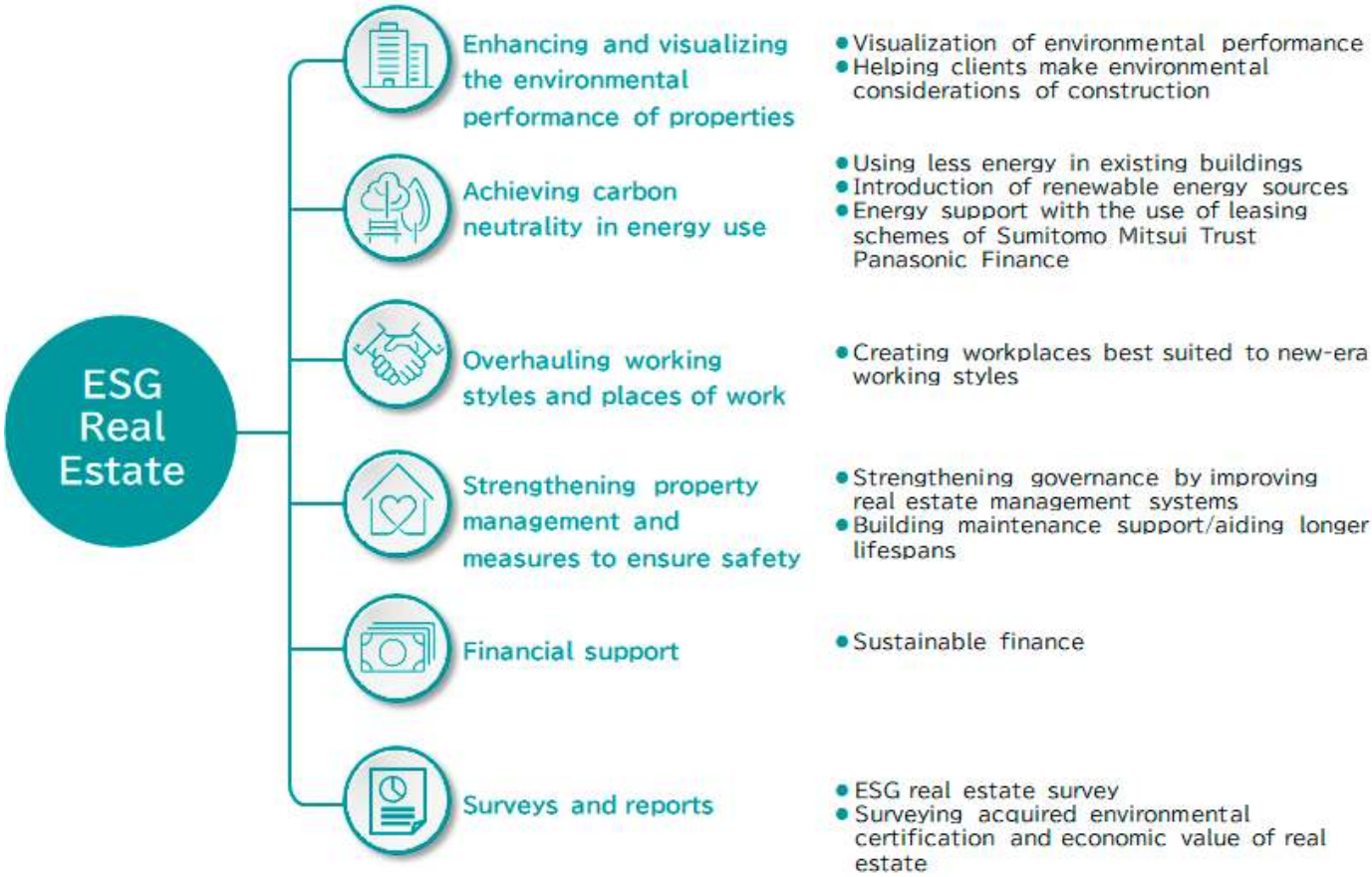
Developed Positive Impact Finance

In 2019, they developed Positive Impact Finance (PIF), a loan that does not specify the use. PIF aims to support clients in enhancing their corporate and social value by comprehensively analyzing and evaluating the impact of corporate activities on the economy, society, and the environment, and by expanding positive impacts and mitigating negative impacts. Its unique feature is that it uses evaluation indicators to specifically indicate and disclose the degree to which borrowers contribute to achieving the SDGs. The evaluation indicators are set according to the business characteristics of each client, and some PIFs also include KPI related to natural capital and biodiversity.

ESG/Environmental Real Estate Consulting

Sumitomo Mitsui Trust Bank established an exclusive organization for environmental real estate in 2010 and has played a leading role in the spread of environmental real estate, focusing around supporting a client to gain CASBEE, a certificate which evaluates the environmental efficiency of a building. As a menu of construction consulting, they now give advice on environmental consideration such as total life cycle costs of a building, introduction of energy saving systems, consideration to the landscape and ecosystems, and a longer lifespan of a building.

Click here to see Sumitomo Mitsui Trsut Bank's support for ESG Real Estate (Japanese text only)



Sumitomo Mitsui Trust Asset Management

Sumitomo Mitsui Trust Asset Management has joined natural capital related global initiatives as an investor and actively engaged with its stakeholders including companies. They have joined the TNFD since the launch of the preparatory committee in September 2020 as the only Japanese asset manager and contributed to starting it through the framework preparation and the discussion on its administration. As a TNFD Early Adopter, they declared early disclosure based on the recommendation in January 2024, and issued the first edition of the TCFD TNFD Report in October that year.

Reduction of Environmental Impacts

Initiatives to Reduce Environmental Impacts

The Group has an effect on natural capital and the environment through the resource consumption, CO_2 emissions and waste discharge, as a result of the energy and paper use in 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 examine clients' consideration for the environment and society when we make our decision on investment and financing. 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.

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 on the following five items.

❶ Paper (usage amount, ratio of recycled and eco-friendly paper purchases, paper waste)

❷ Electric power (power usage, GHG emissions)

❸ Waste (waste generation, paper waste)

❹ Green procurement (ratio of green procurement when purchasing stationery)

❺ Water (usage amount)

In the Sumitomo Mitsui Trust Holdings (now the Sumitomo Mitsui Trust Group, Inc.) Carbon Neutral Commitment announced in October 2021, we declared that the GHG emissions (Scope 1 and 2) of the Sumitomo Mitsui Trust Group would be net zero by 2030. We also periodically release a "Progress of Our Approach to Carbon Neutrality" report in accordance with the declaration. We will continue to reduce energy consumption and accelerate the transition to renewable energy focusing 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 key overseas offices and affiliate companies.

Zero Plastic Waste Declaration

Plastic waste flowing from rivers into oceans is causing marine pollution. It hugely affects the ocean ecosystem, fishery, and tourism, which has become a global problem.

As our concrete action against the global marine pollution, in April 2019, we formulated the Sumitomo Mitsui Trust Group Zero Plastic Waste Declaration, which aims to realize zero plastic waste—that is, plastic discarded without being recycled—by the year 2030. Based on this declaration, we continue to implement specific initiatives aimed at preventing employees from throwing away plastic and not providing items made from plastic to clients.

Free bags and straws have not been provided at convenience stores for employees in major buildings of SuMi TRUST Bank. Since the Zero Plastic Waste Declaration was formulated, in the entire group we have displayed posters that encourage employees to separate waste and reduce plastic waste. At the headquarter, 100% of generated plastic waste has been recycled by thorough recycling efforts. We will continue our efforts to reduce and recycle plastic waste. In addition we promote reviewing and converting the materials of complimentaries to prevent our clients from throwing away plastic waste.

Each Group's Initiatives

Nikko Asset Management

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, it aims 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 Scope1 and Scope2 (emissions from fuel combustion, electricity supply, and other uses) as defined in the Greenhouse Gas Protocol, as well as some indirect emissions under Scope3 (emissions from fuel and energy activities and business trips not included in Scope1 and Scope2)

Sumitomo Mitsui Trust Panasonic Finance

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

They strive to not only reducing CO_2 emissions by switching from company vehicles to public transportation ("train & rental car" service, etc.) for business activities, but also promoting efforts that contribute to the environment and society (health and safety), such as reducing long-distance drives to alleviate driver fatigue and prevent traffic accidents.

Furthermore, as part of its 3R activities, it is committed to initiatives such as effective use of resources and contribution to society. For example, it internally reuses the surplus stationary and other items and donates unused expired envelopes to special needs schools as teaching materials for practical training.

Social

Client-Oriented Initiatives

Providing Value to Clients

In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing.

The SuMi TRUST Group aims to be the "Best Partner" providing the greatest value to individual and corporate clients by accurately understanding their needs and providing total solutions that include a wide range of highly specialized products and services as the best way to address those needs. To this end, as the only independent financial group specialized in trust banking in Japan, along with striving to be completely client-oriented, we have established a stringent conflict of interest management framework, which allows us to make effective use of the comprehensive capabilities that combine trust and banking functions, as well as the various trust functions within the Group.

In April 2020, in order to further advance client orientation and customer satisfaction as sources of differentiation, we integrated our Fiduciary Duty (FD) unit (which promotes client-oriented business operations) with our Customer Satisfaction (CS) unit (which strives to improve customer satisfaction), thereby strengthening our efforts to improve our business quality management capabilities.

Initiatives Related to Fiduciary Duties (FD)

(1) Practicing Fiduciary Duties

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

Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group >

	Organization		Initiatives
SuMi TRUST Group	Board of Directors	Conflicts of Interest Committee	• Supervise conflict of interest management for the Group, monitor FD progress
	Executive Committee	Conflicts of Interest Management Enhancement Committee	• Discuss important cases • Guide the improvement of relevant departments
	Department in charge	FD/CS Planning and Promotion Dept.	• Promote FD within the organization
		Compliance Dept.	• Enhance conflict of interest management
Group companies	Group-wide	Fiduciary Duties Discussion Panel	• Consult with each company and incorporate discussions into each company's FD activities

The Group's FD Promotion and Supervision System

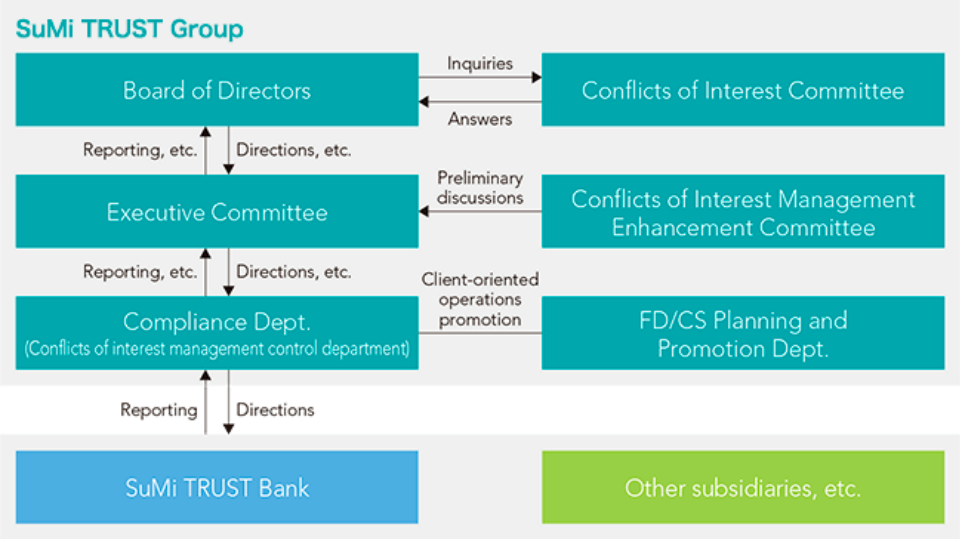
We believe that the practice of fiduciary duties depends on "significant expertise" that our clients can rely on, "consulting practice" that offers clients optimal options according to their individual needs, and "stringent conflict of interest management." The SuMi TRUST Group has put in place an extensive organizational structure from the management level to the working level, and strives constantly to enhance its initiatives in this area.

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

(2) Conflict of Interest Management

With the approval of the Board of Directors, the Group announced the Management Policy Concerning Conflicts of Interest (Outline), in order to protect the interests of our clients from undue harm caused by provision of various services by Group companies and their related parties. The Group identifies and classifies transactions that have possible conflicts of interest in advance and manages such transactions appropriately.

Furthermore, we have established a system in which the Compliance Department, which is the department that controls conflict of interest management independently of sales divisions, regularly verifies the effectiveness of conflict of interest management across the Group. The results are regularly reported to the Board of Directors, etc., and improvement and direction are carried out continuously, as needed.



Conflicts of Interest Committee Members

Chairperson: Hideki Kanda
External Director,
SuMi TRUST Bank
Emeritus Professor,
University of Tokyo

Member: Nobuaki Katoh
External Director,
SuMi TRUST Group

Member: Akiko Hosokawa
Partner, Atsumi & Sakai

Member: Yasuyuki Suzuki
Appointed Director,
Senior Managing Executive Officer of SuMi TRUST Group

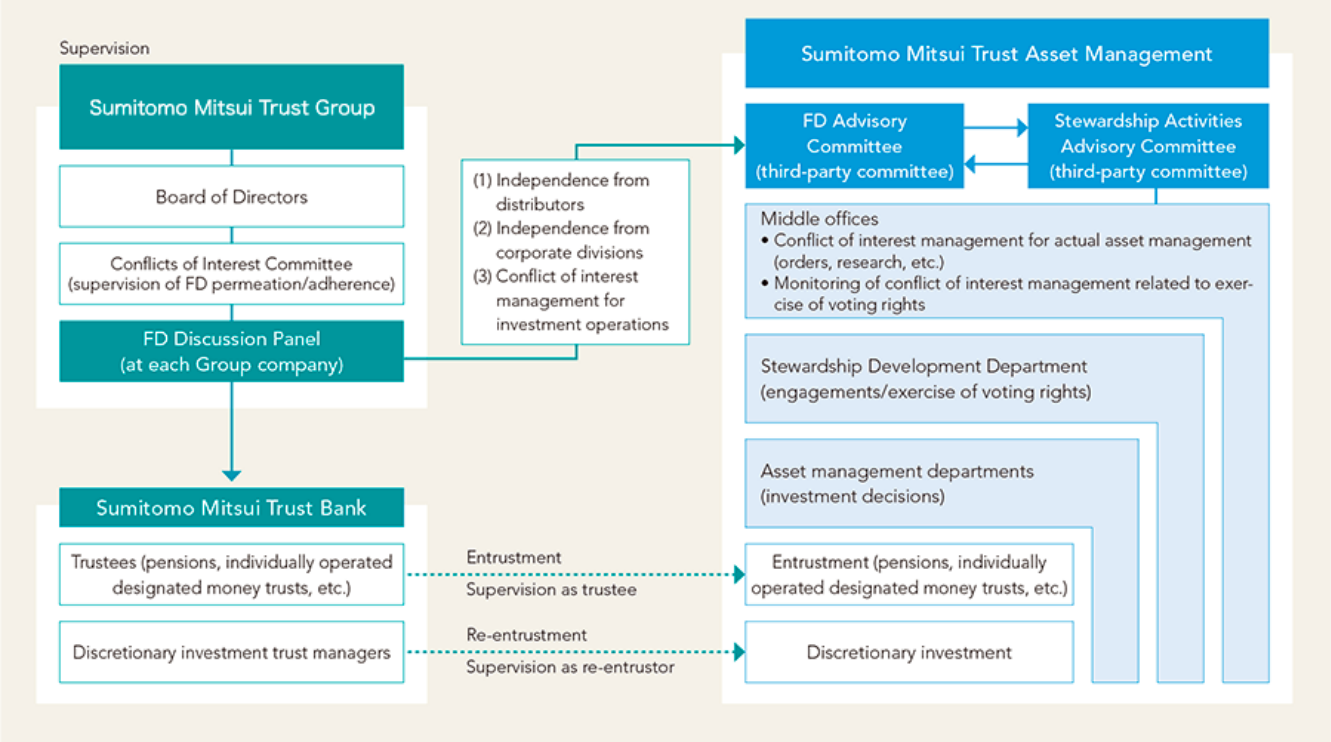
Member: Yuki Takada
Managing Executive Officer,
SuMi TRUST Group

Conflict of Interest Management Framework*

In addition, the Group has established the Conflicts of Interest Committee in an effort to enhance the effectiveness of the Group's conflict of interest management framework. The majority on the Committee consists of external members. It serves as an advisory body to the Board of Directors and receives verification of the appropriateness of the Group's conflict of interest management. The summary of agendas of the Committee has continuously been made available for public review.

With respect to our conflict of interest management system for stewardship activities, the Conflicts of Interest Committee has established a Stewardship Services (SS) Working Group composed of third-party members from the external committees of the Group's asset management companies. The aim is to strengthen information coordination and oversight functions on the Group-level SS activities.

Confilict of Interest Management System for Stewardship Activities



(3) KPIs for initiatives pursuing to be "Best partner" for our clients, Action plans, action guidelines and KPIs in major group companies

KPIs for initiatives pursuing to be "Best partner" for our clients

The Sumitomo Mitsui Trust Group will aim to be our clients' "best partner" trusted by and having lasting business relationship with our clients, through implementing, extending and establishing client-oriented initiatives. We will periodically publish the indicators (KPI) which will enable our clients to confirm the status of implementation of such initiatives in major group companies, and will revise them from time to time to reflect such factors as promotion and expansion of such activities. Also, we have revised indicators based on "Common key performance indicators comparable across investment trust distributors" published by Financial Service Agency.

- Status of implementation and KPIs for initiatives pursuing to be "Best partner" for our clients (2,250KB) "Japanese Only"

Action plans, action guidelines and KPIs in major group companies

- Sumitomo Mitsui Trust Bank (1,553KB) "Japanese Only"
- Sumitomo Mitsui Trust Asset Management "Japanese Only"
- Nikko Asset Management
- Sumitomo Mitsui Trust Life Partners Co., Ltd. "Japanese Only"

Enhancement of Customer Satisfaction

(1) Initiatives to Link the "Voice of Customers" to Enhanced Customer Satisfaction

1) SuMi TRUST Bank receives a large amount of opinions and requests through its Business Units across Japan, telephone centers, the Group's website, and various questionnaires. 2) In order to realize customer satisfaction by utilizing the hundreds of thousands of feedback we receive each year, we use the "CS Voice of Customers Portal," which is a system to analyze client feedback. We are striving to meet our clients' needs by making client feedback "visible," so that we can better "recognize" such needs. 3) Furthermore, regarding opinions and requests received from clients, branches and the head office cooperate to investigate and analyze the causes, and identify problems. Based on the results, we search for improvement measures, and strive to provide better products and services.

Initiatives to Improve Customer Satisfaction (CS)

Note: Hereinafter to page 34, the first person plural pronoun refers to SuMi TRUST Bank.

At SuMi TRUST Bank, we swiftly provide comprehensive solutions to our clients by fully utilizing our significant expertise and comprehensive capabilities.

By taking a "completely client-oriented" approach, we adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and carry out all our responsibilities for client satisfaction and comfort as our top priority.

We will continue to improve our products and services based on our clients' opinions and requests to ensure that we remain our clients' bank of choice.

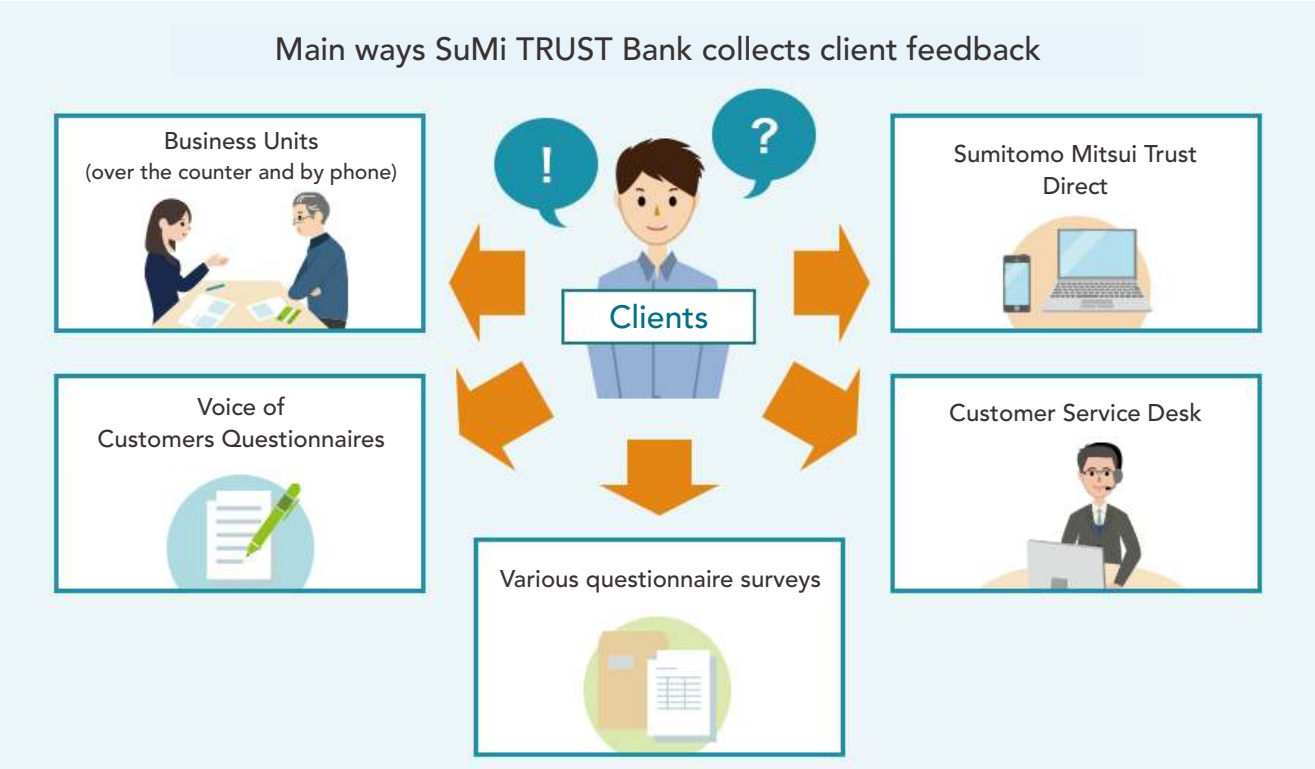
How We Incorporate Client Feedback

In addition to feedback, we receive via Business units throughout Japan, SuMi TRUST Bank receives many opinions and requests from clients through mechanisms such as our "Voice of Customers Questionnaires," "Sumitomo Mitsui Trust Direct," and "Mail-in Questionnaire Surveys." We investigate and analyze the opinions and requests we receive from clients and use them to examine and implement improvement measures.

CS (Customer Satisfaction) Promotion Cycle of SuMi TRUST Bank

Collecting Client Feedback

In addition to the opinions we receive through our "Voice of Customers Questionnaires" and mail-in questionnaire surveys, another treasure trove of data is the client feedback included in daily inquiries, consultations, and requests.



Business Units (Over the Counter and by Phone)

Business units document feedback from clients in a dedicated system and use it for improvement, while also coordinating with the head office.

Voice of Customers Questionnaires

To collect opinions and requests from clients, all Business units offer "Voice of Customers Questionnaires" which can be submitted by mail or dropped into client feedback boxes located in each unit. We also receive opinions and requests from clients we visit.

Sumitomo Mitsui Trust Direct

In addition to handling procedures over the phone, we accept queries, comments, and opinions and convey this feedback to relevant departments in addition to implementing immediate improvements.

Customer Service Desk

We receive clients' opinions and requests through phone calls, letters, and our website.

Various Questionnaire Surveys

We conduct various types of surveys, including a mail-in satisfaction survey for individual and corporate clients, and use the opinions and requests we receive from clients to improve our products and services.

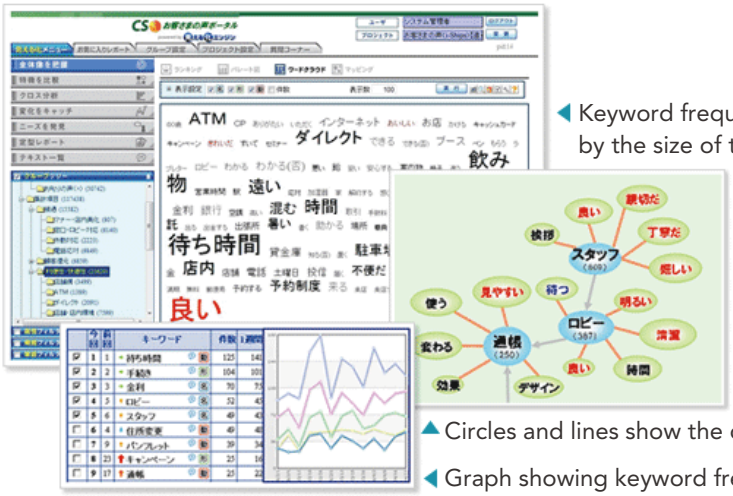
Analyzing client feedback

In addition to the opinions we receive through our "Voice of Customers Questionnaires" and "Mail-in Questionnaire Surveys," another treasure trove of data is the client feedback included in daily inquiries, consultations, and requests.

In order to realize customer satisfaction by utilizing the large amounts of feedback we receive, we use the "CS Voice of Customers Portal," a system to analyze client feedback.

We are striving to meet clients' needs by making client feedback "visible" so that we can better "recognize" client needs.

Analyzing Client Feedback
CS Voice of Customers Portal



◀ Keyword frequency is indicated by the size of the text

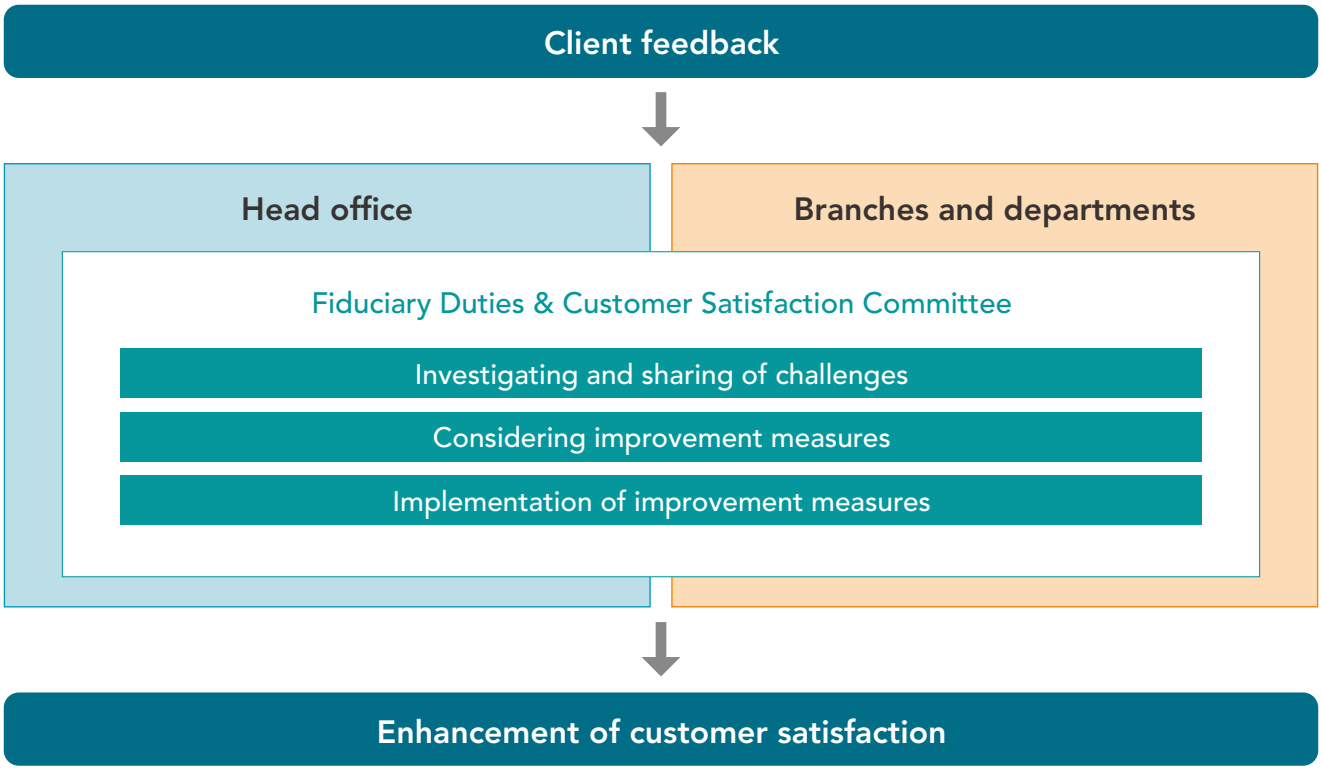
▲ Circles and lines show the connections between keywords

◀ Graph showing keyword frequency over time

Considering and Implementing Improvement Measures

Business units 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.



Main Examination and Implementation Details

- Click here for examples of improvements based on feedback from individual clients.
- Click here for examples of improvements based on feedback from corporate clients.

Evaluation from Clients

We conduct questionnaires of corporate and individual clients in each business and use the questionnaire results to improve the quality of our products and services.

Individual Clients

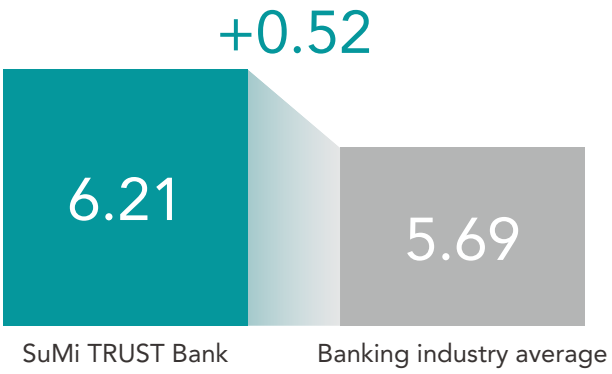
In its Retail Business, SuMi TRUST Bank conducted Client Questionnaires incorporating the CX Metric among its current clients.

The CX Metric measures customer loyalty by combining the three elements "willingness to continue," "willingness to do business," and "willingness to recommend." In fiscal 2023, SuMi TRUST Bank conducted two questionnaires and received responses from a total of approximately 25,500 clients. The most recent rating of 6.21 is above the bank industry average (5.69). We will continue to work on improving the issues identified in the questionnaires.

The CX Metric

<Reference>
Since Japanese people tend not to recommend financial institutions to others, a traditional survey that only measures "willingness to recommend" was insufficient to measure client loyalty. A more effective way to measure client loyalty is to combine the three elements "willingness to continue," "willingness to do business," and "willingness to recommend," since each element reduces noise from the others.

SuMi TRUST Bank CX Metric and banking industry average



Source: The CX Metric is based on CXMM® (CX Management Methodology) by Nomura Research Institute, Ltd. CXMM® is a registered trademark of Nomura Research Institute, Ltd. Banking industry averages are from the FD/CX Benchmark Survey 2023 conducted by Nomura Research Institute, Ltd.

Corporate Clients

The questionnaire answered by corporate clients in FY2023 yielded the following results. (Number of responses: 1,442)

How would you rate your overall satisfaction with our company?

External Recognition of Client-Oriented Initiatives

– Received HDI-Japan's highest rating of three stars in the Quality and Web Support categories

HDI-Japan awarded us the highest rating of three stars in two categories—Quality and Web Support—that evaluate a company's call center and website supportability from the customer's perspective.

Notice regarding Receiving Highest Rating of "Three Stars" in HDI-Japan's Benchmarking

Initiatives for Client Comfort and Satisfaction

Initiatives to Ensure Clients Can Use Our Services with Peace of Mind

We are implementing a variety of initiatives aimed at being a client-friendly bank so that anyone can use our services with peace of mind.

Initiatives to Implement Client-Oriented Services

We provide comprehensive education and training to our employees so that each and every one of them can provide client-oriented service on a daily basis.

(2) Product Development Capabilities Supporting Total Solutions

(1) Basic Stance on the Development of New Products and Services

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.

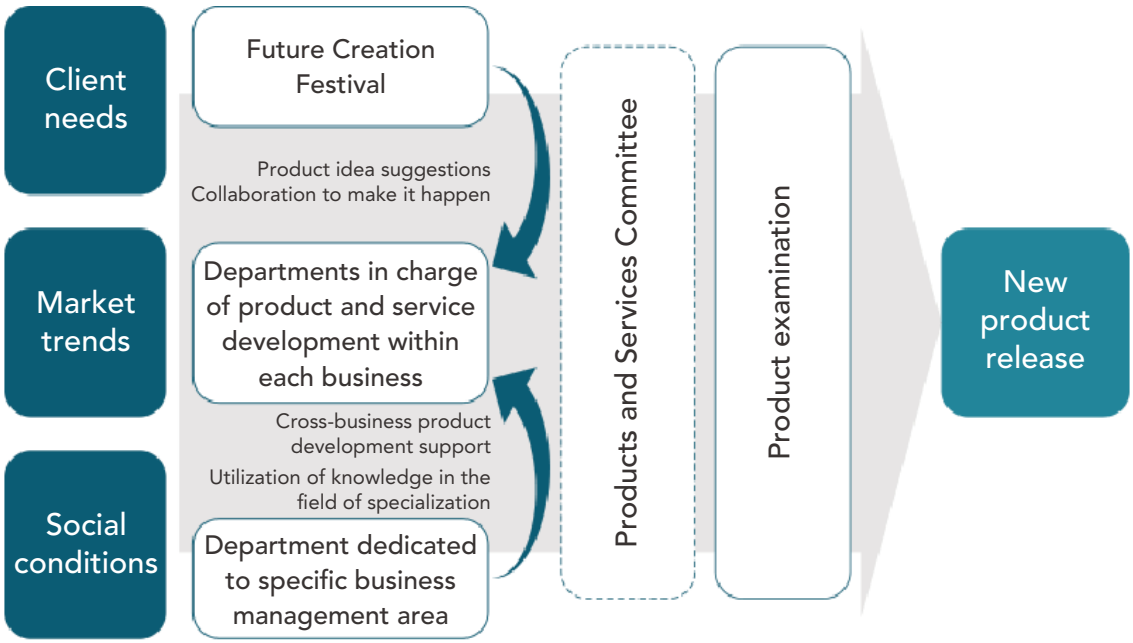
(2) Structure for New Product and Service Development

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 the Products and 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.

System for development of new products and services



(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.

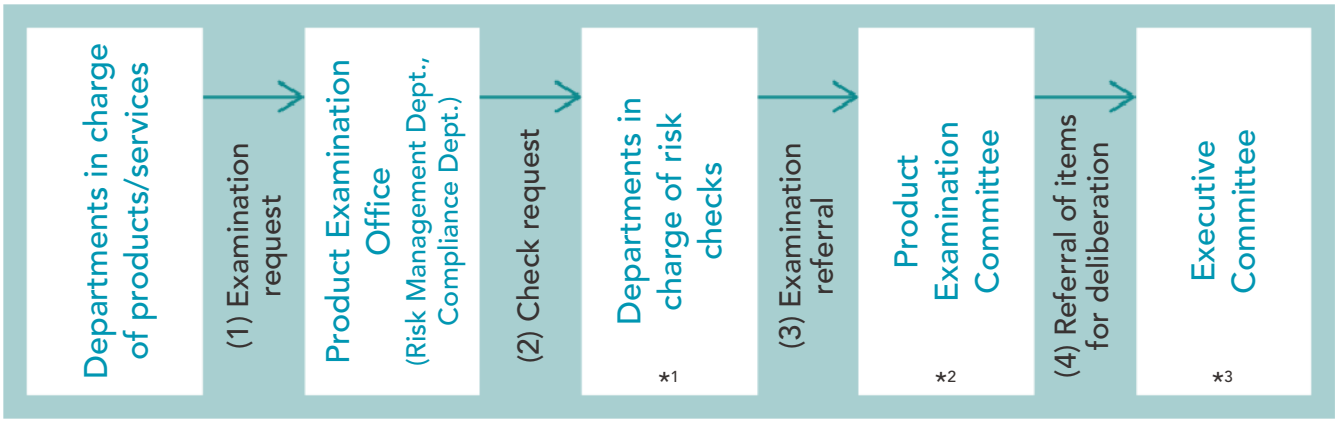
Past entries include our "Solitary Trust" product, released in 2019 as the first product from the Future Festival.

(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 man aging 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 change due to changes in the environment and so on, regardless of whether or not they have been deliberated by the Product Examination Committee. The results of these verifications are reported to the Product Examination Committee, and in the event that a situation arises that differs from the assumptions at the time of review, we discuss how to respond and report the details to the officers in charge of the Risk Management Department and the Compliance Department.

■ 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.

Voluntary Declaration of Consumer-Orientation

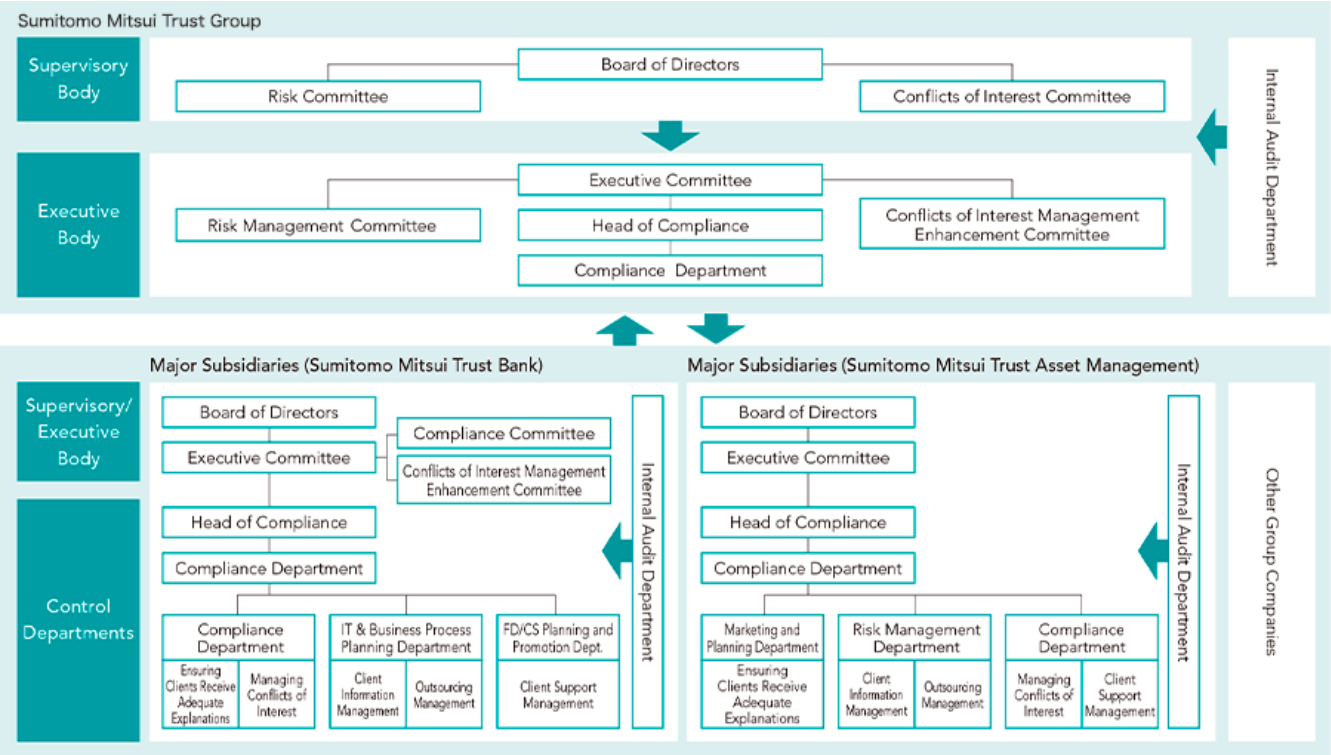
By constantly striving to improve client satisfaction, be completely client-oriented, and contribute to the resolution of social issues, such as a Super-Aged society, we aim to gain the trust of clients and society and continue to grow together with them. To this end, in June 2019 we made public our Voluntary Declaration of Consumer-Orientation. In July 2024 we published Customer-Oriented Management Initiatives (Fiscal Year 2023).

- Voluntary Declaration of Consumer-Orientation (275KB)
- Customer-Oriented Management Initiatives (Fiscal Year 2023) (2,227KB) "Japanese Only"

Initiatives for Management of Client Protection, Etc.

(1) Basic Initiative Policy

The Group regards client protection as one of its most important management issues. SuMi TRUST Holdings has established a basic policy in its policies for acting in the best interests of clients designed to enhance the Group's client protection and convenience, to enable the Group companies to develop appropriate client protection management systems in accordance with the characteristics of their own operations. Based on the basic policy, each Group company has established the control departments for client protection management and supervisory departments according to functions. The control departments oversee client protection management as a whole, through the preparation of internal company rules and regular reporting to the Board of Directors and others. Supervisory departments develop frameworks for each function, and ensure appropriateness and sufficiency of each function through guidance for related departments, and training expansion, and improvement.



Client Protection Management Framework

(2) Ensuring Clients Receive Adequate Explanations

When providing financial products and services, the SuMi TRUST Group provides appropriate and sufficient explanations and easy-to-understand information so that our clients understand and are assured about the products and services. Specifically, we have created a client protection management framework, such as thoroughly enforcing the suitability rule,* creating a client explanation manual that stipulates appropriate provision of information to clients, etc. and expanding and improving training, based on the solicitation policy regarding provision of financial products and services and the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group.

In particular, we monitor whether appropriate explanations are provided to our clients to ensure their understanding in transactions involving financial products that may pose risk, including investment trusts and life insurance. We revise our solicitation rules, as necessary, to ensure that solicitation and sales activities for financial products are conducted appropriately from the perspective of the clients.

* Rules that prohibit inappropriate solicitation in view of clients' knowledge, experience, financial position, and purpose of transactions.

(3) Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy to securely protect the personal information of its clients for establishing a framework for appropriately managing client information. When using client information jointly within the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations, so as to ensure the appropriate use of such information.

The SuMi TRUST Group requires all employees to submit a written affirmation of their duty of confidentiality, so that they clearly recognize the duty they have to keep important information, including personal data they come across while working, confidential.

Basic Policy on Client Support

SuMi TRUST Group defines its Reason for Existence ("Purpose") as "Trust for a flourishing future: creating new value with the power of trusts and let prosperous future for our clients and society bloom."

Furthermore, among our Management Principles ("Mission") 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 have pride and be highly motivated in fulfilling their missions."

We therefore take a firm stance against any conduct that we determine causes undue disruption to the Group's business operations or inconvenience to other clients, as well as the following conduct, which we deem harmful to the physical and mental safety of all our employees and officers:

- Any act that is deemed to be violent, threatening, intimidating, or coercive
- Abusive language, defamation, character assassination, stalking, and various forms of harassment, including personal attacks and sexual harassment
- Discriminatory language or behavior relating to race, ethnicity, family origin, occupation or other matters
- Prolonged restraint or persistent inquiries
- Demands for money or goods, requests for special treatment, impossible demands, or any other demands deemed significantly inappropriate based on social norms

Reference: Ministry of Health, Labour and Welfare "Corporate Manual on Measures against Customer Harassment"

In the Group's pursuit of the best interests of its clients, each and every one of its employees and officers shall act to ensure clients' comfort and satisfaction with the goal of being our clients' "Best Partner."

Respect for Human Rights

Human Rights Policy and Material Human Rights Risks

Human Rights Policy

SuMi TRUST Group formulated our human rights policy based on the "Guiding Principles for Business and Human Rights" adopted by the United Nations human Rights Council in 2011. In light of increased importance of respecting human rights, as well as expanded human rights efforts required of financial institutions, we revised our human rights policy in February 2023.

Human Rights Policy

Identification of Material Human Rights Risks

In conjunction with the revision of our human rights policy, we confirmed risks that our business activities could have on human rights to identify the following three as material human rights risks from the perspectives of the "scope of impact" and "severity."

- Prejudice and discriminatory views, including the Dowa issue (discrimination against a certain group of domestic Japanese)
- Forced labor, child labor, and human trafficking
- Involvement in conflicts and inhumane acts

Human Rights Management

Based on the human rights policy, we have been making efforts to identify and evaluate negative impacts relating to human rights, and prevent and reduce such negative impacts.

Survey of Group Companies

In order to understand our Group's human rights issues, each group company strives to identify human rights issues concerning its directors and executive officers, employees, and business partners and suppliers, and take improvement measures, if necessary, once a year, utilizing the "Human Rights Due Diligence Checklist." The results are reflected in reviewing the human rights enlightening training.

Survey of External Stakeholders

In order to conduct responsible corporate behavior, SuMi TRUST Bank introduced business flows utilizing external data in November 2023 for risks mainly related to environmental and social issues (environmental and social risks). It has already conducted surveys on the cases that require measures to prevent and reduce negative impacts. Based on the results of the survey, it determines the necessity of monitoring and continues dialogue with the companies to monitor to prevent and reduce negative impacts. In addition, through dialogue with NGOs and other stakeholders, it has identified and evaluated negative impacts and is promoting efforts to reduce them. In the future, it will work to expand the scope of target operations and instill the significance of such efforts in its employees.

The following outlines the major dialogue it had in fiscal 2023.

Overview of NGO dialogue	Future response policy
Fire and explosion accident at a biomass power plant related to a loan project	Analysis of the cause, recurrence prevention measures, and careful dialogue with a plant operator regarding explanation to local residents

Human Rights Due Diligence Liaison Committee

Based on the human rights policy, the Human Rights Due Diligence Liaison Committee fully discuss issues identified through the above process, leading to the formulation and implementation of concrete improvement measures, with the aim of promoting efforts to respect human rights.

Major deliberations made in the Human Rights Due Diligence Liaison Committee during fiscal 2023

August 2023	• Results of the investigation using the human rights due diligence checklist for FY2022 • Basic policy in assessing the efforts of business partners and suppliers • Monitoring results of the UK's Modern Slavery Act in FY2022
February 2024	• Status of human rights enlightenment efforts and awareness of issues • Basic policy in confirmation based on the investigation using the human rights due diligence checklist for FY2023 • Status of assessment of the efforts of business partners and suppliers and awareness of issues

Enhancing Human Rights Education

Our Group recognizes that it is important for our directors, executive officers and employees to enhance their understanding of human rights issues and work with a sense of ownership, and that continuing efforts are necessary. Since fiscal 2023, SuMi TRUST Bank has conducted human rights training in accordance with the role expected for each position, and will continue efforts with enhanced effectiveness. Specifically, based on the existing training by level, it has newly established training aimed at raising the awareness of human rights issues among top management and general managers, and has reviewed e-learning for all employees from the perspective of disseminating and anchoring the revised human rights policy and the human rights management system.

Training for executives	The Group's history of human rights enlightenment	May
	LGBTQ	September
	Human rights due diligence to external stakeholders	December
Training for general managers and deputy general managers	The Group's history of human rights education	September
e-learning	Disseminating our human rights management system, the human rights policy	December

Relief Measures

SuMi TRUST Bank has a personal consultation desk (LGBTQ Consultation Desk)*1 and a compliance hotline*2 in place. They provide various consultations on human rights. Anyone can consult anonymously using these measures. In addition to protecting the privacy of victims, if any revealed negative impact on human rights is detected in a consultation or report, necessary measures will be taken promptly in cooperation with the relevant departments.

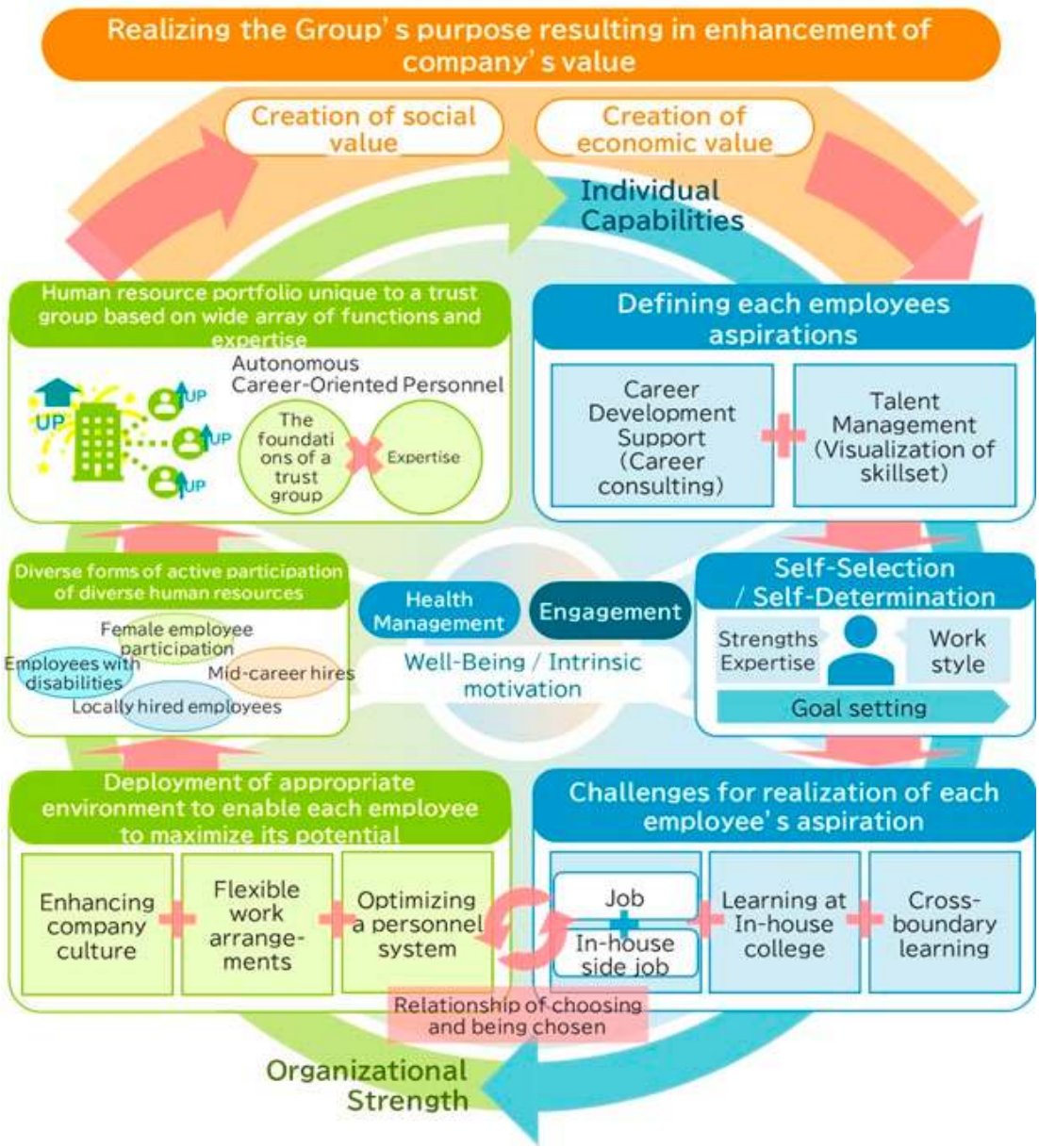
*1 In addition to providing various human rights related consultation, the personal consultation desk (LGBTQ Consultation Desk) will immediately take a necessary measures in cooperation with relevant departments, if a negative impact on human rights is revealed.

*2 Our Group's compliance hotline system enables directors, officers, and employees to directly report legal violations to the Compliance Department and external law firms. The system ensures protection of whistleblowers, and simple means of reporting (telephone and Web system) have been established.

Human Capital

As a trust group with the strengths of its wide array of functions and diversified business portfolio, our Group has placed emphasis on "utilizing the diversity and creativity of each employee for company management." The concept of diversity, equity, and inclusion under the doctrine of fair and equitable treatment is enshrined in our management principles (mission) so that employees with diverse attributes and backgrounds can add value to the organization. We will implement various measures to help each employee achieve the aspirations.

We are putting great effort in human resource development by defining "personnel with fundamental knowledge of trust who can combine multiple areas of expertise, independently assess their area of focus and integrate their specialty as they shape their own careers" as "autonomous career-oriented personnel" and the Group is committed to create such personnel. We aim to enhance the Group's value by creating human resource portfolio that enables the Group to realize corporate strategy through virtuous circulation, which is being made in between of individual capabilities gained by each employee's challenge and growth to materialize its aiming future as well as organizational strength based on integration of wide array of functions and expertise that each employee has.



Status of Group of Personnel that Provides Comprehensive Solutions

Number of financial consultants
(number of female consultants shown in parentheses)

March 31, 2024:
293(54)

Fellows ("SEI-KAIIN") of the Institute of Actuaries of Japan

March 31, 2024:
45

Number of registered real estate transaction agents

March 31, 2023:	**March 31, 2024:**
6,522	**6,549**

Bolster Human Resources

Number of hours of training held

FY2022:	**FY2023:**
6,759hours	**5,769hours**

Total number of trainees

FY2022:	**FY2023:**
16,781	**49,444**

Status of positions of female employees
(March 31, 2024)

Executives:	**General manager level postings:**	**Section manager level postings:**
8	**17**	**212**

(All figures are actual results of SuMi TRUST Bank)

Maintaining Workplace Environments

Number of leave days used

FY2022:	FY2023:
17.9days	19.8days

Supporting work-life balance
(FY2023)

Childcare leave etc.:	Nursing care leave:	Paternity leave etc.:	Cancer treatment leave:
430	320	175	40

Number of users of the internal job posting system

FY2022:	FY2023:
55	54

(All figures are actual results of SuMi TRUST Bank)

SuMi TRUST Group Human Resources Development Policy

SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a development spirit consisting of "TRUST," for the growth and career development of the employees who will create our future.

Talent ·····Talent (individuality) can blossom
Respect ·····Respect each individual
Uniqueness ·····Develop true professionals
Support ·····Make mutual teaching and support our motto
Try·····Praise 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.

(1) Skill-Raising Human Resource Assignment and OJT*

SuMi TRUST Group views OJT as the foundation for human resource development. We also focus on assigning employees to roles that awaken their passion for growth and allow them to display their abilities to the maximum extent. In fiscal year 2018, SuMi TRUST Bank introduced a program that enables younger employees to experience multiple work domains within a fixed period. We are also advancing initiatives such as a trust internship program aimed at developing human resources who possess a "high degree of expert knowledge in trust operations" and a "deep understanding of the fiduciary spirit."

* OJT: On-the-Job Training. OJT is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via their daily tasks.

(2) Enhancing Training and Other Off-JT* Programs

SuMi TRUST Group has established the SuMiTRUST University to offer group training with the objective of improving employee business skills and management abilities. In addition, many opportunities in the self-development programs encourage employees to continue improving their skills. The company's president serves as the dean of SuMiTRUST University, while the executive officer in charge of the Human Resources Department and an external expert serve as vice deans. The university is a group-wide program that also receives advice regarding management from the graduate school of Hitotsubashi University. From FY2020 we plan to turn SuMiTRUST University into a platform through which employees can discover their own appetite for learning, connect with others around them, and learn from each other. We also intend to enhance the content offered and strengthen the university's infrastructure so that it is more user-friendly.

* Off-the-job training: Workshops, training, and other methods are utilized to provide employees with the knowledge and skills that cannot be acquired through OJT.

(3) Enhancing Leadership

SuMi TRUST Bank offers a program to develop next-generation executive candidates in cooperation with Hitotsubashi University's Graduate Programs. Candidates receive instruction on the values, general liberal arts knowledge, and MBA elements they need for management, and through sessions and courses, they complete the program by presenting a proposal to senior executives. The Bank also provides a leadership development program for female employees to step up to management through various rank-based training. After the employees complete their training, operations are conducted such as providing them with opportunities to practice what they have learned during training in a variety of environments, primarily through promotion and job rotation.

(4) Fair Evaluations and Treatment

Fair and just evaluations and treatment in accordance with abilities, roles, and results form the basis of SuMi TRUST Bank's performance evaluation system. The system used is based on a participatory model, in which employees communicate closely with their supervisors on a daily basis to establish and review specific goals. The process focuses not only issues related to the performance of duties, but formulates and provides feedback on future career development. Also, as a means of obtaining a multifaceted view of personnel, we have introduced an anonymous survey through which subordinates and others can rate the day-to-day management actions of line managers (general managers, deputy general managers, section managers, etc.). By conducting this survey, we can encourage management action reform and foster a culture of interactive communication.

Health Management

Health Management Declaration

Sumitomo Mitsui Trust Group believes that "well-being of employees" is of utmost importance in order to practice "Trust for a flourishing future."

The goal of health management is to create a virtuous circulation in which the healthy and energetic work of each and every employee creates value for customers and society through the Group's services, and this in turn makes employees feel fulfilled.

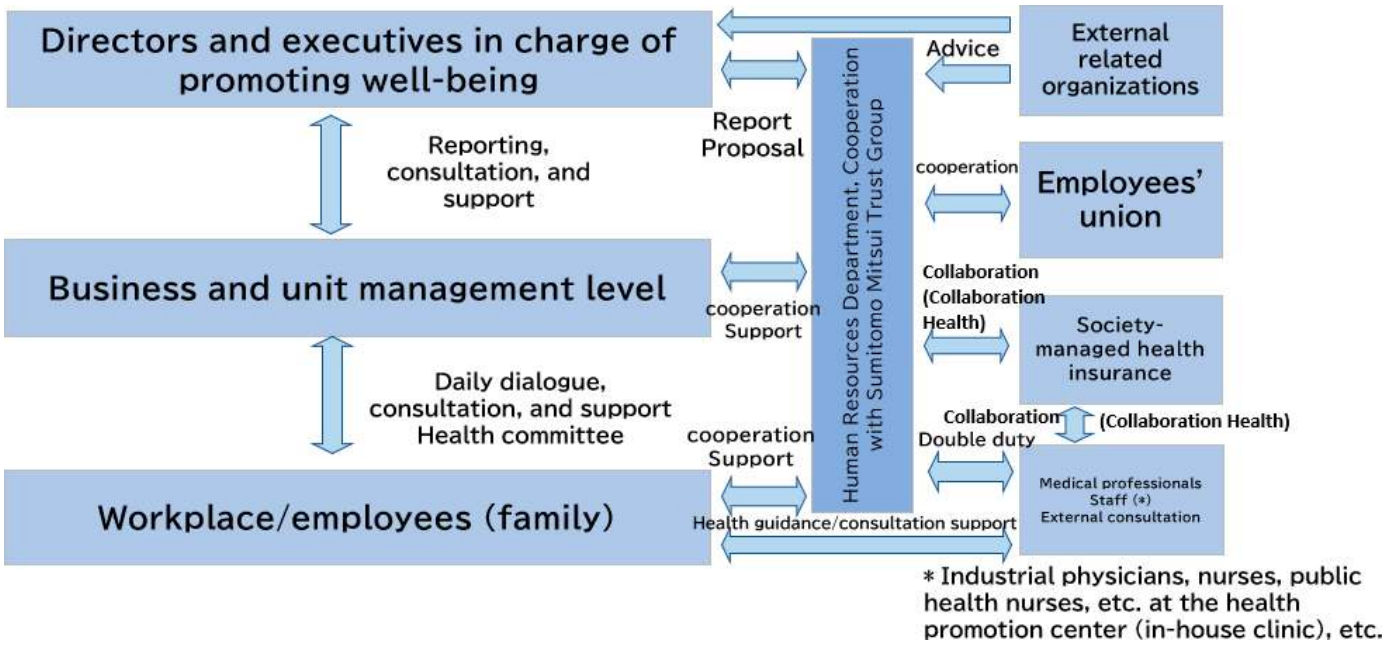
We will practice health management while sustaining reforms in work styles from the following perspectives:

- Support for health promotion through health investment measures
- Achieve diverse work styles and work-life balance
- Provide opportunities for employees to work and grow in a rewarding environment

(1) Health Management

Mental and physical health is the foundation of well-being and the driving force for value creation. Sumitomo Mitsui Trust Bank will strive to achieve a company where employees can work vigorously in good health and demonstrate their performance by appointing the well-being promotion director to provide a safe and pleasant work environment and supporting each employee in raising health awareness and promoting health in collaboration with the society-managed health insurance, the health promotion center (in-house clinic), and Human Resources Department.

■ Health Management Promotion Structure (Sumitomo Mitsui Trust Bank)



In recognition of its efforts to promote the physical and mental health of all employees, the Group has been certified as a "White 500 company under the Outstanding Organizations of KENKO Investment for Health Program" for seven consecutive years. With the aim of improving the health literacy of all employees, the Group strives to promote and raise health awareness through study sessions for the top management level, training for management, seminars and e-learning for personnel, and other programs. In addition to annual health checkups, Sumitomo Mitsui Trust Bank has implemented a non-smoking policy in all of its buildings and lowered the age limit for breast and cervical cancer examinations for physical health. The Bank also provides individual guidance to ensure that employees who need medical attention as a result of their health checkups consult with doctors, and the recent rate of employees receiving a full medical checkup was 80.1%. With regard to mental health, it has held seminars on mental health measures and set up counseling rooms where clinical psychologists provide counseling. Currently, the Bank is focusing on supporting women's health. The effectiveness of these health measures will be verified through stress checks or measurement of presenteeism and absenteeism to improve and adopt the measures widely.

(2) A Culture That Fosters a Rewarding and Fulfilling Working Environment

The Group is working to create a corporate culture that encourages challenge and learning and to revitalize two-way communication in order to "provide opportunities for all employees to play an active role and grow in a rewarding manner. Sumitomo Mitsui Trust Bank is also working to improve the communication skills of the management level by holding the business unit manager school where the business unit managers serve as lecturers to convey their own experiences and knowledge and introducing 1-on-1 coaching training, thereby developing an open workplace environment that guarantees psychological safety. Further, it has introduced employee awareness surveys and pulse surveys as a mechanism to convey the voices of employees to the top management and management levels.

SuMi TRUST Group's promotion of Diversity, Equity & Inclusion

Message

The concept of "Diversity, Equity & Inclusion" represents the essence of SuMi TRUST Group's management principles and business model.

Sumitomo Mitsui Trust Group, Inc.
Director, President & CEO
Toru Takakura

Top Message

SuMi TRUST Group holds the concept of diversity, equity & inclusion in the sense of "leveraging the diversity and creativity of each individual in management" as its Mission (management principles).

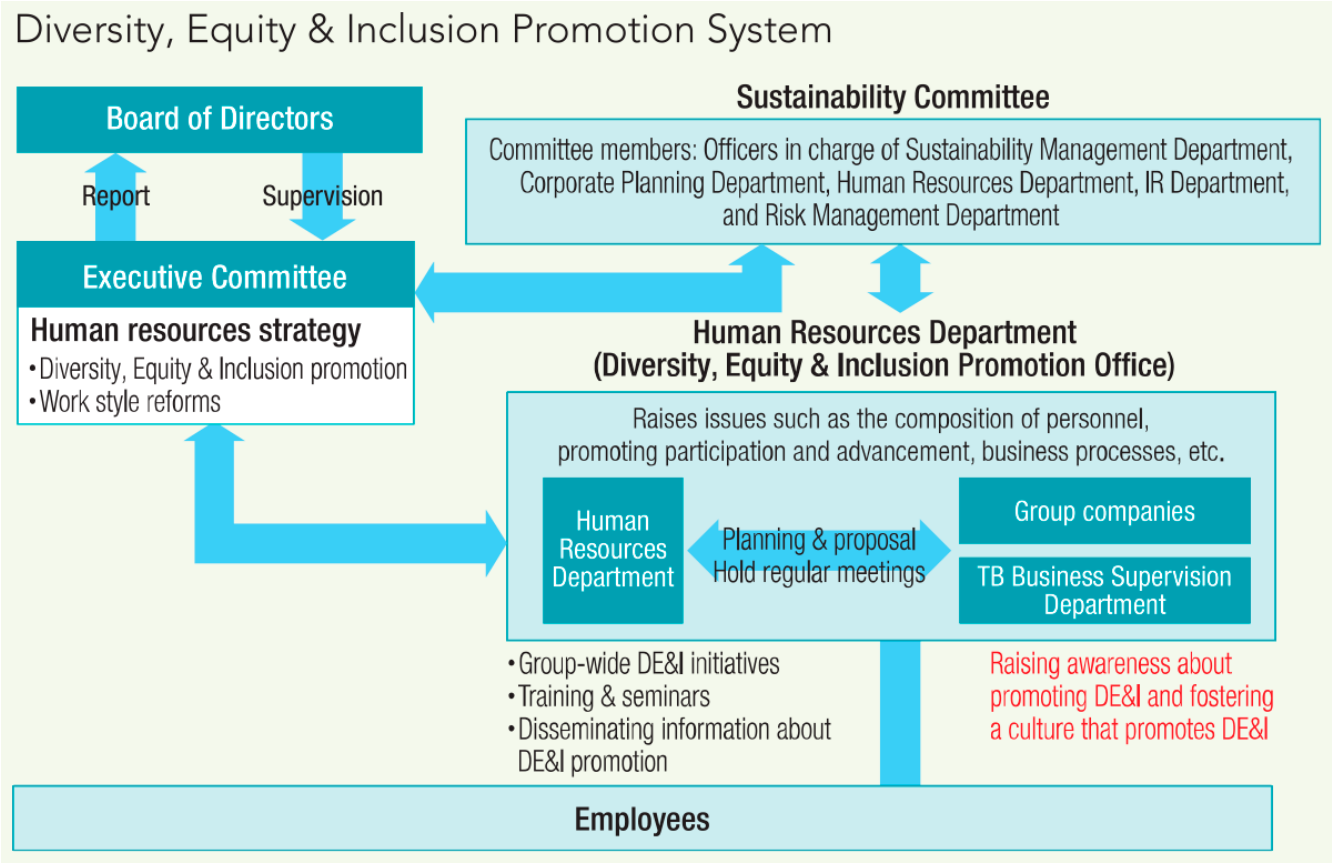
When the Group was formed in 2011, we set out three common aims: "Mission," "Vision" and "Value." The most important of these is the Mission (management principles).

We took the perspective of asking ourselves what our three stakeholders-our clients, society, and shareholders-demand of the Group, and added "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," reflecting our thoughts on what kind of a company we want to be for the Group's employees, as one pillar of our Mission. We have since then worked to make the creation of unique value through the interaction of diverse employees as part of our DNA.

Diversity, Equity & Inclusion Report

SuMi TRUST Holdings' Diversity, Equity & Inclusion Report No,7 (published on July 29, 2024) (8,561KB)

Diversity, Equity & Inclusion Promotion System



Exteral Evaluation

Bloomberg Gender-Equality Index

Sumitomo Mitsui Trust Group, Inc. has been selected by Bloomberg for the Bloomberg Gender-Equality Index, which evaluates the transparency of corporate gender related information disclosure and gender equality initiatives, for the fifth consecutive year since 2019.

Health & Productivity Management Outstanding Organizations -White 500-

For the seventh consecutive year, Sumitomo Mitsui Trust Group, Inc. has been recognized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a Health and Productivity Enterprise (White 500), which honors companies that excel in health and productivity management*. For the second consecutive year, Japan Custody Bank has been independently recognized as a Health and Productivity Enterprise in the large corporation category.

* The top businesses in the Large Enterprise Category earn the “White 500” title.

Kurumin and Platinum Kurumin

Each Group company is accredited with the Kurumin certification as a company that supports childcare by the Ministry of Health, Labour and Welfare based on the Act on Advancement of Measures to Support Raising Next-Generation Children. In addition, "Platinum Kurumin" is granted to the companies that engage in higher levels of initiatives to support balancing between work and childcare.

Companies that received the Kurumin certification

- HR One
- Nikko AM
- Sumitomo Mitsui Trust Panasonic Finance

Companies that received the Platinum Kurumin certification

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Systems & Services
- Custody Bank of Japan

Eruboshi and Platinum Eruboshi

Each Group company is accredited with the Eruboshi certification as an excellent company regarding promoting women's active participation and advancement, by the Ministry of Health, Labour and Welfare based on the Act of Promotion of Women's Participation and Advancement in the Workplace. This certification sets three levels in accordance with the number of items meeting the standards. The Platinum Eruboshi is granted to the company that has met higher levels of requirements.

Companies that received the Eruboshi certification

- HR One (Level 3)
- Sumitomo Mitsui Trust Club (Level 3)
- Sumitomo Mitsui Trust General Servise (Level 3)
- Custody Bank of Japan (Level 2)
- Sumitomo Mitsui Trust TA Solution (Level 2)
- Sumitomo Mitsui Trust Systems & Services (Level 2)
- Sumitomo Mitsui Trust Panasonic Finance (Level 2)

Companies that received the Platinum Eruboshi certification

- Sumitomo Mitsui Trust Business Service

J-Win Diversity Award

This award, hosted by J-Win, recognizes progressive companies that promote D&I, with the aim of accelerating D&I initiatives within businesses and evaluating the progress of companies' D&I efforts. SuMi TRUST Bank was awarded the Basic Achievement Second Prize in 2022. By 2023, it became a finalist in the Advanced Category, with Kazuya Oyama, President of SuMi TRUST Bank, winning the Personal Prize:CEO Award.

PRIDE INDEX 2024

Sumitomo Mitsui Trust Group, Inc. (hereinafter "SuMi TRUST Group") received the top "Gold" rating on "work with Pride Association" (wwP)'s PRIDE Index in 2024 for two straight years.*1

*1 Ten companies; namely SuMi TRUST Group, SuMi TRUST Bank, Limited, Sumitomo Mitsui Trust Asset Management Co., Ltd., Sumitomo Mitsui Trust Business Service Co., Ltd., Nikko Asset Management Co., Ltd., Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Club Co., Ltd., Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., Custody Bank of Japan, Ltd., Sumitomo Mitsui Trust General Service, Inc., collectively received the rating.

SuMi TRUST Bank and Nikko Asset Management earned the Gold rating and the Rainbow Award, which acknowledges companies implementing collective impact initiatives across sectors. The former received them for four straight years, while the latter received them for the first time.

Nadeshiko Brand

In March 2020, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange jointly selected SuMi TRUST Bank as a "Nadeshiko Brand," which recognizes listed companies showing an excellent active participation of women.

Membership

Challenge to 30% in 2030-#Here We Go 2030

Sumitomo Mitsui Trust Group endorsed a movement announced by the Keidanren (Japan Business Federation) to achieve the goal of increasing the percentage of female executives to at least 30% by 2030.

30% Club Japan

As the Investor Group members, Sumitomo Mitsui Trust Asset Management and Nikko AM jointly participate in "30% Club Japan" that aims to achieve diversity of companies.

Business Support for LGBT Equality in Japan

Sumitomo Mitsui Trust Group endorsed a campaign to encourage companies and organizations to adopt the LGBT Equality Law in Japan.

Business for Marriage Equality

Sumitomo Mitsui Trust Group supported a campaign by three non-profit organizations operating in Japan to visualize companies that support equality in marriage (the legalization of same-sex marriage).

Promotion of the Active Participation of Women

Promotion of the Active Participation of Women

SuMi TRUST Group promotes the placement of the right person in the right position in accordance with abilities so that each individual can make the most of their abilities. Employees are promoted to managerial positions based on their capabilites without regard for gender.

We assign its employees to a variety of different positions so that they can take on new challenges and widen their fields of expertise. Through training programs, transfers, and reassignments, we provide all employees with opportunities for growth.

Establishment of numerical targets

The 30 by 2030 Initiative is a call by Keidanren (the Japanese Business Federation) for member companies to move to increase the ratio of female executives to at least 30% by the year 2030. SuMi TRUST Group signed on to the initiative in November 2021, and set a KPI of having women in at least 20% of the section manager, team manager, and higher management roles by March 2025.

30 Challenge

#HereWeGo203030

SuMi TRUST Group KPI (Key Performance Indicator) (Period:April 1, 2022 - March 31, 2025)

	End of September 2024	Goal
Women in section manager, team manager or higher roles	19.4%	20.0%

SuMi TRUST Bank General Employer Action Plan Commitment (Period: November 1, 2024 - March 31, 2028)

	End of October 2024	Goal
Percentage of women in position of section manager or higher	22.9%	26% or above
Percentage of women in management roles	32.8%	34% or above

SuMi TRUST Bank set above-mentioned goals as an Employers Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, with the aim of increasing the number of women in decision-making lines.

At the same time, the bank must create an environment where its employees, regardless of sex, can strike a balance between their careers and household duties, including childcare. Therefore, the bank set goals to lift an average of childcare leaves, etc. taken by male employees to 30 days or more and an average of paid leaves taken by its employees in a year to 21 days or more as part of efforts to improve employment practices.

Development of Human Resources with a Focus on Women

Supporting Steady Career Development by Women

SuMi TRUST Bank conducts detailed training sessions for women at turning points in their careers meant to provide them with opportunities to think about their own career development and build networks. Based on lectures by external speakers and senior employees, we offer career design training for employees in their sixth year of employment to think about their mid-and long-term careers autonomously. We also provide opportunities for female employees, whose careers are often susceptible to life events, to share their concerns and design their careers as part of their life planning. In addition, a leadership training course with women directors as lecturers was held for Course A employees who are near promotion to section manager. We are supporting employee growth by helping to eliminate concerns and pressure associated with becoming a manager so that they can develop their own image of a career in management and aim for further improvement.

Pipeline Formulation & Support Executive Program

SuMi TRUST Bank is working on various initiatives that aim to promote women to management positions by building a pipeline of talents for a systematic growth in each business, providing seminars for female managers and training programs for self-directed career development, etc.

We also introduced a system where officers support next-generation female officers in 2021, under this system, active officers use their wide-ranging experience, broad-based knowledge, and wide range of personal contacts to help female candidates for executive positions accumulate various experiences and promote the latter's growth through a mentorship program.

Furthermore, we give female employees chances to broaden their sphere of activities and chances to engage in diverse business operations. We give them growth opportunities not only through training but also through internal transfers, reassignments and the delegation of jobs.

Number of employees and new graduates employed by Sumitomo Mitsui Trust & Banking Co.

	Total	Of which, women	Of which, males
Number of Employees (as of March 31, 2024)	13,848 persons	7,955 persons	5,893 persons
Number of new graduates hired (FY2024)	409 persons	205 persons	204 persons

Status of female executives and managers of Sumitomo Mitsui Banking Corporation

	End of March 2022	End of March 2023	End of March 2024
(1) Officers	6 persons (8.2%)	7 persons (8.8%)	8 persons (10.3%)
(2) Women in positions of department director	15 persons (5.8%)	14 persons (5.1%)	17 persons (6.5%)
(3) Women in director-level positions	178 persons (14.5%)	188 persons (15.1%)	212 persons (17.0%)
(4) Women ((2) + (3)) in line positions above section chief	193 persons (13.0%)	202 persons (13.3%)	229 persons (15.2%)
(5) Women in management duties	1,792 persons (28.3%)	1,963 persons (30.0%)	2,105 persons (31.6%)

* Female ratio is shown in parentheses (1) includes executive officers, and (5) includes female managers at the unit chief level and above.

Use of External Networks and Dialogue With Executives

We dispatch employees to joint events with other companies as opportunities to broaden their perspectives through cross-industry exchanges and to help them objectively reevaluate their careers.

We are taking a bottom-up approach to the promotion of women's involvement in the workplace and in addition to company-sponsored events and training programs, our branch offices are also taking action in such forms as holding events with women employees at client companies and providing opportunities for staff to consider their own careers.

Furthermore, executives are actively involved in the training of women employees, and hold executive seminars to communicate management perspectives and expectations of women employees through direct dialogue. Some executive seminars are designed to make it easier for women employees taking care of children to participate by holding the sessions during lunchtime. We provide a variety of opportunities to help women employees grow in their careers.

Training for Executives and Managers

In order to change the awareness of management, which is the key to creating an environment in which women can play an active role, SuMi TRUST Bank incorporates the topics of unconscious bias and women's health issues into its manager training programs.

Provides opportunities for young employees, female managers from Group companies, and outside experts with experience in diversity promotion at other companies to make proposals on women's careers from their own perspectives. Through these and other means, the committee is working to deepen the understanding of diversity, equity and inclusion among executives.

Supporting Work-life Balance

Supporting a balance between child-rearing and work

Systems and career support for balancing work with child-rearing

We provide a variety of systems and career support to enable employees to demonstrate their abilities to the fullest, regardless of gender, while caring for their children. Seminars are held for employees returning from childcare leave to encouraged them to consider career development after returning to work and to help eliminate anxiety by learning tips and tricks on how to balance work and family life.

As of the end of June 2024

Category	During pregnancy	Before childbirth	After childbirth	Under the age of one	Until the child turns two	Until the child enters elementary school	Until the child enters the third grade of elementary school
Staggered working hours	○	○	○	○	○	○	○
Ensuring time for hospital visits and easing burden of commuting	○	○	○	○			
Maternity leave (8 weeks paid leave before and after childbirth)		○	○				
Childbirth and childcare leave (paid leave for the first week)	○	○	○	○	○		
Nursing time system (1 hour or two 30-minute periods per day/paid)				○			
Exemption from overtime work	○	○	○	○	○	○	○
Shorter working hours system (working time shortened by up to 2 hours per day)	○	○	○	○	○	○	○
Nursing care leave				○	○	○	
Use of childcare leave by male employees			○	○	○		

Promoting the use of paternity leave

We encourage male employees to take childcare leave as an opportunity to foster a culture in which it is natural for male employees to play a part in family functions, to discover new ideas through childcare, and to build a network outside the company. We hold seminars to promote the use of paternity leave and to encourage understanding of supervisors and colleagues in addition to those taking leave. SuMi TRUST Bank has set a target of realizing 100% use of employee paternity leave. In the 2022 fiscal year, we recommended that employees take a total of one month or more of childcare leave, and have established a unique system called the "Baby Care Leave System," which enables employees to take more flexible childcare leave.

Supporting a balance between nursing care and work

We are working to develop systems and a corporte culture to support employees who continue to work while caring for family members during the age of the 100-year life. We distribute a handbook to help employees balance work and family life and hold regular seminars on this topic with the labor union. In addition, we regularly conduct nursing care seminars and offer a leave-of-absence system for nursing care that lasts up to one year, as well as a system of shorter working hours for up to three years (per eligible family member). Moreover, we've established a nursing care consultation service staffed by advisors. This service handles inquiries about balancing work and caregiving, addressing any questions or concerns through phone or e-mail.

Supporting a balance between cancer treatment and work

In April 2019, SuMi TRUST Bank launched a scheme designed to help employees balance cancer treatment with work. The scheme is mainly underpinned by paid cancer treatment leave, shorter working hours, staggered starting times, and exemption from overtime work to support those undergoing cancer treatment. Also, Sumitomo Mitsui Trust TA Solution, SuMi TRUST Bank, Japan Pension Operation Service, and Nikko Asset Management signed on as "promotion partners" in a corporate action project on cancer prevention, respectively. This state-sponsored project aims to improve cancer screening rates and further educate people about cancer. The companies in SuMi TRUST Group are therefore working on measures aimed at improving cancer education and cancer screening rates so that all employees can lead long and healthy working lives.

がん対策推進企業アクション
がん検診に行きましょう！

Support for Balancing Work and Fertility Treatment

Sumitomo Mitsui Trust Bank has established a fertility consultation service for all employees to provide them worryfree support in balancing fertility treatment with their careers and family life. In addition, we are working on improving our systems to make it easier to balance flexible working styles and treatment.

Support for Career Development Independent of Life Events

System for Change in Work Location or Leave of Absence Due to Spouse's Career

In the 2016 fiscal year, Sumitomo Mitsui Trust Bank introduced a system that enables Course A employees, who normally are not transferred to remote working locations, to change their work locations if their spouse is relocated for work. Beginning in July 2017, employees who accompany their spouses (be they SMTB employees or not) to their overseas working locations were permitted to take a leave of absence. Applications for this system can be submitted regardless of gender. When a spouse is transferred overseas, it imposes a heavy burden on an employee's home environment and often forces the employee to choose between their family and career. This system was born out of the desire to give employees a third option and to support more autonomous career development. Both change in work location and leave of absence systems have been put to use, leading to better career advancement which is independent of live events.

User performance

Changes in the work location in Japan	Leave of Absence Accompanying Transfer to Overseas
54people	22people

(All figures are based on the cumulative total for FY2023)

Encouraging Greater Understanding of Human Rights and LGBTQ

Encouraging Greater Understanding of Human Rights and LGBTQ

SuMi TRUST Group has established a Human Rights Policy as a key component of its Basic Policy Regarding Social Responsibility. The Group not only aims to build a sustainable society, but also respects the human rights of all stakeholders involved in its corporate activities. The prohibition of discrimination against any person who identifies as LGBTQ is also clearly stipulated in our Human Rights Policy.

Addressing LGBTQ issues

SuMi TRUST Bank continuously runs workplace-based human rights training sessions, as well as educational programs as part of new employee training and rank-based training. Other initiatives include the promotion of installation of all-gender restrooms and the launch of a system allowing employees in a same-sex marriage to use marriage leave. In terms of services for clients, same-sex couples can now take out a mortgage loan together at SuMi TRUST Bank by simply submitting a specified notarized document that recognizes them to be spouses.

PRIDE index

General incorporated association work with Pride (wwP) that supports the promotion and establishment of LGBTQ related diversity management. WwP manages the PRIDE Index and SuMiTG plays a central role in the incorporation of this Index into the managemet of our Group.

Ten companies; namely SuMi TRUST Group, SuMi TRUST Bank, Limited, Sumitomo Mitsui Trust Asset Management Co., Ltd., Sumitomo Mitsui Trust Business Service Co., Ltd., Nikko Asset Management Co., Ltd., Sumitomo Mitsui Trust Card Co., Ltd., Sumitomo Mitsui Trust Club Co., Ltd., Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., Custody Bank of Japan, Ltd., Sumitomo Mitsui Trust General Service, Inc., collectively received the “Gold” rating in 2024 for two straight years.

SuMi TRUST Bank and Nikko Asset Management earned the Gold rating and the Rainbow Award, which acknowledges companies implementing collective impact initiatives across sectors. The former received them for four straight years, while the latter received them for the first time.

work with Pride

Gold 2024

work with Pride

Rainbow 2024

Towards an LGBTQ Friendly Financial Group

Sumitomo Mitsui Trust Group has announced its support for the "Business for Marriage Equity," which is a campaign to meant to bring together companies that support equality in marriage, as well as for the "Business for LGBT Equality Support Declaration," which is a campaign to enact the "LGBT Equality Law" in Japan.

Through this support, we hope to contribute to improving the "Well-Being" of customers and society.

#EqualityActJapan
日本にもLGBT平等法を

bme
Business for Marriage Equality

Promoting Active Participation of Disabled Persons

Toward the Advancement of People with Disabilities

Sumitomo Mitsui Trust Group aims to enable people with disabilities to work with motivation and fulfillment as members of the workplace. Nikko Asset Management has been developing its Athlete Employee program since 2013, and is focusing on recruiting wheelchair athletes. Some of the employees who joined the company through this program have established a working group for those with disabilities and are involved in the task of creating a comfortable working environment for all employees.

Employment of Disabled Persons at SuMi TRUST Bank

From communicating with customers at branches to handling clerical duties at our headquarters, the number of places where people with disabilities work as a part of the team is increasing at Sumitomo Mitsui Trust Bank. We also focus on ensuring that any concerns and special requests these employees may have are addressed by holding interviews after joining the company. The results of these interviews are used to create a more comfortable working environment for all employees, both physically and psychologically. Since the 2022 fiscal year, we have also been promoting a project to expand employment of individuals with intellectual, mental, or other developmental disabilities, in addition to those with physical disabilities. (Promoted through the open recruitment system by employees who choose to participate in this project.)

Employment of disabled people

Employment ratio:
2.32%

Employees with disabilities working at head office and branches

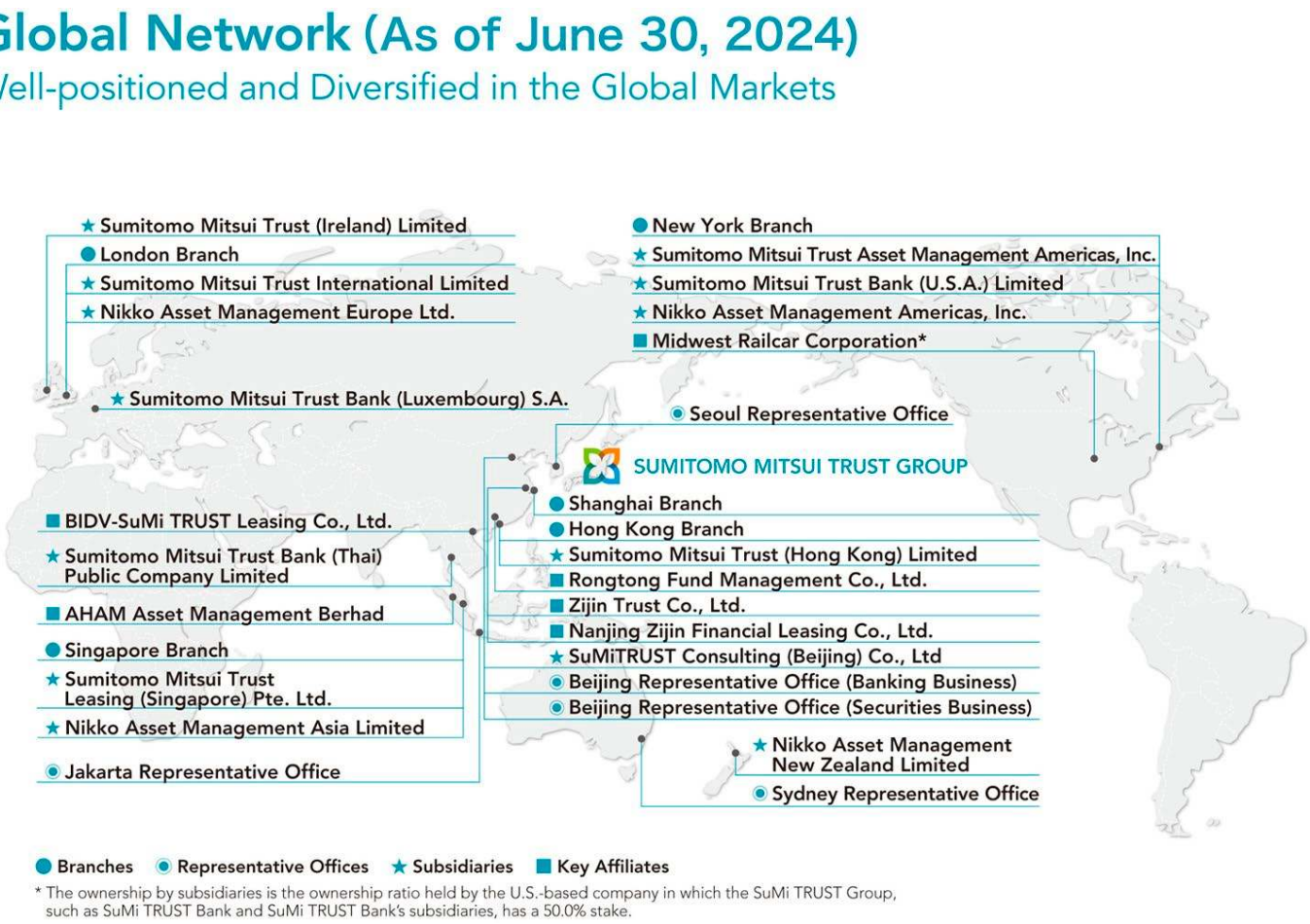
247 people
in 109 branches/departments
As of the and of June 1, 2024

Promoting Active Participation of Global Human Resources

Overseas Network

In addition to establishing operations in major international markets, we are working to expand our global presence through alliances and partnerships with local financial and investment institutions around the world.

As of the end of June 2024



Towards the Advancement of Global Human Resources

The SuMi TRUST Group employs a large number of national staff at our overseas branches, representative offices, subsidiaries, and more.

Training sessions are held for national staff members working at overseas branches and subsidiaries to deepen their understanding of the Group and its operations, and to strengthen employee cross-cultural networks. Personnel exchanges are also carried out through long-term business trips between overseas offices.

Aging and Financial Inclusion

Our Group provides broad-ranging solutions that help solving social issues in the age of 100-year life to contribute to the realization of "FINANCIAL WELL-BEING of our clients and society."

Issues to Realize Financial Inclusion in a Super-Aged Society

Asset formation

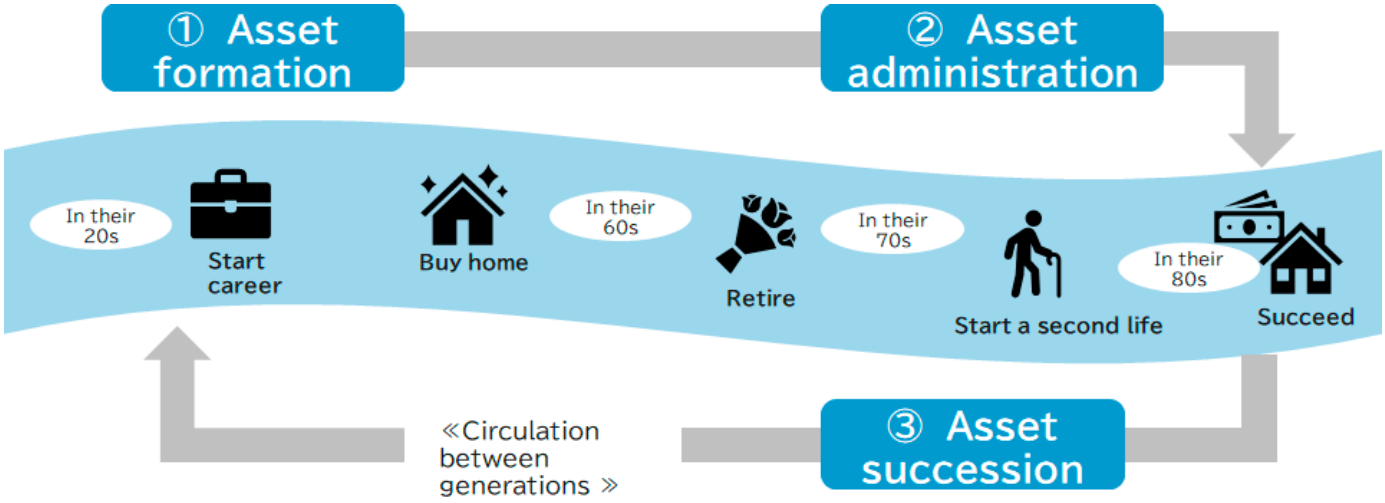
The importance of provident asset formation is increasing more and more in the current situation with low interest rate, low birth rate and aging society, and inflation. While the government holds up the "Promoting Japan as a Leading Asset Management Center" scheme and asset management opportunities are increasing, our Group supports clients' medium to long term asset formation through various solutions and advisory services.

Asset administration

Amid an aging society, we strive to improve our asset administration services including developing a trust product which integrates effective functions to prepare for dementia and other problems to ensure the safe and secure life of elderly clients anxious about their future asset administration as well as that of their family.

Asset succession

An aging society and changes in tax systems have revealed suffering and anxiety about inheritance and succession to the next generation, which has become a social issue. Our representatives with expertise help clients' smooth succession of their assets.



Our Initiatives

Financial Literacy Education

Against the backdrop of recent inflation and an increase in the age at which pension benefits are granted, social demands for retirement savings have increased, and self-help efforts to build wealth from an early age have attracted attention.

Our Group is committed to improving financial literacy so that each client can choose the products and services that fit their life plan and build wealth on their own initiative.

We will help our clients achieve their FINANCIAL WELL-BEING by continuing to offer asset management seminars through our defined contribution (DC) pension plan, the workplace and other touchpoints, and to provide financial education content in partnership with educational institutions near our branches.

The Sumitomo Mitsui Trust Financial Education Institute provides a wide variety of seminars and video content on how to form and utilize assets to ensure safety and happiness of each person throughout a lifetime.

ミライ研

三井住友トラスト・資産のミライ研究所

Collaboration with SBI Sumishin Net Bank

SuMi TRUST Bank launched Sumitomo Mitsui Trust NEOBANK in September 2023, a banking service that leverages the cutting-edge IT technology of SBI Sumishin Net Bank.

By utilizing this service in conjunction with the "Smart Life Designer," an asset administration app, clients can access a suite of high-value-added services aligned with their life stages. These services range from daily deposits and withdrawals to asset management, administration, and succession. Through this service, it will work to realize FINNANCIAL WELL-BEING for a wide range of clients, including those it already does business with and new clients it has yet to reach.

Initiatives for the Elderly (Financial Inclusion)

In addition to developing trust products for the super-aging society and promoting trustee support services for civil trusts, we are actively working to solve the problems surrounding Japan's elderly people and to realize financial inclusion by holding academic symposiums on adult guardianship and trusts under industry-government-academia partnership to promote adult guardianship and other systems rooted in cooperation with local communities.

Specifically, we send lecturers to open workshops on trusts for citizens, and to study meetings for social welfare councils as well as hold seminars for lawyers, judicial scriveners, and other professionals involved in civil trusts.

In addition, we have subsidized the Chuo University Research and Development Initiative to set the Research Unit for Blueprinting the Best Utilization Scheme of "TRUSTS" in the Super-Aged Society, through which we have sponsored and sent lecturers to "TV Symposium," a TV program of Japan Broadcasting Corporation (NHK), and to "Development of Adult Guardianship and Trust in Asia," an international symposium, etc. to improve literacy in property administration for the elderly.

Improving Gerontology Literacy

Gerontology examines the various issues that occur as people age and is a field of study characterized by interdisciplinary viewpoints aimed at investigating ways to help people lead better lives. SuMi TRUST Bank is focused on studying gerontology together with its clients and aims to realize the concept of productive aging whereby seniors stay in control of their own lives right to the very end and remain an integral part of the society despite their old age. It has required all branch managers to sit and pass a gerontology test since 2014 to provide better services and consulting for elderly clients. Furthermore, it also supports the Bank Gerontologist certification exam created by the Decision-Making Support Organization Japan and the Kinzai Institute for Financial Affairs by making questions, etc.

As of end-March 2024

Providing appropriate consulting to the senior	Certified Bank Gerontologist	3,991
Supporting inheritance, wills, estate liquidation, etc.	Financial Consultant/Trust Consultant	293

Number of cource employees of Sumitomo Mistui TRUST Bank who have passed the licensing examinations above.

Support Seniors for Happy Life

We prepare various editions of the "Digest Report for Seniors," a guidebook that provides useful information for thinking about senior-generation housing and issues on dementia.

最新シニア世代応援レポート
シニア世代の住まいを考える4.0 (8,055KB)

最新シニア世代応援レポート
認知症問題を考える3.0 (9,016KB)

Social Contribution Activities

Social Contribution Activities

Our Group is conducting social contribution activities to solve social issues.

Supporting the "Theatre of the Heart" project that invites children to theatres

We join as volunteers to the operation of the "Theatre of the Heart" project presented by Shiki Theatre Company and Performing Arts Centre Foundation, that brings joy and excitement to children across Japan. The volunteer members together with school officials and Shiki staff support and help welcoming and ushering children in and out of theatres for their delightful theatre experience.

Supporting the Tokyo MINATO CITY International Music Competition & Workshop

The "Tokyo MINATO CITY International Music Competition & Workshop" provides both an "International music competition" for three sections including violin, cello, and piano and a competition for one section is held every year in turn, as well as an "educational workshop" targeting from kindergarten to high school students who pursue a career in music. At the competition, our employees supported the operation related to language, public relations and works at site as volunteers.

©Taira Tairadate

Sponsoring the 17th Asahi Cup Shogi Open Match

We sponsored the "17th Asahi Shogi Open Match" held by the Japan Shogi Association and the Asahi Shimbun Company, a Japanese newspaper company. Shogi is known as Japanese chess, and the match attracts lots of Shogi fans' attention, as it aims to discover new Shogi talents and widen their appeal. Our Group aims to present Shogi's charm to lots of people and contribute to the development of the culture through the sponsorship.

Participating in FIT for Charity Run

We participate in the "Financial Industry in Tokyo (FIT) for Charity Run," a charity event in which financial organizations assemble to support Japanese NPOs, not only as a sponsor, but also by deploying charity runners and operational volunteers. The participation fees paid by the employees and cooperation fees provided by the companies of participating runners are donated to NPOs whose social importance and needs have not been fully recognized yet.

FINANCIAL INDUSTRY in TOKYO
FIT
forcharity

Other Volunteer Activities

We provide various volunteer programs which require employees' participation.

We prepare programs including making "towel bears" in collaboration with an NPO that supports children with a serious disease and their families, and a food drive in collaboration with NPOs that give food aid for single-parent families in difficult economic situations.

In addition, we set up an internal volunteer circle and join varied volunteer activities such as beach and river cleanups.

"With You" Activities

Sumitomo Mitsui Trust Bank engages in community-based sustainability activities, which we call "With You," focusing on branches in regions across the country to build strong, trust-based relationships with local communities.

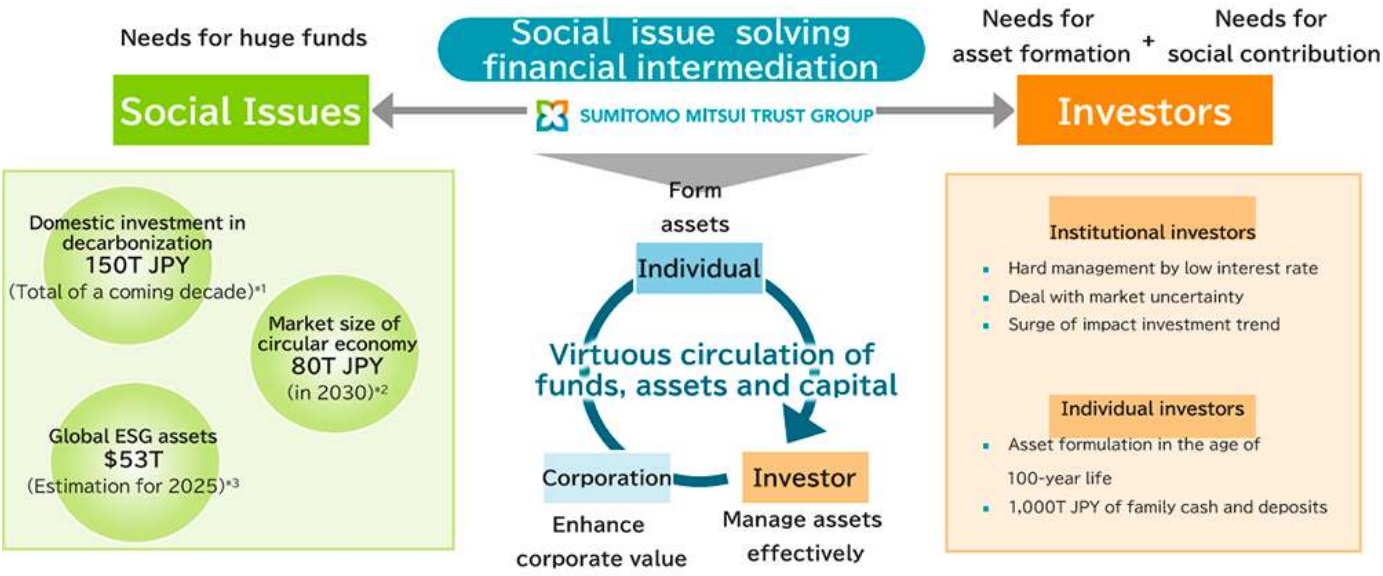
With You Branch Blog (Japanese only)

Providing Solutions

Providing Solutions

Challenge for Society

Under our Purpose of "Trust for a flourishing future," 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 Sumitomo Mitsui 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 investors' funds, thereby creating a virtuous circulation of funds, assets, and capital.



(Source)*1, *2:Ministry of Economy, Trade and Industry *3:Bloomberg Intelligence

Initiatives for Positive Impact

Japan's long-standing financial challenges have been that abundant personal financial assets and corporate retained earnings have not flowed into investment and 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 management needs of investors to create a virtuous circulation of funds.

The roles of financial institutions and investors expected by companies are changing, and they are no longer expected to focus solely on financial information when supplying funds, but to 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 in the value chain where the best impact can be achieved, and monitoring the impact of the investment.

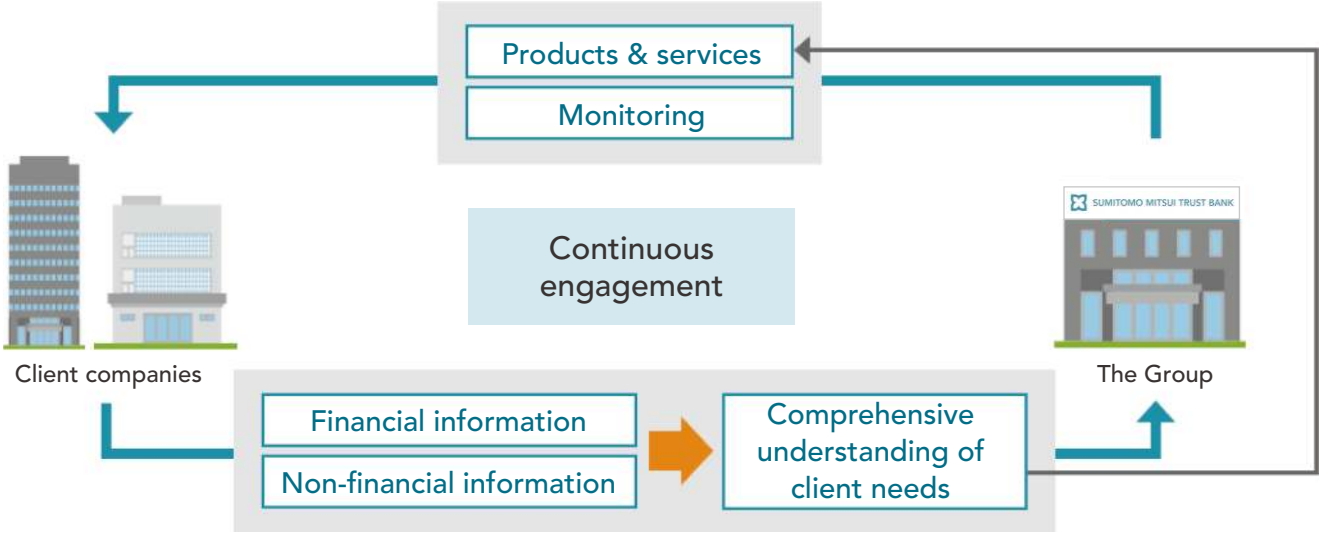
SuMi TRUST Group is tackling various impact businesses as stated below.

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 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.

Delivery of ESG Total Solutions

Note: In this section and throughout this chapter, "we" refers to SuMi TRUST Bank.

With the Sustainable Development Goals (SDGs) gaining momentum across the world, corporate clients are challenged with and expected to promptly tackle complex and highly sophisticated issues while pursuing sustainable management. We provide our customers a total solution of various stakeholder network/connections we have built through our bank and trust businesses in addition to wide variety of solutions which will lead to corporate value enhancement. Due to an increasing interest in the area, in April 2020 we established a division dedicated to ESG topics which will look across all business sectors. We will support our client's journey by utilizing the sustainability know-how and networks honed thus far.



Develop and deliver total solutions that meet diverse needs

Establishment of Joint Venture to support Japan's transition to decarbonization

Amidst an increasing number of extreme climate disasters globally, many companies are being called upon to take both adoption and mitigation towards building a decarbonized society. In February 2024, we established a new joint venture company "ERM SuMi TRUST Consulting," with ERM Japan Ltd. (ERM), one of the largest global sustainability focused consulting firm, to support our client companies. Through this strategic collaboration, we will be able to combines ERM's global expertise in the field of sustainability and our financial infrastructure capabilities which will be and unique strength of the service we offer to enhance the corporate value of our clients and contribute to building a sustainable and decarbonized society in Japan. For more information, please visit our website here

Impact Business

The Company defines "impact" as a short- and medium- to long-term effect that a corporation's products and services or activities have on the economy, society and the environment.

We provide impact finance in various asset classes in accordance with international principles, such as the Principles for Positive Impact Finance developed by the United Nations Environment Programme Finance Initiative (UNEP FI).

Finance × Sustainability

We have set a long-term target for sustainable finance of ¥15 trillion over the 10-year period from fiscal year 2021 through 2030, including ¥2.5 trillion in impact equity. Together with our customers, we will contribute to building a sustainable society and solve both climate and social issues by enhancing financial flow to the environment and social field.

Sustainable Finance

The table below shows the sustainable finance products offer. We strive to ensure the credibility and transparency of our sustainable finance by complying with international principles and obtaining Second-Party Opinions on conformity from external evaluation bodies as a matter of general policy.

Product name	Compliance principles, etc.	Restrictions on use of funds	Main features
1. Positive Impact Finance (PIF)	United Nations Environment Programme Finance Initiative (UNEP FI): Principles for Positive Impact Finance Principles for Positive Impact Finance Framework	No	Loans that comprehensively analyze and evaluate all significant impacts from corporate activities, aimed at ongoing support of such activities
2. Sustainability-linked loan (SLL)	Loan Market Association (LMA): Sustainability Linked Loan Principles International Capital Market Association (ICMA): Sustainability Linked Bond Principles	No	Loans that establish specific sustainability targets that are closely related to the key sustainability strategies of the company's activities, and then alter their financial terms depending on the degree of achievement of the targets
3. Transition loan (1) Sustainability-linked loan type (transition-linked loan) (2) Green loan type	International Capital Market Association (ICMA): Climate Transition Finance Handbook	(1) No (2) Yes	Loans to finance transition to decarbonization

Sustainable finance with restricted use of funds			
4. Green loan	International Capital Market Association (ICMA): Green Bond Principles (GBP) Loan Market Association (LMA): Green Loan Principles (GLP)	Yes	Loans to finance specific green projects that create environmental benefits
Blue loan	International Capital Market Association (ICMA): GBP, GLP European Commission: Sustainable Blue Economy Finance Principles	Yes	Loans to finance specific blue project initiatives that generate environmental benefits (ocean economy, water infrastructure, etc.)
5. Social loan	International Capital Market Association (ICMA): Social Bond Principles (SBP) Loan Market Association (LMA), etc.: Social Loan Principles (SLP)	Yes	Loans to finance specific social projects that create social benefits
6. Sustainability loan	International Capital Market Association (ICMA): Sustainability Bond Guidelines	Yes	Loans to finance specific projects (green and social) that create environmental and social benefits

Positive Impact Finance (PIF)

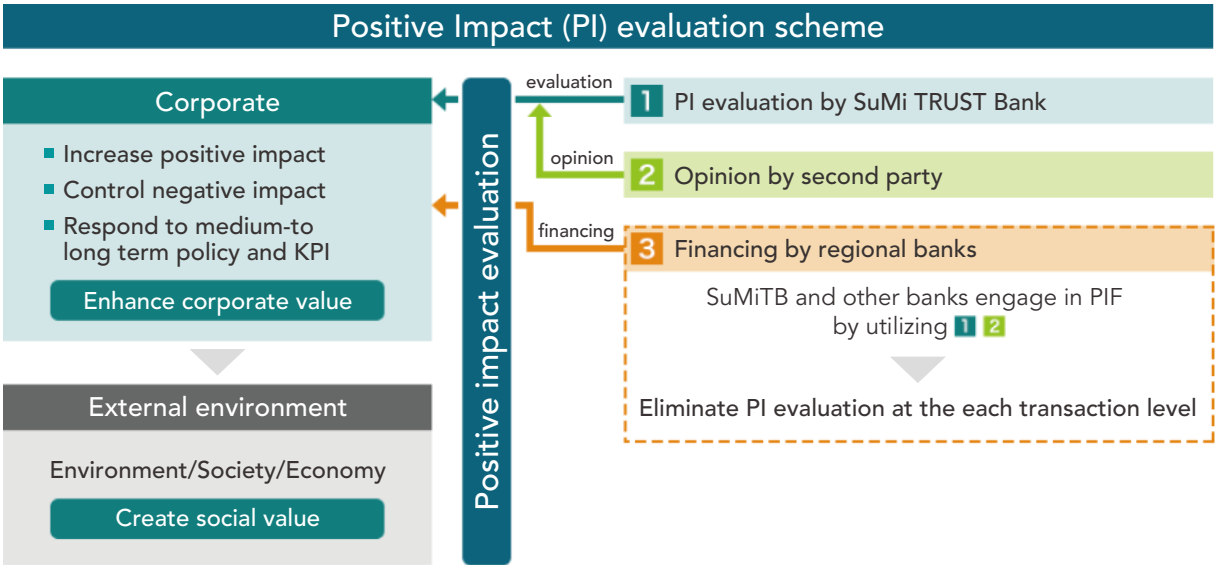
In March of 2019, as a pioneering initiative, we began offering Positive Impact Finance (PIF) loan agreement, as a loan for business companies with no restrictions on the use of funds, based on the Principles for Positive Impact Finance advocated by the United Nations Environment Programme Finance Initiative (UNEP FI).

PIF is a finance initiative which comprehensively analyzes and evaluates the impacts (both positive and negative) which a company's activities have on the economy, society, and the environment. In PIF, targets are set in regard to alleviating negative impacts while maximizing positive ones and focus is placed upon continuous engagement in order to ensure the realization of these targets. The product concept and other features of PIF have been highly evaluated, and in February of 2020, our PIF received the Gold Prize in the Finance Category of the Minister of the Environment's first annual ESG Finance Awards Japan.

In addition, we have introduced a "Positive Impact Evaluation Framework" which enables companies subject to evaluation can refer to, when they receive financing also from other financial institutions using this framework, and was selected as a "Green Finance Model Case" by the Ministry of the Environment in FY2022.

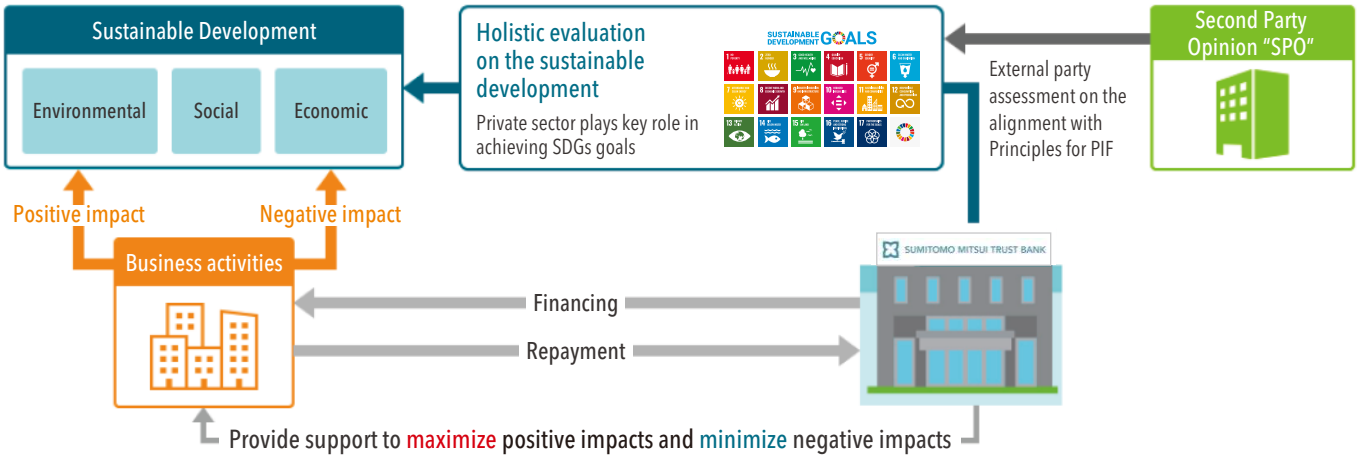
Through PIF, we will continue to support the our clients' corporate activities by advising them on the formulation of their frameworks and obtaining Second-Party Opinions.

Track record on Positive Impact Finance



The Scheme of the Positive Impact Finance

Positive Impact Finance is a financing scheme that comprehensively analyzes and evaluates the impact (positive and negative) of corporate activities on the environment, society and the economy, and aims to provide continuous support for such activities. The most distinctive feature of this type of financing is that it utilizes the degree of contribution to the achievement of the SDGs by a company's activities, products, and services as an evaluation index and monitors them based on disclosed information.

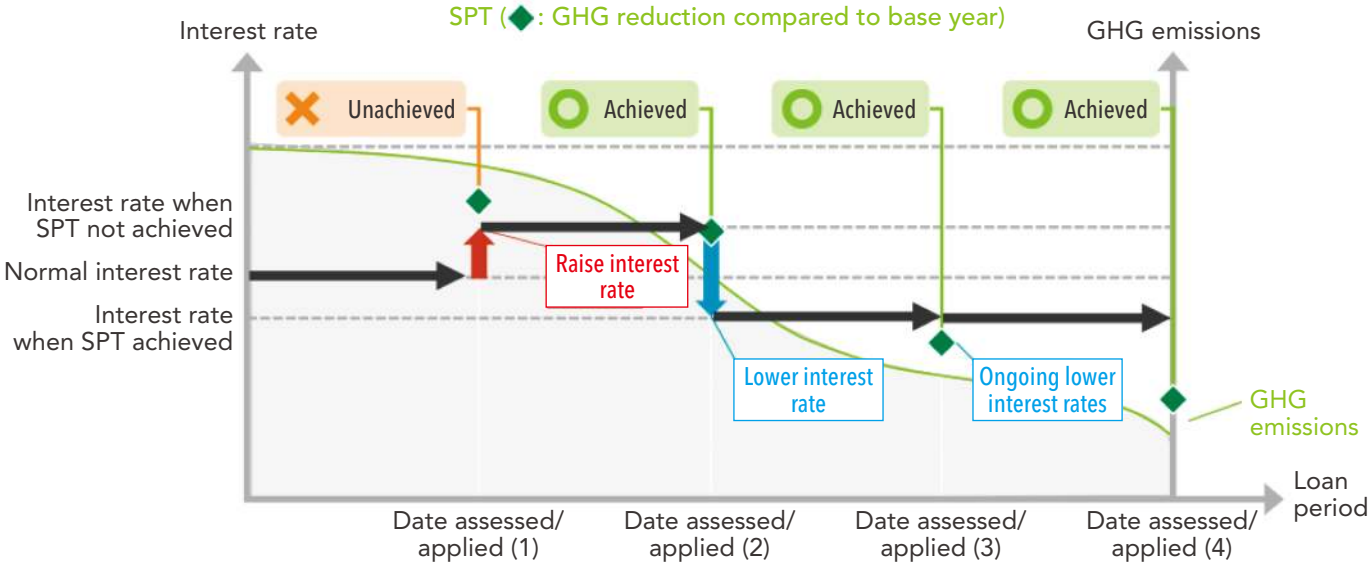


A framework for the Positive Impact Finance

Sustainability-Linked Loan (SLL)

The purpose of the Sustainability-Linked Loan is to promote and support the borrowers' environmentally and socially sustainable economic activities and economic growth by setting key performance indicators (KPIs) and sustainability performance targets (SPTs) aligned with the sustainability targets set out in the borrower's business strategy, and then linking the loan terms and borrowers' performance with the SPTs to motivate the borrowers to achieve these targets. KPIs linked to specific themes (GHG reductions, energy efficiency, recycling rates, human capital management promotion, etc.) and ambitious SPTs are determined through thorough consultation with the client.

Example: Setting SPT for GHG emission reductions



Note: Interest rates will fluctuate depending on the SPT achievement status on each assessment date (the above is an illustrative example).

Transition Loan

Transition Loan is a type of financing aimed at supporting companies that are considering measures to address climate change risks and are making efforts to reduce CO_2 emissions in line with their long-term strategy for transitioning to a decarbonized society. The environmental materiality of our science-based climate transition strategy, governance, and business model are assessed in order to promote activities that contributes to the goals set out in the Paris Agreement.

There are two types of transition loans; Green Loans, which specifies the use of loan proceeds, and Sustainability-Linked Loans, which does not.

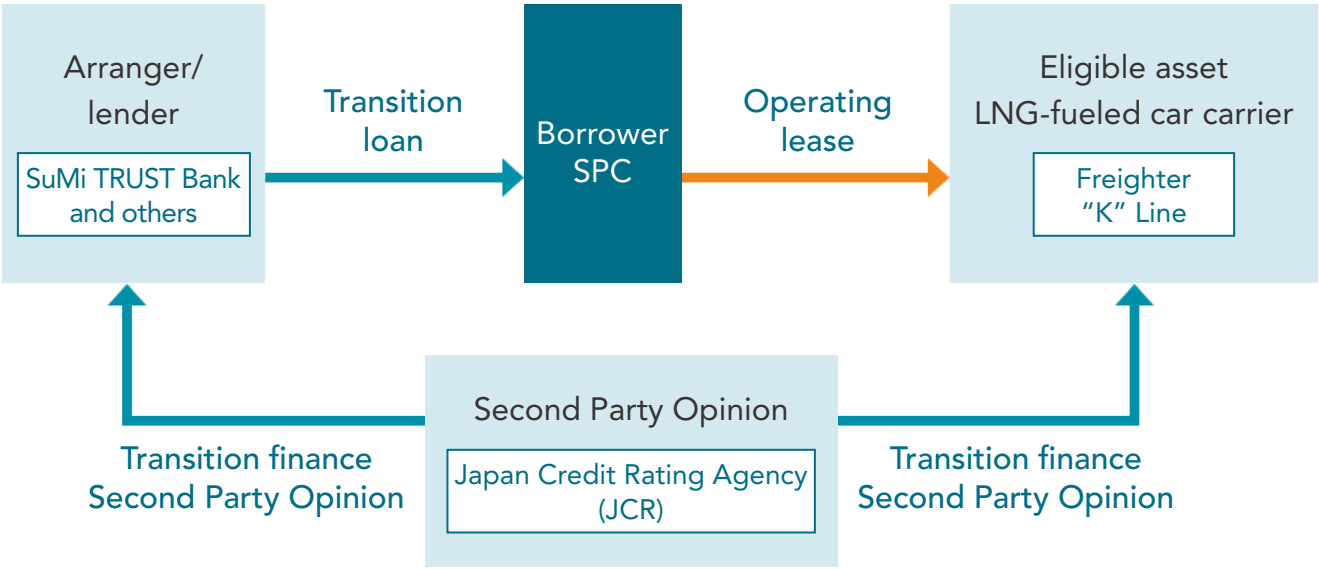
Click here for the Basic Guidelines on Climate Transition Finance in Japan. (You will be redirected to the website of the Ministry of Economy, Trade and Industry.)

Case study of transition loan issued by the Company

- Kawasaki Kisen Kaisha, Ltd.
  https://www.smtb.jp/english/-/media/tb/english/news/pdf/E210312.pdf

Kawasaki Kisen Kaisha, Ltd. (branded as "K" Line) has laid out a climate transition strategy in its "K" LINE Environmental Vision 2050 in which "50% improvement in CO_2 emission efficiency compared to 2008" and "advancement of new energy transportation and supply for a low-carbon society" were set as 2030 interim milestones on the road to decarbonization.

To help "K" Line achieve these milestones, in March 2021 the Company issued a transition loan for the purpose of acquiring a next-generation, eco-friendly, LNG-fueled car carrier. This was a pioneering initiative at the time.



Examples of our transition-linked loans

- Mitsui O.S.K. Lines, Ltd.
  https://www.smtb.jp/-/media/tb/business/pdf/240425.pdf

Mitsui O.S.K. Lines (MOL) has developed a GHG emissions reduction scenario as part of its MOL Group Environmental Vision 2.2 (Figure 1) to achieve Net Zero Emissions by 2050 (Figure 2) and has set a 2035 interim target of reducing GHG emissions intensity in transportation by 45% compared to 2019 levels.

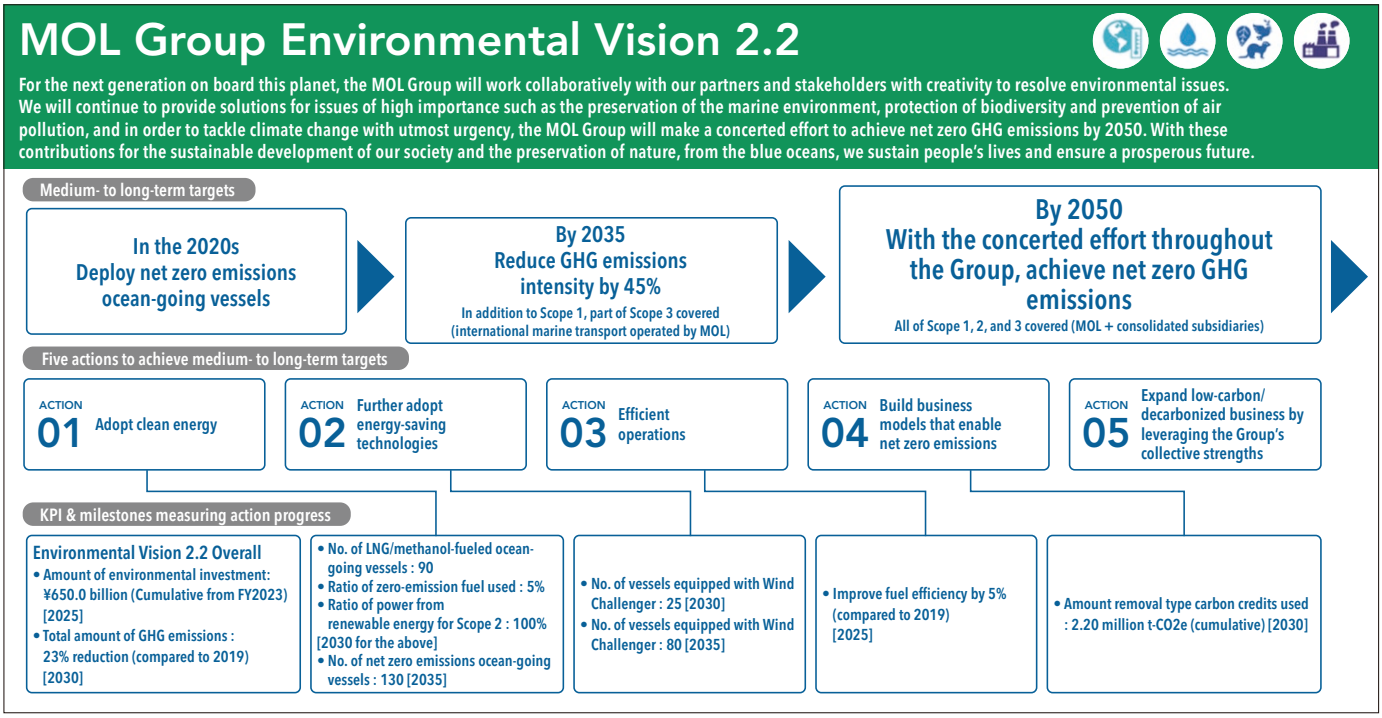
SuMiTB became a co-arranger of a syndicated transition-linked loan (Figure 3) to support the MOL Group in addressing environmental issues. The loan agreement was concluded in April 2024.

MOL has received approval*1 by the Minister of Land, Infrastructure, Transport and Tourism for its business adaptation plan based on the Act on Strengthening Industrial Competitiveness. The loan makes use of the government's financial support program for promoting the transition towards carbon neutrality (the performance-linked interest subsidy scheme*2) based on the same act.

*1 Please visit the Ministry of Economy, Trade and Industry's website for information about how business adaptation plans are approved under the Act on Strengthening Industrial Competitiveness (Japanese text only).
https://www.meti.go.jp/policy/economy/kyosoryoku_kyoka/nintei_cn.html

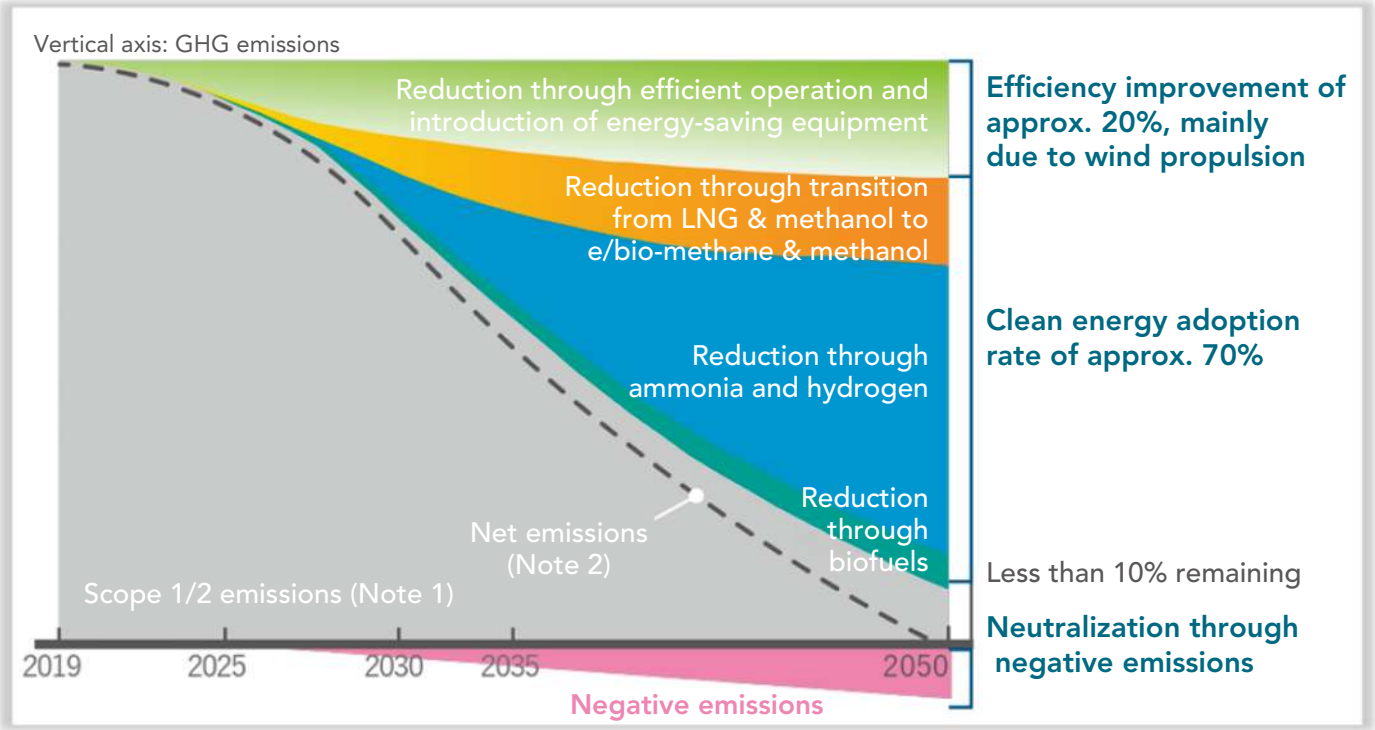
*2 Please visit the Ministry of Economy, Trade and Industry's website for information about the performance-linked interest subsidy scheme (Japanese text only).
https://www.meti.go.jp/policy/economy/keiei_innovation/sangyokinyu/cnrishihokyu/index.html

Figure 1: MOL Group Environmental Vision 2.2



Source: MOL's website

Figure 2: MOL Group's pathway to net zero emissions



Source: MOL website "MOL Group Environmental Vision 2.2"

Figure 3: KPI and SPT set for this loan

KPI	Energy Efficiency Operational Indicator (EEOI)*
SPT	Annual EEOI target reduction rate to "achieve 45% reduction in the EEOI by 2035" relative to a 2019 baseline.

* An indicator representing the amount of CO_2e (GHG) emissions per unit cargo weight and transportation distance during ship operations.
Source: Created by SuMi TRUST Bank based on the MOL website

Sustainable Finance with Restricted Use of Funds (Green/Blue/Social/Sustainability Loans)

(1) Green Loan

A Green Loan is a type of financing used to raise funds for projects ("eligible projects") that contribute to solving environmental issues. The use of the loan proceeds are limited to green projects. After the issuance of the loan, transparency is ensured through tracking of the loan proceeds and reporting.

(2) Blue Loan

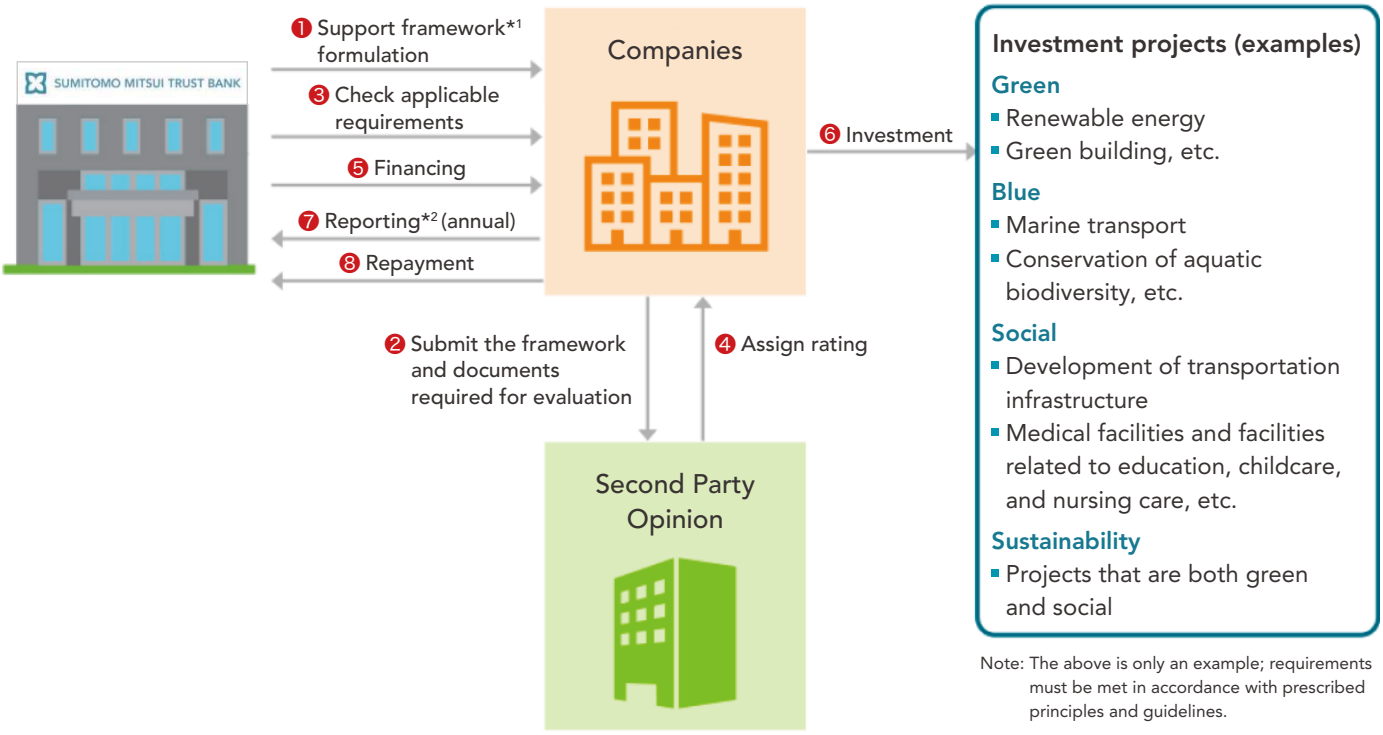
A Blue Loan is used to finance the protection of the marine environment in order to carry out economic activities that make sustainable use of the ocean's resources ("Blue Economy"). It is classified as a subcategory of Green Loan.

(3) Social Loan

A Social Loan is a type of financing used to raise funds for projects ("eligible projects") that contribute to solving social issues. The use of the loan proceeds is limited to social projects. After the issuance of the loan, transparency is ensured through tracking of the loan proceeds and reporting.

(4) Sustainability Loan

A Sustainability Loan is a combination of Green Loan and Social Loan. The use of the loan proceeds is limited to green projects and social projects. After the issuance of the loan, transparency is ensured through tracking of the loan proceeds and reporting.



Note: The above is only an example; requirements must be met in accordance with prescribed principles and guidelines.

*1 The framework must satisfy the following four elements: (1) Use of the funds raised; (2) Project evaluation and selection process; (3) Management of the funds raised; and (4) Reporting.

*2 Reporting means preparing reports on the allocation of funds and the environmental and social impact of investment projects.

Other

Renewable Energy Finance

In Japan, the deployment and expansion of offshore wind power generation is gaining attention. More specifically, auctions for offshore power plants in the open seas have started, in addition to the development of solar and onshore wind power plants, towards the achievement of a carbon-neutral society by 2050. In addition to promoting the deployment of renewable energy through project finances, we originates and manages renewable energy funds that invest funds solely on renewable energy-type large-scale power generation businesses.

Green Deposit

Green Deposit is a foreign currency term deposit whose proceeds are in principle used solely to fund projects that will contribute to improvement of environmental issues, such as renewable energy, including solar power and wind power generation, as well as environment-friendly real estate. We believe that by raising funds through this Green Deposit initiative and then lending the procured funds, we can contribute to building a sustainable environment and society, thereby providing greater value to our stakeholders.

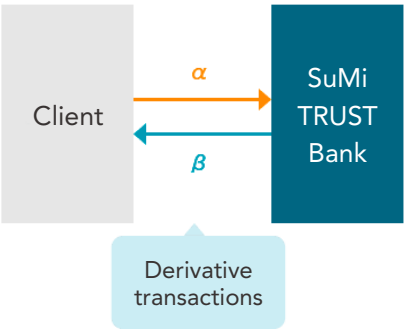
Our Green Deposit funds are procured based on the Green Product Framework, which was formulated with the cooperation of a third-party certification body.

Click here for the Green Product Framework

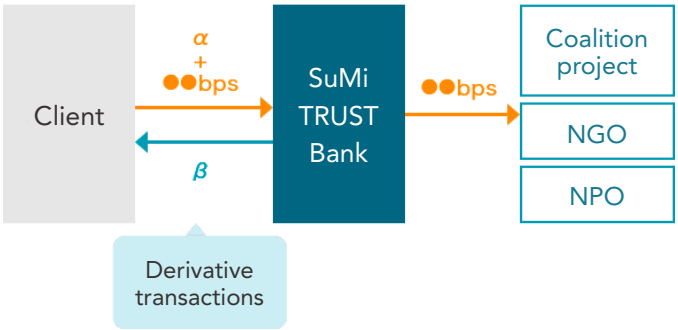
Sustainability-Linked Derivative

We are working on a derivative product that sets SPTs according to the same principles as an SLL, and then redirects the payout of the derivative's cash flow to pre-selected SDGs-related NPOs and other philanthropic organizations depending on the progress toward the SPTs. 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.

Derivative initiative that sets SDGs-related commitment targets (KPIs). The terms are designed to change if the KPIs are not achieved at pre-determined times.



Additional cash flow (an "ESG premium") is generated and donated, through SMTB, to pre-agreed environmental and social reform projects, NGOs, or NPOs.

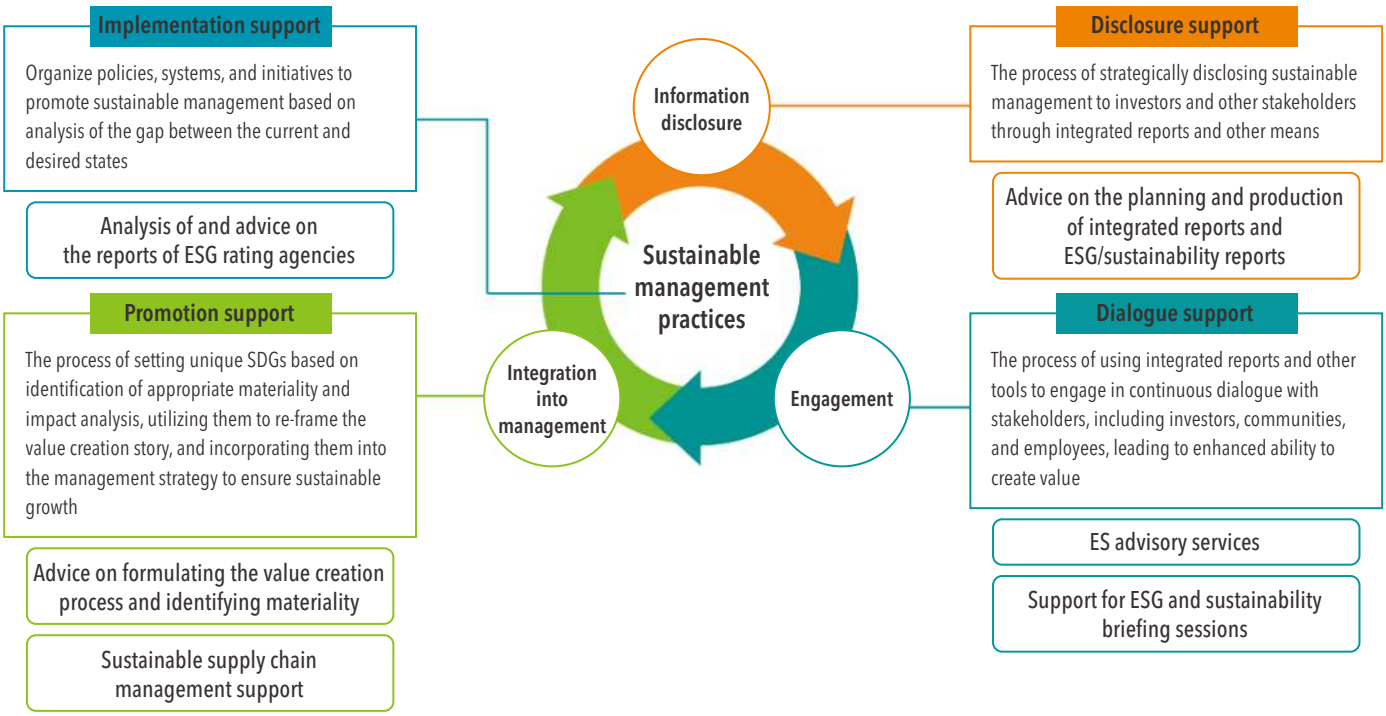


Consulting × ESG

We combine the perspective of an institutional investor that has engaged in the asset management business for many years and the perspective of a practitioner of sustainable management as an issuer company to provide comprehensive consulting services to support clients in establishing their sustainable management practices. The consulting services include the creation of a cycle of "information disclosure," "engagement," and "integration into management," which are the key to sustainable management.

Sustainable Management Support Consulting

We provide sustainable management consulting that leverages our unique ability to bring together our perspective as an institutional investor accumulated over many years in asset management with our perspective as a forward-thinking sustainable management practitioner. In our view, "sustainable management" is defined as a process of establishing and integrating into management a value-creation process that balances societal sustainability (building a sustainable society) and corporate sustainability (sustainable growth). More specifically, we will assemble a project team of consultants with expertise to meet the needs of each client and provide advice.



Real Estate × ESG

We have proposed many ideas relating to environment-friendly real estate, with a focus on showing how environmental performance can create added value in ways that are readily understandable. The efforts to raise awareness on this topic go back to a paper we published in 2005 on the added value created by environment-friendly real estate. In 2010, as a pioneering initiative, we established an organization dedicated to environment-friendly real estate. In addition to its expertise-based real estate business foundation, the Bank has worked to orient its businesses toward promoting environment-friendly real estate through pioneering initiatives in environment-friendly real estate.

Click here for our initiatives in environment-friendly real estate

Partner for Enhancing Governance and Dialogue with Investors

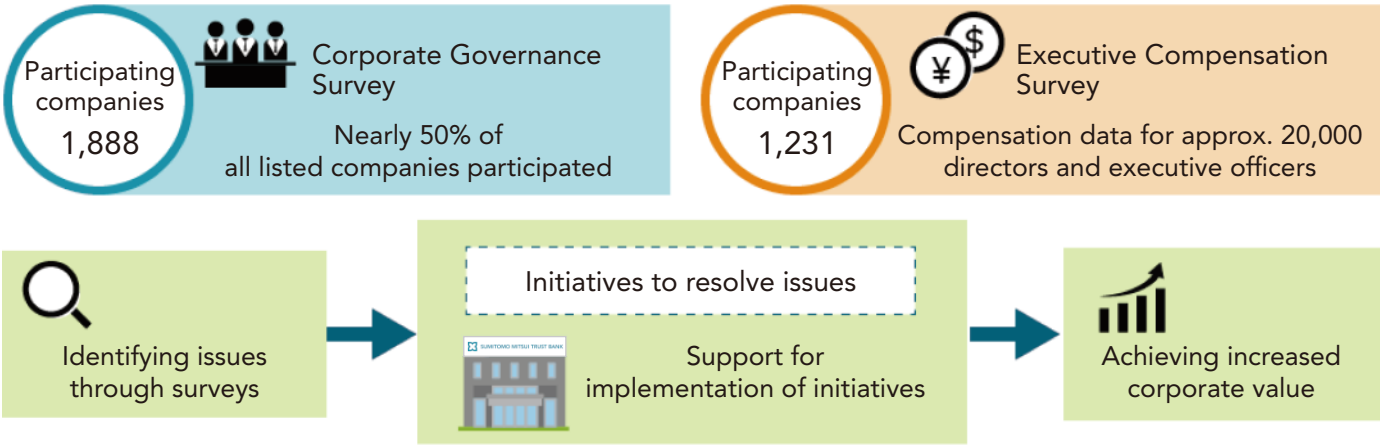
Since the introduction of Japan's Corporate Governance Code and Stewardship Code, listed companies have been proactively reviewing their own governance structures and promoting constructive dialogue with shareholders and investors. To help companies resolve governance and dialogue-related issues and advance to the next level of sophistication, we offer IR/SR consulting, Corporate governance consulting, and nomination/compensation consulting.

Corporate Governance Survey and Executive Compensation Survey

Each year, we conduct a Corporate Governance Survey to grasp initiatives and attitudes related to the governance of listed companies, and an Executive Compensation Survey*1 to understand the state of their executive compensation system. Both surveys are the largest of their kind in Japan, which enables our experienced consultants to provide appropriate advice based on ample data.

*1 The Executive Compensation Survey is conducted jointly with Deloitte Tohmatsu Consulting LLC.

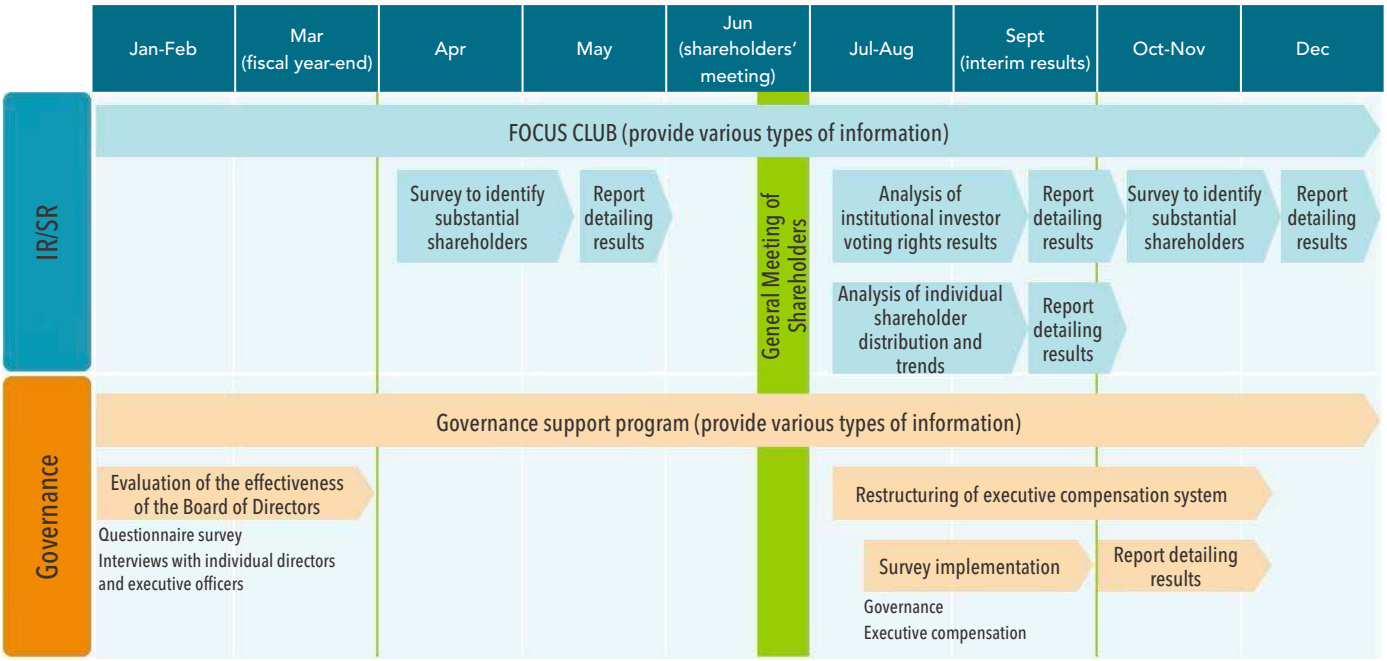
(Results for FY2023)



Year-Round Support

Our FOCUS CLUB and governance support program offer year-round support. In addition to these, we offer other forms of ongoing support for implementing PDCA cycles to resolve issues throughout the year, including consulting tailored to client needs and implementation of our Corporate Governance Survey and Executive Compensation Survey.

Example of year-round support with consulting services (for a company with a fiscal year ending in March)



Services

IR/SR consulting

We provide highly rated IR and SR services that benefit from our extensive domestic and international network, timely information delivery, and accumulated know-how.

Corporate governance consulting

We support our clients' activities to strengthen corporate governance through the combination of extensive expertise accumulated from our stable client base as a stock transfer agency and our experienced consultants.

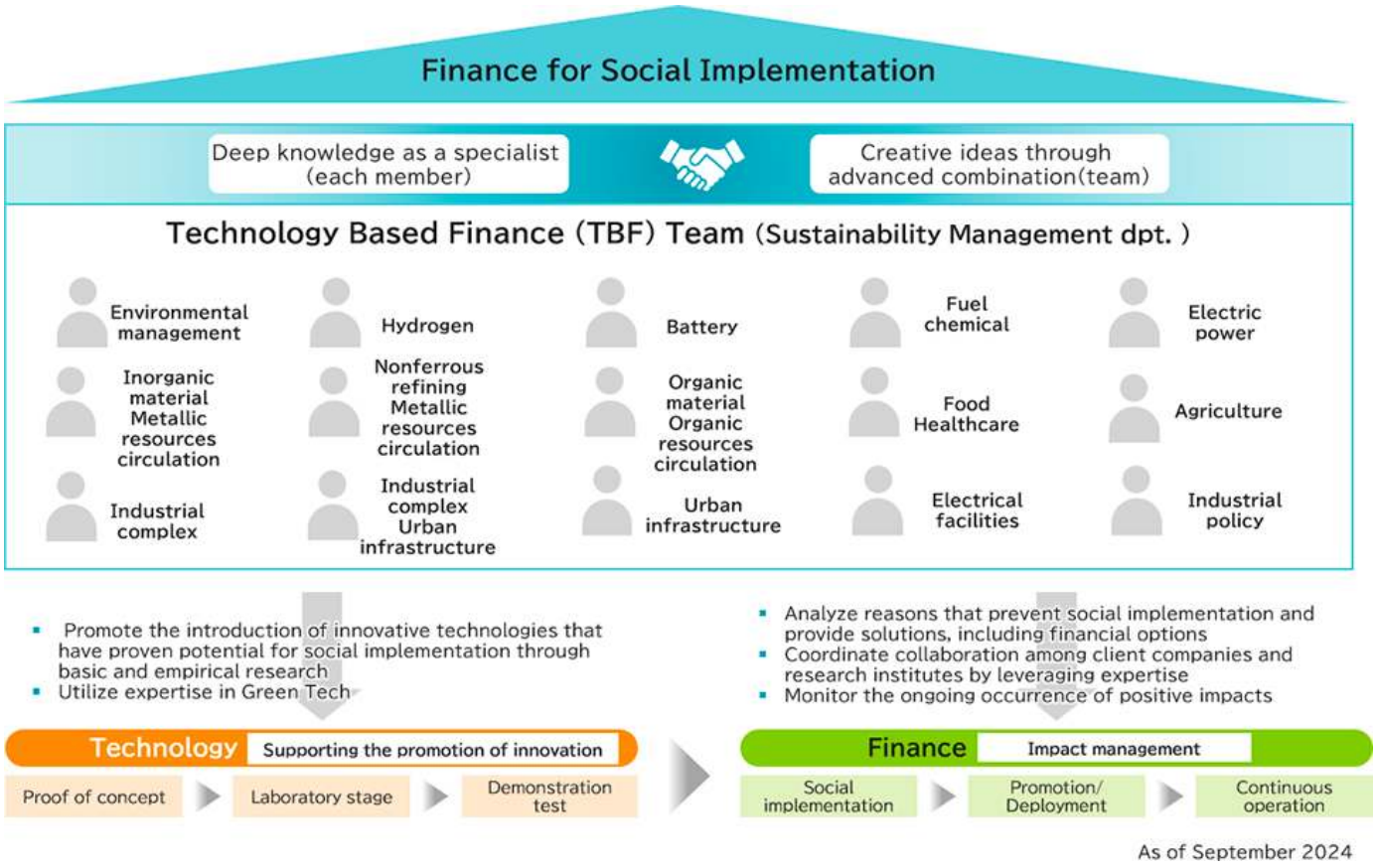
Initiatives of Technology Based Finance

SuMi TRUST Bank established the Technology Based Finance (TBF) team in April 2021 as an organization that approaches various issues such as energy, the 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 and urban infrastructure.

The TBF team strives to increase positive impacts and mitigate negative ones by incorporating technological insights into an impact evaluation process and promoting social implementation of innovative technologies, and aims to contribute to the resolution of social issues. Addressing challenges such as climate change, resource circulation, and biodiversity requires social implementation of innovative technologies through research and development, together with full use of existing ones. For that purpose, it is necessary to understand the latest technologies, deepen dialogue with its clients, and provide financing from a scientific perspective. That is why the TBF team has been established.

The fusion of technology, policy, and finance is crucial to the social implementation 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 goverment agencies, generated regional support through ESG community finance, and developed financial schemes with local governments and regional banks.

Through technological innovation and the social implementation of technologies, SuMi Trust Bank aims to address social issues and promote the "virtuous circulation of funds, assets, and capital" by creating new businesses and expanding business opportunities.



Green Bond

Sumitomo Mitsui Trust Bank, Limited (hereinafter "SuMi TRUST Bank") has issued its first Green Bond (EUR) on September 25, 2018. Since then, SuMi TRUST Bank issued Green Bonds as shown on Track Record in overseas markets.

Green Bond

A Green Bond is a bond whose proceeds are used solely to fund projects that will contribute to improvement of environmental issues, such as renewable energy, including solar power and wind power generation, as well as environmentally friendly property.

In response to the growing initiatives to address environmental issues by companies and investors in Japan and overseas, SuMi TRUST Bank recognizes that financial support toward these initiatives is a part of its responsibilities as a financial institution.

SuMi TRUST Bank believes that its contribution to building a sustainable society will provide value to its stakeholders, through its issuance of Green Bond and the allocation of the proceeds to loans to clients of SuMi TRUST Bank.

Green Bond Framework

SuMi TRUST Bank issues and manages its Green Bond under the framework that SuMi TRUST has developed in line with the Green Bond Principles 2018 published by the International Capital Market Association and the Green Bond Guidelines 2020 published by the Ministry of the Environment of Japan.

SuMi TRUST Bank obtained the Second Party Opinion regarding the framework from an external consultant.

Framework Overview

SuMi TRUST Bank has developed the framework which addresses the four core components of the Green Bond Principles: use of proceeds, project evaluation and selection process, management of proceeds, and reporting.

(1) Use of proceeds

The proceeds of Green Bond will be used to projects which meet all of the following ("Eligible Green Projects").

- A project is in one or more of the Eligible Project Categories (a) to (e) as shown below;
- For any project categorized as (a) to (d) below, a project is categorized as Category B or Category C under the Equator Principles* as published by the Equator principles Association. For Category (e), a building receives certification, such as "LEED," "BREEAM" or "CASBEE" to a level of at least "LEAD Gold," "BREEAM Excellent" or "CASBEE A Level," "DBJ Green Building Certification 4 Star" or "BELS 4 Star," respectively;
- Financing disbursed by SuMi TRUST Bank to a project which has taken place either (a) within 24 months prior to the relevant issue date of Green Bond or (b) after the issue date of Green Bond but before the maturity date of the bond.

(a) Renewable Energy
(b) Energy Efficiency
(c) Clean Transportation
(d) Pollution Prevention and Control
(e) Green Building

* The Equator Principles

(2) Project evaluation and selection process

- SuMi TRUST Bank applies the Equator Principles and recognized third party green building certificates in evaluation and selecting projects.
- Project evaluation and selection process includes several teams and departments.

(3) Management of proceeds

- The proceeds of Green Bond are allocated to the financing of Eligible Green Projects. Pending the allocation of the proceeds of Green Bond to finance Eligible Green Projects, the proceeds will be invested in overnight or otherwise short-term financial instruments.
- SuMi TRUST Bank will monitor the proceeds of Green Bond and track allocation to Eligible Green Projects.

(4) Reporting

- During the life of any relevant Green Bond, SuMi TRUST Bank will publish on a website information relating to the allocation of the proceeds of Green Bond and the Second Party Review from an external consultant at least annually.
- In addition, SuMi TRUST Bank will also publish on a website information and assessment relating to the environmental impacts of financing Eligible Green Projects at least once a year. SuMi TRUST Bank intends to report on the tones of CO_2 emission equivalent avoided.

Please see below for the details on Green Bond Framework.

Sumitomo Mitsui Trust Bank Green Bond Framework

SuMi TRUST Green Bond Framework

Framework Overview and Second-Party Opinion on Sumitomo Mitsui Trust Bank Green Bond

SuMi TRUST Green Bond Framework Opinion

Track record on Green Bond

Issue Date	Issue Amount	Maturity Date	Reporting	
			Allocation of the use of proceeds, Environmental Impacts	Second-Party Opinion
March 25, 2021	USD 500 million	March 25, 2026	SMTB Green Bond Annual Report 2021 As of Mar 31, 2021 SMTB Green Bond Annual Report 2022 As of Mar 31, 2022*1 SMTB Green Bond Annual Report 2023 As of Mar 31, 2023*1 SMTB Green Bond Annual Report 2024 As of Mar 31, 2024*1	Sustainalytics Annual Review SMTB2021 As of Mar 31, 2021 Sustainalytics Annual Review SMTB2022 As of Mar 31, 2022 Sustainalytics Annual Review SMTB2023 As of Mar 31, 2023 Sustainalytics Annual Review SMTB2024 As of Mar 31, 2024
March 10, 2022	USD 500 million	March 10, 2027	SMTB Green Bond Annual Report 2022 As of Mar 31, 2022 SMTB Green Bond Annual Report 2023 As of Mar 31, 2023*1 SMTB Green Bond Annual Report 2024 As of Mar 31, 2024*1	Sustainalytics Annual Review SMTB2022 As of Mar 31, 2022 Sustainalytics Annual Review SMTB2023 As of Mar 31, 2023 Sustainalytics Annual Review SMTB2024 As of Mar 31, 2024
March 9, 2023	USD 500 million	March 9, 2028	SMTB Green Bond Annual Report 2023 As of Mar 31, 2023*1 SMTB Green Bond Annual Report 2024 As of Mar 31, 2024*1	Sustainalytics Annual Review SMTB2023 As of Mar 31, 2023 Sustainalytics Annual Review SMTB2024 As of Mar 31, 2024

*1 Certain projects to which the proceeds of our green bonds issued March 25, 2021 (the "2021 Green Bonds"), March 10, 2022 (the "2022 Green Bonds") and March 9, 2023 (the "2023 Green Bonds" and, together with the 2021 Green Bonds and the 2022 Green Bonds, the "Green Bonds") had been allocated were refinancings of completed projects or did not submit certain regular reports as required by the Equator Principles.
Accordingly, we ceased to allocate proceeds to such projects as of the end of March 2024. The amounts of allocations impacted are $78 million (reduced from $501 million to $424 million) with respect to the proceeds of the 2021 Green Bonds as of March 31, 2022, and $201 million (reduced from $554 million to $353 million), $63 million (reduced from $528 million to $464 million) and $87 million (reduced from $238 million to $151 million) with respect to the proceeds of the 2021 Green Bonds, the 2022 Green Bonds and the 2023 Green Bonds, respectively, as of March 31, 2023.
Where the amount of financing for projects to which the proceeds of our Green Bonds are allocated does not exactly equal the total amount of such proceeds, our allocation to such projects may exceed the total proceeds to ensure we have allocated the full amount.
Further details with respect to the foregoing are disclosed in our Green Bond Annual Reports as of March 31, 2024.

September 13, 2024

Please see below for the reports on the redeemed green bonds.

Issue Date	Issue Amount	Maturity Date	Reporting	
			Allocation of the use of proceeds, Environmental Impacts	Second-Party Opinion
September 25, 2018	EUR 500 million	September 25, 2020 (Redeemed)	SMTB Green Bond Annual Report 2019 As of Mar 31, 2019 SMTB Green Bond Annual Report 2020 As of Mar 31, 2020	Sustainalytics Annual Review SMTB2019 As of Mar 31, 2019 Sustainalytics Annual Review SMTB2020 As of Mar 31, 2020

Green Deposit

Sumitomo Mitsui Trust Bank, Limited (hereinafter "SuMi TRUST Bank") has launched Green Deposit on May 7, 2021.

Green Deposit

Green Deposit is a foreign currency time deposit which proceeds are used solely to fund projects that will contribute to improvement of environmental issues, such as renewable energy, including solar power and wind power generation, as well as environmentally friendly property.

In response to the growing initiatives to address environmental issues by companies and investors in Japan and overseas, SuMi TRUST Bank recognizes that financial and non-financial support toward these initiatives is a part of its responsibilities as a financial institution.

SuMi TRUST Bank believes that its contribution to building a sustainable society will provide value to its stakeholders, through its finance of Green Deposit and the allocation or the proceeds to loans to clients of SuMi TRUST Bank.

Green Product Framework

Green Deposit is to be financed based on Green Product Framework ("the Framework") which has been developed and confirmed by SuMi TRUST Bank in cooperation with Sustainalytics that provides ESG surveys and ratings to institutional investors.

Framework Overview

SuMi TRUST Bank defined conditions of Green Deposit in the Framework.

(1) Use of proceeds

The proceeds of Green Deposit will be used to projects which meet all of the following ("Eligible Green Projects").

i) A project is in one or more of the Eligible Project Categories (a) to (e) as shown below;

ii) For any project categorized as (a) to (d) below, a project is categorized as Category B or Category C under the Equator Principles* as published by the Equator principles Association.

For Category (e), a building receives certification, such as "LEED," "BREEAM," "CASBEE," "DBJ Green Building Certification," or "BELS" to a level of at least "LEAD Gold," "BREEAM Excellent," "CASBEE A Level," "DBJ Green Building Certification 4 Star" or "BELS 4 Star," respectively;

(a) Renewable Energy
(b) Energy Efficiency
(c) Clean Transportation
(d) Pollution Prevention and Control
(e) Green Buildings.

* The Equator Principles

(2) Management of proceeds

- The proceeds of Green Deposit are allocated to the financing of Eligible Green Projects. Pending the allocation of the proceeds of Green Deposit to finance Eligible Green Projects, the proceeds will be invested in overnight or other short-term financial instruments.

(3) Update the Framework

- As the market and regulations evolve, SuMi TRUST Bank will update the Framework with support from Sustainalytics.

Please see below the details on Green Product Framework.

Sumitomo Mitsui Trust Bank Green Product Framework

Original

SMTB Green Product Framework (301KB)

Annual Review

- Sustainalytics Annually Reviews Allocation of Green Deposit Proceeds Based on the Framework

Original

SMTB Green Deposit Annual Review 2024 (177KB)

New Trust Funds “Future Trust”

New Trust Funds “Future Trust”

This is a joint money trust with principal compensation that contributes to solving social issues while managing assets.

The funds entrusted to us are allocated through our bank accounts to initiatives to solve social issues.

Ensuring a Sustainable and Prosperous Society for the Next Generation

Today’s society faces a variety of challenges, including global warming, loss of biodiversity, poverty, human rights abuses, and the spread of health hazards. Solving these problems will require a great deal of money.

The funds entrusted to us are allocated through our bank accounts to loans for projects and companies working to solve social issues.

“I would like to contribute to solving various social issues, but don’t know how to start.”

“I would like to contribute to society, but managing my own assets is also important. I wish to reliably increase my money.”

Our “Future Trust” leverages the “power of trusts” to satisfy our clients’ desire to increase their funds steadily over the long term while ensuring a sustainable and prosperous society for the next generation.

Cases of Initiative to Solve Social Issues through New Trust Funds "Future Trust"

The funds entrusted to us are allocated through our bank accounts to financing (green finance and positive impact finance) for projects and companies working to solve various social, environmental, and economic issues.

Future Trust

Green Finance

This type of financing targets green projects that improve the environment, such as projects for environment-friendly real estate (green buildings), renewable energy generation, and clean transportation.

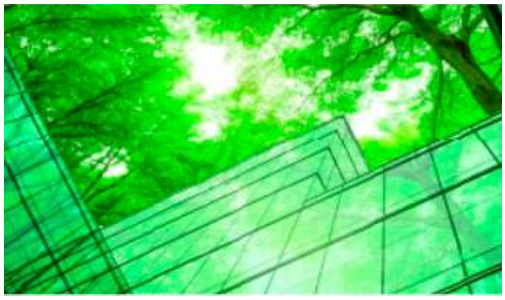
Positive Impact Finance

This type of financing is designed to comprehensively analyze and evaluate the impact of corporate activities on society, the environment, and the economy; set goals for increasing positive impacts*1 and reducing negative impacts*2; and provide ongoing support to achieve these goals.

*1 Positive impact: The positive impact of corporate activities on society, the environment, and the economy.
*2 Negative impact: The negative impact of corporate activities on society, the environment, and the economy.

Case 01

Global Warming



Working to reduce CO_2 emissions also in the future by promoting significant energy conservation measures and introducing renewable energy in newly constructed office buildings and other facilities.

Case
02

Depletion of Natural Resources
Environmental Pollution Caused by Waste

All used products collected are sorted, evaluated, and ranked, and most are reused or recycled as re-manufactured products, parts, or materials.

Case
03

Worsening Water Shortage Worldwide

Contributing to the development of water infrastructure through the usage of water conservation, purification, and reuse technologies as well as the manufacture and sale of water treatment equipment.

Case
04

Measures Against Infectious Diseases and Improvement of Public Health

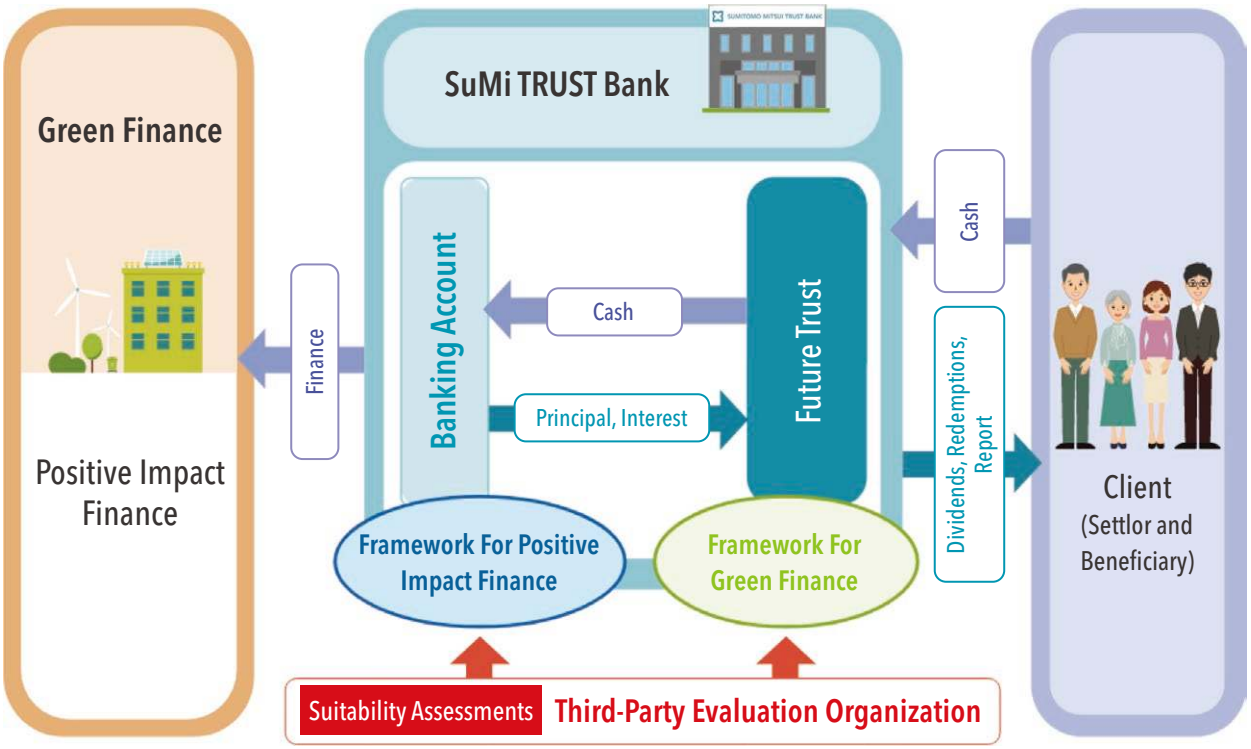
Working to overcome infectious diseases through the development of technologies that contribute to the diversification of the measurement rubric for infectious disease diagnostic agents and the reduction of testing time.

Case
05

Labor Shortage

Developing tools to build an environment that enables a remote operation of on-site robot systems, as well as unmanned transport technologies such as drones and delivery robots.

Overview of New Trust Funds "Future Trust"



Suitability Assessment Obtained by a Third-Party Evaluation Organization

We have developed a framework for positive impact finance and green finance to allocate the funds entrusted to us by our clients towards initiatives aimed at solving social issues. Both frameworks have undergone a suitability assessment by Japan Credit Rating Agency, Ltd. (JCR), a third-party evaluation organization, to ensure compliance with international principles for positive impact finance and green finance.

JCR, one of the leading credit rating agencies in Japan, also provides accurate and comprehensive evaluations in the area of sustainable finance in order to contribute to overcoming environmental and social problems and realizing a sustainable society.

About the Framework for Positive Impact Finance

We use the funds entrusted to us by our clients for positive impact finance projects, which we undertake after obtaining third-party evaluation. In addition, we regularly manage the allocation of funds and disclose to the public the impacts of our activities on society, the environment, and the economy.

Framework for Positive Impact Finance

About the Framework for Green Finance

We use the funds entrusted to us by our clients to finance projects that meet the eligibility criteria*. In addition, we regularly manage the allocation of funds and disclose to the public the environmental benefits.

*Criteria are set in five areas: renewable energy, energy efficiency, clean transportation, pollution prevention and control, and green buildings.

Framework for Green Finance

Governance/ Management Foundation

Corporate Governance

SuMi TRUST Group is enhancing 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 Chair of the Board of Directors.

Basic Initiative Policy

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 SuMi TRUST Group's Reason for Existence ("Purpose") and identified its high-priority management issues ("Materiality"), such as Japan's declining birthrate and aging population, climate change, and digitalization, SuMi TRUST Group also recognizes that taking on the mission of solving social issues presents the SuMi TRUST Group with growth opportunities, which is why the Company shall place at the core of its management approach the notion of "balanced creation of both social and economic value."

As the foundation for every activity to be shared by all the officers and employees of the SuMi TRUST Group, the Board of Directors shall establish management principles ("Mission"), an ideal model ("Vision"), and codes of conduct ("Value").

Basic Philosophy

- SuMi TRUST Group 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 Group shall endeavor to appropriately cooperate with its stakeholders, including shareholders, clients, employees, business partners, and local communities (hereinafter referred to as "Stakeholders"), and to develop 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 Group 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 Group shall adopt the institutional design of the Company with a Nominating Committee, etc. and, by separating the execution and monitoring of business, shall endeavor to ensure the Board of Directors' role of effective monitoring; and
- SuMi TRUST Group 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 corporate value of SuMi TRUST Group.

Basic Policy on Corporate Governance

- Basic Policy on Corporate Governance (251KB)
- (Exhibit 1) Independence Standards of Independent Directors (28KB)
- (Exhibit 2) Standards for Voting on Cross-Shareholding Shares (86KB)

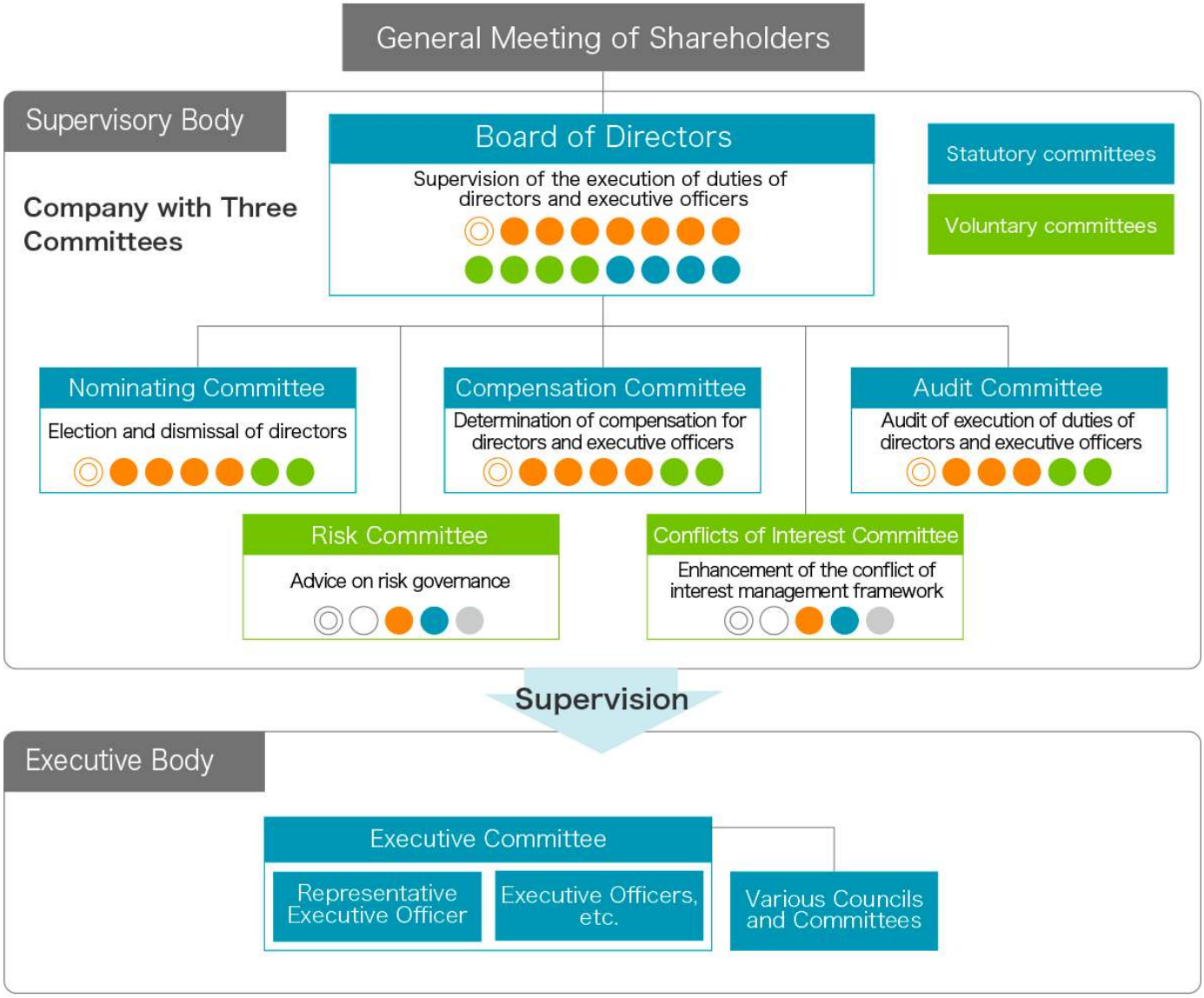
Corporate Governance Report

Corporate Governance Report (Updated on December 12,2024) (1,488KB)

Our Views on Corporate Governance

SuMi TRUST Group 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 & 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 make every effort 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.

Corporate Governance System



■Members of Each Committee

			Gender	Nominating	Compensation	Audit	Risk	Coflicts of Interest
External	Director	Isao Matsushita	Male	◎	●			
		Hiroko Kawamoto	Female	●	◎			
		Nobuaki Katoh	Male	●	●			●
		Kaoru Kashima	Female	●	●	◎		
		Tomonori Ito	Male			●		
		Hajime watanabe	Male	●	●		●	
		Hirokazu Fujita	Male			●		
		Kazuo Sakakibara	Male			●		
	Experts	Hideki Kanda*	Male					◎
		kenji Fujii	Male				◎	
		Haruyuki Toyama	Male				○	
		Akiko Hosokawa	Female					○
Internal		Tetsuo Ohkubo	Male	●	●			
		Masaru Hashimoto	Male	●	●			
		Toshiaki Nakano	Male			●		
		Kouichi Kato	Male			●		
		Yasuyuki Suzuki	Male				●	●
		Yuki Takada	Female				●	●

◎ External (Director, (Committee) Chair) ● External (Director)
◎ External (Expert, Committee Chair) ○ External (Expert)
● Internal/non-executive (Director) ● Internal/executive (Director)
● Executive Officer (as defined in the Companies Act) (non-director)

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank.

Independence of Directors

SuMi TRUST Group has established nomination policies of external directors in the Basic Policy on Corporate Governance . External directors are decided from among those who can address SuMi TRUST Group's high-priority management issues (Materiality) with deep insight and extensive experience in corporate management, finance and accounting, the areas of legal, risk management, and compliance, the areas of trust, asset management, and asset administration, digital technology/IT, internationality, or in the areas of sustainability, including knowledge and experience about social issues, environment, and DE&I. They shall also exhibit the following qualities: (i) A person who satisfies the Independence Standards of SuMi TRUST Group, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Group; (ii) A person who fully understands SuMi TRUST Group's management principles and its social responsibilities and roles as a trust bank group, and who can monitor the management of SuMi TRUST Group and give accurate and appropriate opinions and advice. Furthermore, these eight external directors were appointed as independent officers as they satisfied the Independence Standards .

Board of Directors

(1) Roles of the Board of Directors

The Board of Directors determines the basic management policies of SuMi TRUST Group, such as medium- to long-term management strategies and a policy on internal management, and supervises the execution status. In this way and in order to earn trust as fiduciary from all stakeholders of the Group, it distributes resources appropriately to the stakeholders toward the realization of its Purpose and ensures corporate sustainability. Thus, with the exception of matters that are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers, and supervises the execution of business by exective officers, etc.

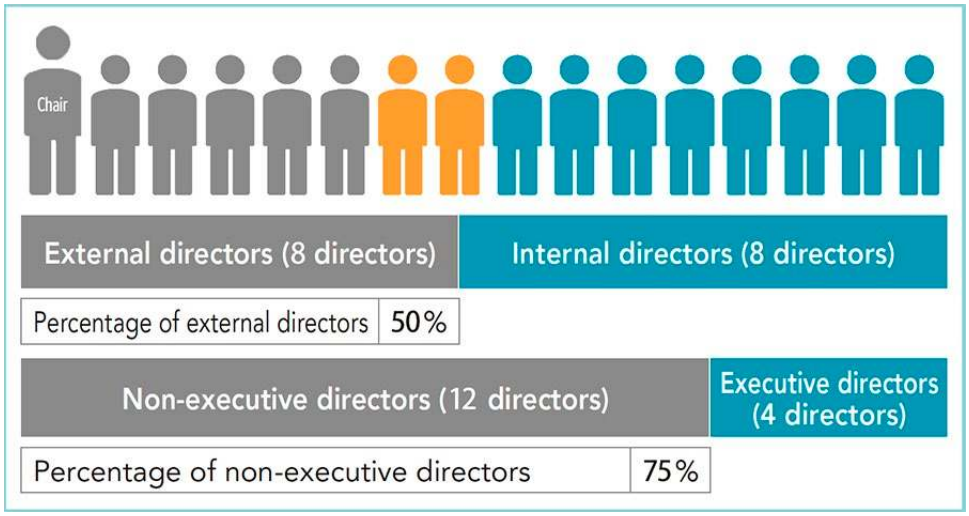
For more information about roles and responsibilities of the Board of Directors, please see the following document
Basic Policy on Corporate Governance

(2) Basic principles regarding the composition of the Board of Directors

The Board of Directors at SuMi TRUST Group has appointed a 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 SuMi TRUST 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 role of independent external directors in corporate governance, we have established a principle that, at least one-third of the directors on the Board of Directors should be independent external directors. The Company has established and disclosed Independence Standards of Independent Directors. In principle, all statutory committees are chaired by external directors.

When deciding on director candidates, we nominate those who can address SuMi TRUST Group's high-priority management issues (Materiality) with deep insight and extensive experience in corporate management, finance and accounting, the areas of legal, risk management, and compliance, the areas of trust, asset management, and asset administration, digital technology/IT, internationality, or in the areas of sustainability, including knowledge and experience about social issues, environment, and DE&I. We shall ensure a board of diverse and balanced composition that is appropriate to properly monitor the wide range of business areas as a trust bank group, based on the SuMi TRUST Group's Reason for Existence ("Purpose").



- All eight external directors have been registered as independent officers with the relevant securities exchange.
- Of the 16 directors, 14 are male and two are female (shown in orange above).
- 16 Board of Directors meetings were convened during the period July 1, 2023 through June 30, 2024.

Skill Matrix Board Members

		Directors (external)							
		Isao Matsushita ※2	Hiroko Kawamoto ※2	Nobuaki Katoh ※2	Kaoru Kashima ※2	Tomonori Ito ※2	Hajime Watanabe ※2	Hirokazu Fujita ※2	Kazuo Sakakibara ※2
Area of expertise (skills)	Corporate management	●	●	●	●	—	●	●	—
	Financial and accounting	●	—	—	●	—	●	●	—
	Legal affairs,riskmanagement and compliance	—	●	—	●	—	●	●	●
	Trust,investment and asset administration	—	—	—	—	●	●	●	—
	Digital, IT and technology	—	—	●	—	—	—	—	—
	Sustainability Environment	●	—	●	—	●	●	—	—
	Society	●	—	●	—	—	●	—	●
	DE&I	—	●	—	●	—	—	—	—
	Internationality ※1	●	—	●	—	●	●	●	—

		Directors (internal)							
		Toru Takakura	Atsushi Kaibara	Yasuyuki Suzuki	Kazuya Oyama	Tetsuo Ohkubo	Masaru Hashimoto	Toshiaki Nakano	Kouichi Kato
Area of expertise (skills)	Corporate management	●	●	●	●	●	●	●	●
	Financial and accounting	—	—	—	●	●	●	—	—
	Legal affairs,riskmanagement and compliance	●	●	●	●	●	●	●	—
	Trust,investment and asset administration	●	●	●	●	●	●	●	●
	Digital, IT and technology	—	—	—	—	—	—	—	—
	Sustainability Environment	●	—	—	●	●	●	—	—
	Society	●	—	—	●	●	●	—	—
	DE&I	●	—	—	●	●	●	—	—
	Internationality ※1	—	—	—	—	—	—	—	—

*1 Judged based on whether or not the person has overseas work experience, etc. Internal Directors have experience in global business development related to SuMi TRUST Group's business operations such as trust.

*2 External director as prescribed in Article 2, item 15 of the Companies Act. The overall balance, including the areas of expertise and experience (skills) listed above, is taken into consideration when external Directors are selected.

(3) Chair 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 Group has appointed Mr. Isao Matsushita, an external director, as chair of the Board of Directors.

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

(4) Deliberations by the Board of Directors

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.

Key deliberations of the Board of Directors in FY2023

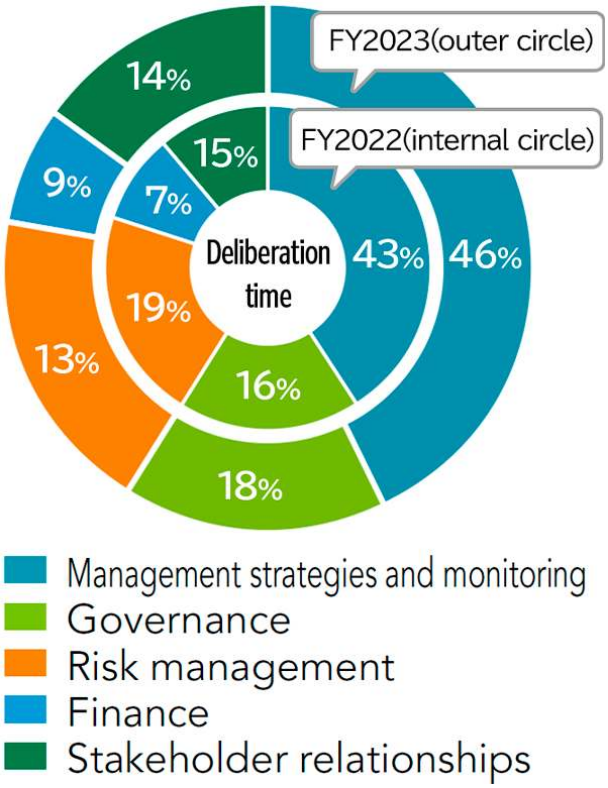
At the Board of Directors meetings in FY2023, considering the importance of the initial fiscal year to surely realize the current medium-term management plan, we set the business portfolio and the Group's asset management business strategy as "Management Theme"*2 and discussed over a long period of time. In addition, with regard to the business portfolio, from the perspective of actively utilizing the knowledge of external directors, the Board of Directors deliberated on the overall policy. Meanwhile, the executives deliberated on proposals considering the opinions of the Board of Directors, and the Board of Directors discussed the proposals with the results of the deliberations. The deliberation was deepened through such discussion process between the Board of Directors and the executi. In deliberations on the business portfolio, we analyzed and reviewed each business in terms of profitability, growth, and capital efficiency under two time frames: the medium-term management plan period and 2030. In addition, we discussed businesses to be strengthened and those to be improved or discontinued. In deliberations on the Group's asset management business strategy, taking into account the concept of "Policy Plan for Promoting Japan as a Leading Asset Management Center" published by The Government of Japan, we held a series of discussions on the Group-wide asset management business strategy, the direction for each company's fulfillment of its functions, and a road map for the implementation of the strategy. As part of the annual management plan, we also discussed the establishment of a Chief Officer (CxO) position and other positions to strengthen the Group's management and clarify the key responsibilities of officers.

Deliberations of the Board of Directors on the management plan, the business portfolio, the Group's asset management business, etc.

Year/Month		Deliberations	
2023	Jan.	● Group asset management business strategy	Management Theme
	Mar.	● Group Medium-term Management Plan	
	Jun.	● Strengthening our business portfolio (a policy to consider)	
	Aug.	● Strengthening our business portfolio	Management Theme
	Nov.	● Business strategy (investment and financing) ● Business strategy (asset management)	TB Management Theme TB Management Theme
	Dec.	● Group asset management business strategy ● Business portfolio (direction)	Management Theme Management Theme
2024	Feb.	● Business strategy (asset administration)	TB Management Theme
	Mar.	● FY2024 Group Management Plan	

*2 The external directors of Sumitomo Mitsui Trust Bank also participate in discussions on "Management Themes" as Board meeting observers, not for the purpose of reaching conclusions, but rather to discuss important management issues and themes from a medium- to long-term perspective freely and openly, so that their viewpoints and opinions are capitalized on for management. In addition, agenda on important management issues at the Board of Directors of Sumitomo Mitsui Trust Bank that are deliberated together with our SuMi TRUST Holdings' external directors are set as "TB Management Theme."

– Deliberations by the Board of Directors



– Main themes for deliberations and topics of the Board of Directors during FY2023 (met 16 times)

Theme category	Main topics
Purpose/materiality/value creation process	Pervasion of Purpose throughout the Group
Policy on establishing desirable stakeholder relationships	Dialogue policy with stakeholder, Client-oriented business operations, Strategic shareholdings, Promotion of health management, DE&I, and human resources system, Promotion of sustainability
Medium-to Long-term management Strategies and Discipline in capital allocation	Business portfolio, Group asset management business strategy, DX strategy, Capital policy
Foundation supporting management strategy and capital allocation	Management accounting, Sustainability governance (including materiality management)
Basic policy on internal controls	Sustainability risk management policy, Cybersecurity, System development risk, Compliance awareness raising

(5) Results of the FY2023 Evaluation of the Board of Directors

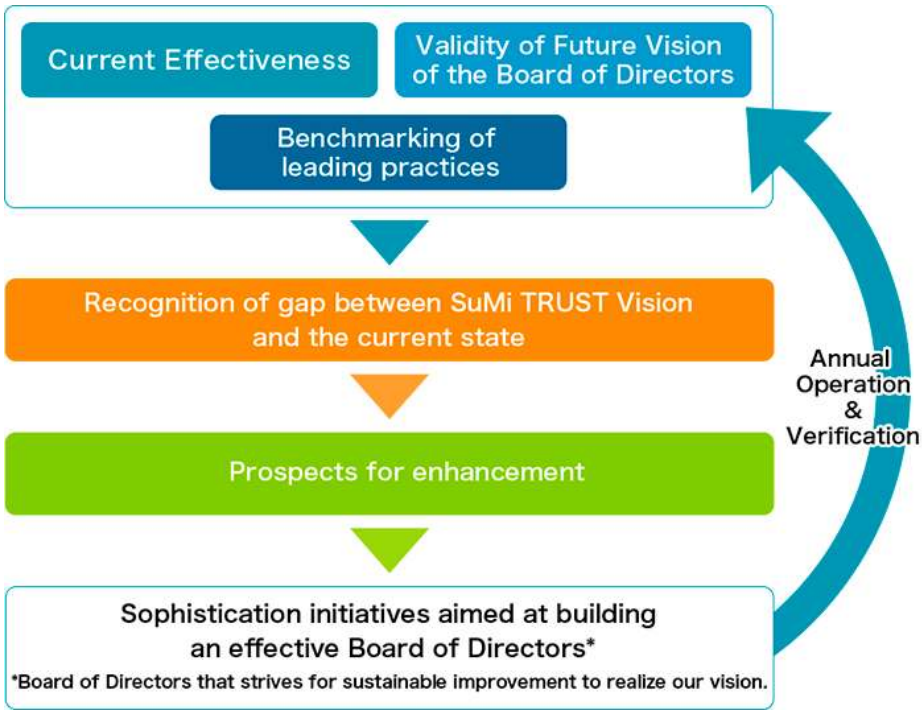
Every year we conduct an evaluation of the Board of Directors in an effort to enhance its effectiveness by considering and adopting measures aimed at improving issues identified in the evaluation and by implementing the PDCA cycle (please refer to the link below for the results of the evaluation of the Board of Directors in fiscal 2023 (overview)).

Results (Outline) of the Evaluation of the Board of Directors in FY2023 (596KB)

PDCA Cycle

(1) Key points of evaluation in fiscal 2023

This fiscal year we once again posed questions to gauge awareness of problems and areas for improvement toward the realization of the "Future vision of the Board of Directors" (see next page), along with questions asking about the evaluation of each supervisory body position in terms of its role. We have also anticipated enhancing the sophistication of Group corporate governance by benchmarking the initiatives of leading companies.



(2) Results of the Evaluation of the Board of Directors in FY2023 (evaluation overview, issues, and initiatives going forward)

In FY2023, the Board of Directors confirmed steady progress toward realizing the Board of Director's future vision by deepening discussions with the executives about the Group's management strategies, clarifying the structure of internal controls throughout the Group and pursuing supervision according to those controls, enhancing efforts to establish agendas and discussions that consider the relationship with various stakeholders.

The results of the FY2023 Evaluation of the Board of Directors indicated that the Board and each committee are aware of their respective objectives and are endeavoring to invigorate discussions and improve their supervisory functions. As a result, we believe that an adequate degree of effectiveness is being sustained.

At the same time, we also identified the issues to be improved and enhanced as below, which we will strive to work on in order to realize the Board's Future vision.

Issues identified in FY2023 Evaluation of the Board of Directors
(1) Expand initiatives and deliberations to improve accountability to stakeholders
(2) Enhance deliberations on business portfolio, management strategy, resource allocation, etc.
(3) Enhance deliberations on the composition of the Board of Directors.

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 deliberates on and responds to inquiries about the appointment and dismissal of Executive Officers, including the President, and the management team succession plans, as well as 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 establishes a policy for determining the details of individual compensation for directors and executive officers, and determines the amount of individual compensation for directors and executive officers in accordance with the policy. In addition, it deliberates on and responds to inquiries concerning the policy for determining the details of individual compensation of directors from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management.

3. Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors, prepares audit reports, and determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusal to reappoint a financial auditor to be submitted to the General Meeting of Shareholders. In order to fulfill its role and responsibilities, the Audit Committee appropriately exercises its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It appropriately utilizes the internal control system of the SuMi TRUST Group, and systematically and efficiently conducts audits by receiving reports from executive officers, directors, and a financial auditor, and through communications with these individuals.

4. Risk Committee

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

5. Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on (i) matters concerning the validity of the conflict of interest management framework of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of the SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of the SuMi TRUST Group and the action plans of each Group company, (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and reviews and reports on their appropriateness.

6. Meetings of Board of Directors and Committees

Meetings of Board of Directors and Committees (July 2023 through June 2024)

	July 2023	Aug.	Sept.	Oct.	Nov.	Dec.	Jan 2024	Feb.	Mar.	Apr.	May	June
Nominating Committee	●	●	●	●	●	●	●	●●	●	●	●●●	●●
Compensation Committee	●	●	●	●	●	●	●	●	●	●	●	●●
Audit Committee	●	●	●	●	●●	●	●●	●	●●	●	●●	●●
Risk Committee	●		●		●	●	●		●	●		
Conflicts of Interest Committee		●		●	●		●			●		●

● One meeting ●● Two meeting ●●● Three meeting

Overview of the Board of Directors and Committess

	Roles	Main matters for deliberation in FY2023*1
Board of Directors (16 times)	The Board of Directors determines the basic management policies of SuMi TRUST Group, such as medium- to long-term management strategies and a policy on internal management, and supervises the execution status. In this way and in order to earn trust as fiduciary from all stakeholders of the Group, it distributes resources appropriately to the stakeholders toward the realization of its Purpose and ensures corporate sustainability.	• Penetration of Purpose, materiality management, dialogue policy with stakeholders, sustainability policy, our next Medium-Term Management Plan, improving of our Group governance framework, risk management based on our Group's characteristics, and others

	Authority and roles	Main matters for deliberation in FY2023*1
Nominating Committee (16 times)	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 deliberates on and responds to inquiries about the appointment and dismissal of Executive Officers, including the President, and the management team succession plans, as well as 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.	• Nomination of Director candidates to be submitted to the General Meeting of Shareholders of the SuMi TRUST Group, etc. In FY2023, we discussed that it is necessary to improve the effectiveness of the Board of Directors by adding an external director with skills to realize the SuMi Trust Group's unique business model focused on asset management and administration. As a result, a total of Sixteen candidates for directors were selected.
Compensation Committee (13 times)	The Compensation Committee establishes a policy for determining the details of individual compensation for directors and executive officers, and determines the amount of individual compensation for directors and executive officers in accordance with the policy. In addition, it deliberates on and responds to inquiries concerning the policy for determining the details of individual compensation of directors from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management.	• Reviewed the compensation system for directors and executive officers, Determined performance-linked bonuses and stock-based remuneration for FY2023 In FY2023, we held discussions on compensation levels, weighting, and the evaluation system to determine what constitutes an appropriate compensation system for directors and executive officers of the Group, and thereafter, we conducted a review of the compensation system.
Audit Committee (17 times)	The Audit Committee audits the execution of duties by executive officers and directors, prepares audit reports, and determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusal to reappoint a financial auditor to be submitted to the General Meeting of Shareholders.	• Status of the achievement of management strategies, The development and enhancement of the Group-wide internal control system, Control over appropriate and accurate financial reporting and disclosure, etc. In FY2023, we discussed the above themes which are the key audit items.

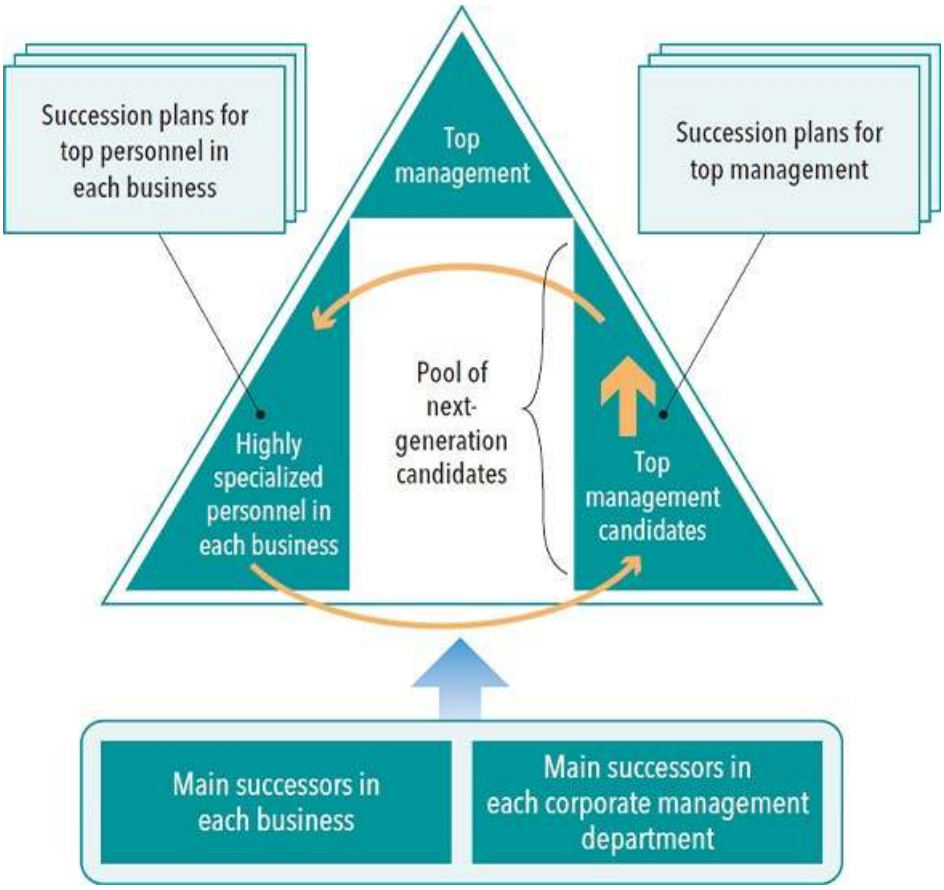
	Objectives and roles (Received inquiries on the following matters from the Board of Directors to review and report back on their appropriateness, etc.)	Main matters for deliberation in FY2023*1
Risk Committee (7 times)	Matters concerning the business environment surrounding SuMi TRUST Group, top risks and materiality, and those concerning the operation of its risk appetite framework, risk management, and monitoring of the effectiveness of the internal management system related to compliance management	• Appropriateness of the Group's risk management initiatives in light of the recent external environment, The development and instillation of risk culture, Sustainability, Cybersecurity initiatives, etc.
Conflicts of Interest Committee (6 times)	Validity of the Group's conflict-of-interest management system, the effectiveness and enhancement of the system for conflict-of-interest management, client explanation management and customer support management, policy for FD initiatives and action plans of SuMi TRUST Group companies, and other particularly important matters concerning conflict-of-interest management and the penetration of FD at the Group	• The best interests of clients as a trust group, Strengthening the Group's conflict of interest management framework and risk control in its trust business (including concurrent operations), etc.

*1 July 2023 through June 2024

Succession Plans

In order to achieve sustainable growth for the Group and enhance its corporate value, we have formulated succession plans for the top management of SuMi TRUST Group, SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management. We have also created management personnel development plans for those in charge of managing each business and those engaged in corporate management. We have defined the ideal qualities and requirements for the nominees required to serve as directors and officers, and systematically manage and cultivate a group of candidates.

Development of Management Personnel Based on Management Team Succession Plan



Training and appointment process

The Nominating Committee selects a pool of top management candidates each year based on the proposals and opinions presented by the executive side. Based on the current and future business environment, the Nominating Committee deliberates on future development policies, assignments to be given to the candidates and other matters based on performance, achievements, evaluations, expertise and experience (skills), and reflects such matters as placement in different departments from the next fiscal year onward, giving candidates an opportunity to develop and to overcome challenges. We also continue to track the status of development. While continuing this cycle, when the Company actually appoints new top management members, the Nominating Committee will deliberate on the candidates' performance, achievements, evaluations, expertise and experience (skills), in a multifaceted manner, with a focus on candidates who have been trained during the cycle, and will ultimately report to the Board of Directors. The progress of succession plans and development plans are periodically reported to the Board of Directors.

Compensation System for Directors and Executive Officers

(1) Policy Regarding Decisions on the Content of Compensation

- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and expansion of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, we are building a compensation system with a balance of nearterm incentives and medium- to long-term incentives, with rewards based on a comprehensive evaluation that reflects earnings contributions over the medium to long term.
- We accurately assess the roles that directors and executive officers of SuMi TRUST Group must perform in corporate management, as well as the results of their efforts, in order for them to adequately discharge their supervisory duties over the Group companies, and determine individual compensation based on highly transparent, fair, and objective evaluations.
- The Compensation Committee forges deeper collaborations with committees in order to build a higher accountability compensation system, and engages in deliberations with the aim of operating a fair and balanced compensation system.
- Neither internal nor external committee members participate in decisions regarding their own compensation.

(2) Overview of the Compensation System

In principle, compensation is paid with a combination of monthly compensation, director and executive officer bonuses, and stock compensation (RS Trust).

Types of Compensation		Variable	Compensation weighting(standard)	
			President	Other than president
Monthly compensation				
Fixed compensation	Fixed amount based on position held	Fixed	Around 40%	Around 45%
Individual role- linked performance compensation	Compensation that reflects a qualitative evaluation of mainly medium- to long - term earnings contributions and capabilities based on the expectations of the individual's role during the fiscal year; evaluated across five stages.	Variable	Around 20%	Around 25%

Bonus for directors and executive officers				
Performance-linked bonus (short-term incentive)	Allocated according to the performance evaluation of each individual from the total amount determined with reference to the following indicators of near-term earnings: consolidated net business profit and consolidated net profit attributable to owners of the parent.	Variable	Around 20%	Around 20%
Stock compensation				
RS Trust (medium-term incentive)	Stock-based compensation	Variable	Around	Around
	aimed at clarifying the link between executive compensation and company earnings/stock value, and enhancing awareness of contributing to medium- to long-term performance improvement and increase of corporate value. Annual restricted stock grants with transfer restrictions based on short-term performance metrics (consolidated net business profit before credit costs and net income attributable to owners of the parent), medium-term financial indicators (consolidated ROE, consolidated CET1 ratio, consolidated OHR), and comprehensive evaluationof ESG activities. Transfer restrictions are lifted upon retirement, with provisions for clawback (recovery after transfer restrictions are lifted) and malus (reduction orforfeiture before transferrestrictions are lifted).		Around 20%	Around 10%

(3) Indicators (KPIs) Concerning Performance-Linked Compensation

For performance-linked bonuses, and stock compensation (RS Trust), we have established a system in which the items shown in the table below are set as indicators (KPI) and reflected in the amount of compensation. The compensation system for directors and executive officers was reviewed in FY2024. For details, please see "Message from Chair of the Compensation Committee."

Indicators (KPIs) Concerning Performance-Linked Compensation

Indicator Type	Indicators (KPIs) for performance-linked compensation	Weighting		Calculation method	Decision-making process
Bonuses for directors and executive officers (short-term incentive)					
Short-term performance indicator	(1) Consolidated net business profit	66.7%		Calculated based on a 2:1 weighting of the achievement levels for (1) and (2), respectively.	The Compensation Committee determines the achievement level after giving full consideration to special factors that cannot be ascertained based on the target achievement level alone. Special factors are generally considered within ±10%.
	(2) Profit attributable to owners of parent	33.3%			
Stock compensation (medium- to long-term incentive)					
Performance indicator	(1) Consolidated net business profit	30%	20%	(1) and (2) are calculated based on a 1:1weighting of the target achievement rate for the fiscal year and a comparison of the actual results with the final year of the previous Medium-Term Management Plan period, respectively.	The performance-linked coefficient is determined within a range from 130% (upper limit) to 0% (lower limit).
	(2) Profit attributable to owners of parent		10%		
Stock price indicator	(3) Relative Total Shareholder Return (TSR)*1	10%	10%	Calculated on the basis of the SuMi TRUST Group's relative TSR for the period covered by the relevant Medium-Term Management Plan. However, if the SuMi TRUST Group's TSR is less than 100%, the maximum is 100%.	
Financial indicators	(4) Consolidated shareholders' equity and ROE	30%	10%	Assessment score calculated based on qualitative assessment of progress on achieving Medium-Term Management Plan targets.	
	(5) Consolidated CET1 ratio (common equity tier 1 capital ratio)		10%		
	(6) Consolidated overhead ratio (OHR)		10%		
ESG indicators	(7) ESG overall assessment (categories: climate change, FD & CS, employee engagement, DE&I (empowerment of women, etc.), Results by ESG assessment organizations*2)	30%	30%	Assessment score calculated based on overall assessment comprising both quantitative and qualitative evaluations of activities in each assessment category.	

*1 The comparative index for TSR is the average relative TSR calculated using the rate of change of the TOPIX Industry (Banking) (inclusive of dividends) and the rate of change of the JPX Nikkei Index 400 (inclusive of dividends).

*2 The three "ESG assessment organizations" are MSCI, FTSE and Sustainalytics.

Message from Chair of the Compensation Committee

The Compensation Committee discussed how the compensation system for directors and executive officers should serve as a sound incentive for sustainable growth and be appropriate for the Group, from three perspectives: compensation level, compensation weighting and evaluation system.

The level of compensation was reviewed in light of economic trends, social conditions, and the Group's business environment and performance, as well as with reference to collected data on executive compensation provided by an external professional organization and with an awareness of market prices.

Regarding the weighting of compensation, in order to reflect the trust group's unique business model of building long-term, trusting relationships with clients, the weighting of remuneration has been increased with a focus on stock compensation, which is a medium- to long-term incentive, together with bonuses for directors and executive officers, which are short-term incentives, in a balanced manner so as to increase performance-linked compensation. As a result, the weighting for the President will be approximately 25% for bonuses and 35% for stock compensation, and for officers other than the President, approximately 20% for bonuses and 20% for stock compensation.

In order to clarify the relationship between sustainable growth in corporate value and enhancement of shareholder value, the evaluation system introduced relative Total Shareholder Return (TSR) as a stock price indicator for stock compensation. The indices used for comparison are the TOPIX Industry (banking industry) (inclusive of dividends) and the JPX Nikkei Index 400 (inclusive of dividends). In addition to comparisons with other companies in the industry, the indices are also compared with blue-chip companies with high investment attractiveness. In addition, we have added a multi-year assessment for the performance indicator for stock compensation, based on actual results compared to the last year of the previous Medium-Term Management Plan.

We will continue to discuss this issue in light of changes in the environment and other factors.

Hiroko Kawamoto
External Director
Chair of Compensation Committee

External Directors' Meetings

The External Directors' Meeting is a meeting body intended to foster trust among external directors through frank exchange of opinions and shared recognition from an independent and objective standpoint and to utilize the opinions expressed at the meeting to fulfil their roles as external directors by channeling them to the executive level as necessary. In FY2023, two meetings were held to discuss topics such as the subjects that should be deliberated by the Board of Directors, the Group's supervisory function and the sophistication of governance, etc. These discussions led to future discussions by the Board of Directors, improvements in management and other operations.

* Voluntarily meetings organized by external directors.

Internal Auditing

Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business execution system and the internal management system, SuMi TRUST Group and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

Internal Auditing Implementation System

(1) SuMi TRUST Group

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Group has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

2) Functions and roles

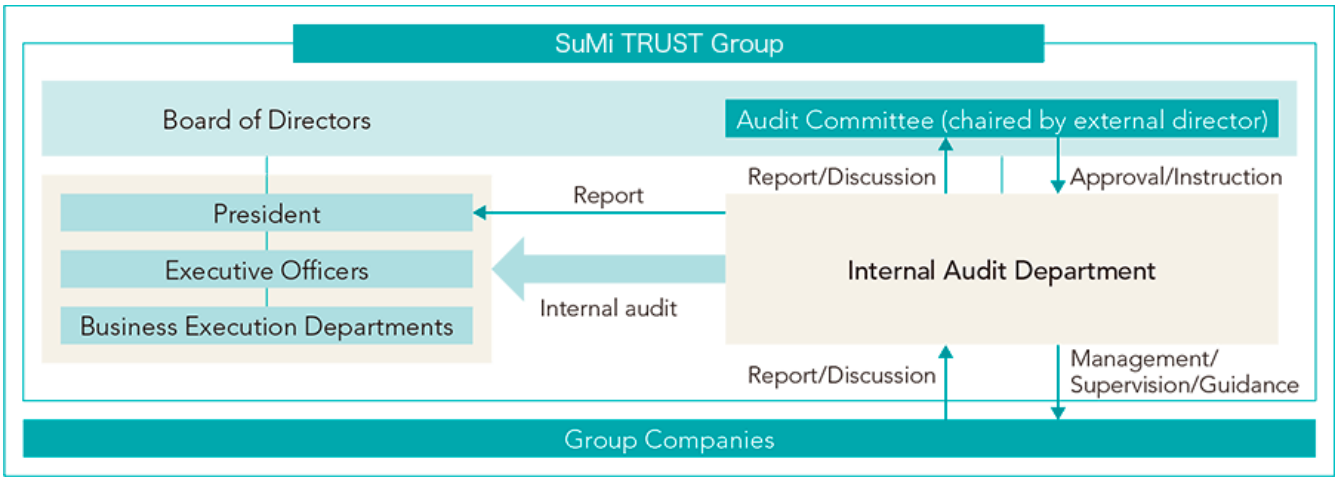
The Internal Audit Department formulates an internal audit plan, taking into account the basic policy on internal audits, which dictates the direction to be taken in the development of the SuMi TRUST Group's internal auditing system, as well as significant group-wide risks. After receiving the consent of the Audit Committee, the plan is approved by the Board of Directors. The Internal Audit Department reports the results of the internal audit, without delay to the President and the Audit Committee, while also analyzing the internal audit results, including those for Group companies, and reporting regularly to the Board of Directors.

In addition, the Internal Audit Department, as the department supervising the Group's internal auditing, receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy on internal audits. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits. Each Group company formulates an internal audit plan in line with the basic policy on internal audits set by the holding company, which is approved by the Board of Directors after consultation with the company.

Results of internal audits are reported without delay to the president, the holding company and others, and are also reported regularly to the Board of Directors.



The SuMi TRUST Group

Risk Management

Basic Policy on Risk Management

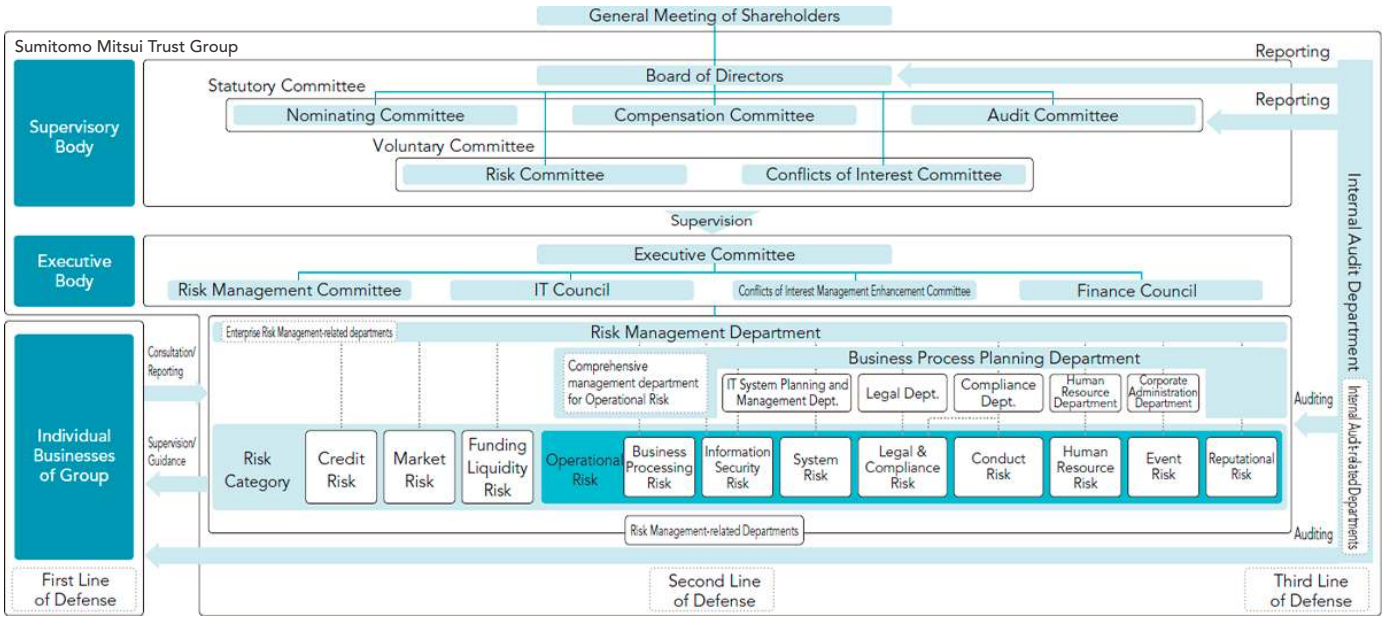
SuMi TRUST Group follows a basic policy of accurately assessing risk conditions and implementing necessary measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, based on the Group's management policy and basic policy on the internal control system. Our Group's risk management framework encompasses the Risk Appetite Framework and is linked to functions organically within the Group.

Risk Management System

(1) Organizational structure

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system consisting of risk management by individual Group 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



(i) First line of defense

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business. Each Group business takes risks within the scope of its risk appetite in accordance with its risk-taking policy, evaluates risks and swiftly implements risk control at the on-site level when risks that are outside of its risk appetite materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

(ii) Second line of defense

In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, as control departments responsible for the management of each risk category, the Risk Management Department and risk management-related departments perform 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, identifies and evaluates group-wide risks, creates a risk management process and sets risk limits. 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 the CRO (Chief Risk Officer) reports the status to the Executive Committee and the Board of Directors.

(iii) Third line of defense

The Internal Audit Department audits 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.

(iv) Executive committee

The Executive Committee is composed of representative executive officers and executive officers, including the CRO, 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.

(v) 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 that reflects these strategic goals based on a solid understanding of where and what risks exist, 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 reviews their appropriateness, and reports its findings on matters concerning the recognition of the environment surrounding the Group and the effectiveness of its risk management based on requests for consultation from the Board of Directors.

– 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 conflicts of interest management, which are the foundation for a "Best Partner" that pursues the best interests of clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

(2) 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.

(i) 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 size and characteristics of the identified risks. Among those risks, risks that are particularly important are managed as material risks.

(ii) Risk evaluation

The risks identified as requiring management undergo analysis, evaluation, and measurement in a manner appropriate for the scale, characteristics, and risk profiles of each of the Group's businesses. Among those risks, we periodically evaluate material risks in terms of the frequency of occurrence, degree of impact and severity to determine whether they can be classified as "top risks" (risks that require management attention due to their potential to have a material impact on the Group's business capabilities and earnings targets within one year) or "emerging risks" (risks that could have a material impact in the medium to long term; i.e., after one year).

(iii) Risk monitoring

After setting KRIs*1 and other indicators, risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles and allocated capital usage status) and external environment (the economy and markets). Recommendations, guidance and advice are given to each of the Group's businesses based on the risk conditions. Monitoring results are reported and submitted for proposal to the Board of Directors, the Executive Committee and other bodies regularly or as needed.

*1 Key Risk Indicator

Risk predictor management for top risks

We select top risks, emerging risks, and others, based on the features of the business model and risk characteristics of the Group. We set risk appetite indicators for risks resulting from internal factors and early warning indicators for risks resulting from external factors for monitoring purpose.

Main top risks and emerging risks

- Risks related to falling prices for strategic shareholdings, etc.
- Risks related to concentration of credit in major obligors in the credit portfolio
- Risks related to cyber-attacks
- Risks related to climate change*2
- Geopolitical risks
- Risks related to innovation
- Stagflation risks

*2 For more information on the Group's initiatives to address climate change-related risks, please refer to "ESG/Sustainable Management" in the Integrated Report and the TCFD Report.

(iv) Risk control and mitigation

If any events that could have a significant impact on the soundness of management occur, such as risk amounts exceeding the acceptable range of risk appetite or risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee and other bodies, and the necessary countermeasures are implemented according to the severity of the risk.

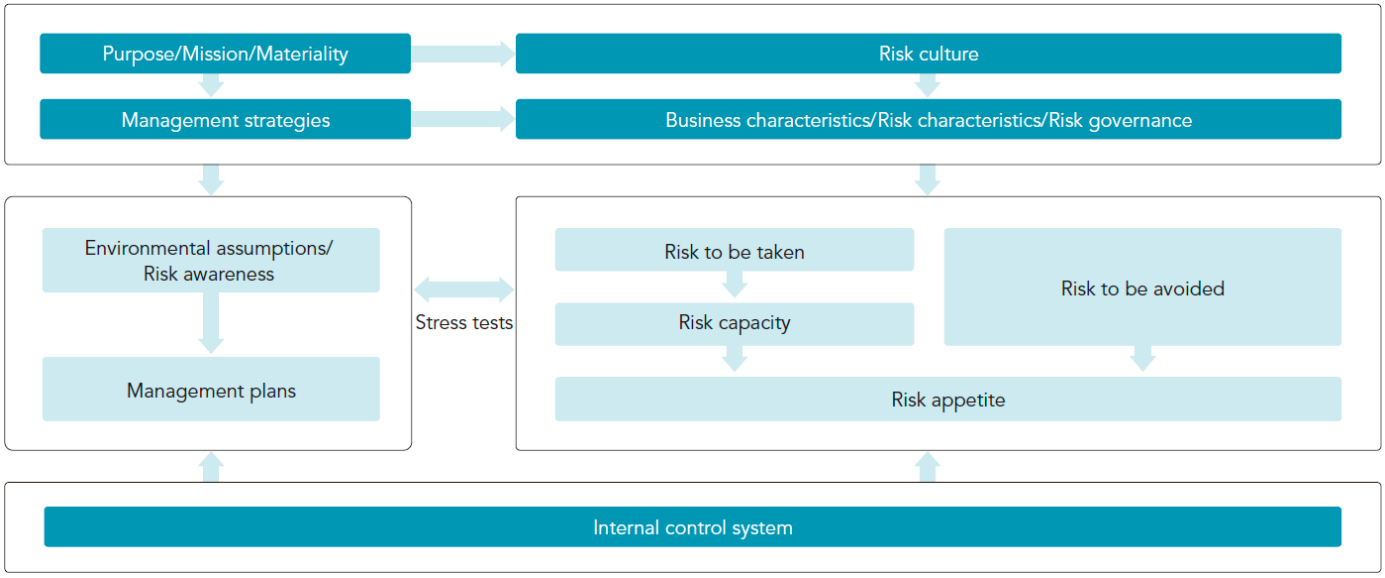
Risk Appetite

(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, together with an internal control system that monitors the process and ensures its appropriateness and sufficiency, in order to achieve management strategies formulated based on the Group's Purpose, Mission (management principles), materiality and others.

With the primary objective of balancing improvement in profitability with enhancement of risk management, our Group's Risk Appetite Framework establishes communication processes through the setting, propagation, and monitoring of risk appetite and promotes the improvement of transparency in the decision-making process, the optimization of the allocation of management resources, and the strengthening of the monitoring system for risk-taking overall. Through the above, the Group is promoting the enhancement of risk governance, which forms a part of corporate governance, with the aim to achieve sound and sustainable development through the value creation process by implementing and enhancing the Risk Appetite Framework.

Outline of the Risk Appetite Framework



(2) Risk appetite operation

(i) Determining risk appetite target

Our Group classifies risks into two categories: "Risks to be taken (that occur in relation to activities that generate returns)" and "Risks to be avoided (such as conduct risk that cannot be tolerated by the Group)."

Under the Group's Risk Appetite Framework, the Board of Directors establishes a risk-taking policy, based on Purpose and others, and sets risk appetite indicators taking the results of stress tests into account. In addition, the Executive Committee sets a detailed risk-taking policy and risk appetite indicators for each business type within the scope of the policy set by the Board of Directors.

The Group maintains the Risk Appetite Statement to clarify the overall picture, policy, and indicators of the Risk Appetite Framework.

The risk-taking policy and risk appetite indicators are determined in a manner consistent with the management plan, and are reviewed at least once a year or when necessary.

(ii) Risk appetite monitoring

Our Group sets risk appetite indicators from the three perspectives of return, risk, and cost, and regularly monitors and verifies that risk taking is conducted appropriately. In addition, we set risk appetite indicators for each materiality to monitor actions to address material issues in order to ensure that the value creation process is functioning appropriately, and that financial and non-financial capital are circulating.

If the risk appetite indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or reconsiders the levels of risk taking.

Fostering and Instilling a Risk Culture

Our Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group's organizations, as well as its directors, officers and employees, that flexibly 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 a fiduciary spirit.

We define risk-taking policies for each Group business when formulating a management plan, and encourage appropriate risk-taking by all directors, officers and employees. In this way, the Group aims to build sustainable business models that contribute to enhancing corporate value and stakeholder value, and strives to have risk culture understood and embraced through e-Learning and discussion-based training to foster risk culture and have it take root throughout the Group.

Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust group, strives to create distinct value through a total solution business model that combines its banking, asset management and asset administration, real estate businesses and others.

Each of the Group's businesses faces various risks, including credit risk, market risk, funding liquidity risk and operational risk, depending on its business characteristics.

In this context, as a basis for improving management of risks related to trust business operations, we have established the 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.

With regards to conduct risk as well, SuMi TRUST Bank, which is the core of the Group, periodically assesses the status of major risks and strives to promote and foster awareness among directors, officers and employees through internal training, thereby reducing and managing risks and preventing them from materializing.

Enterprise Risk Management

(1) Enterprise risk management system

We manage risks by comprehensively ascertaining the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength, i.e., capital adequacy (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when a 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 aggregate risks that can be quantitatively measured using a single yardstick, such as VaR*, and compare the aggregated risk value against our corporate strength, i.e., capital adequacy, thereby managing risks (integrated risk management).

* Value at Risk

(2) Capital allocation operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Group, Inc. allocates capital to each Group business for 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 assessment of capital adequacy level.

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 capital and the risk appetite. The Risk Management Department measures risk amounts on a monthly basis, and reports regularly on the risk status 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.

Crisis Management

Our Group strives to develop systems to swiftly and appropriately implement measures in the event of disasters, large-scale computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution.

In the event of a crisis, an emergency response headquarters led by the President will be established to ensure the safety of our clients, directors, officers, employees and their families as a top priority. Further, we have BCPs (business continuity plans) in place to continue to provide services in the event of a crisis. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In particular, we have been working to develop and enhance alternative systems, such as backup offices and backup systems, to prepare for large-scale disasters.

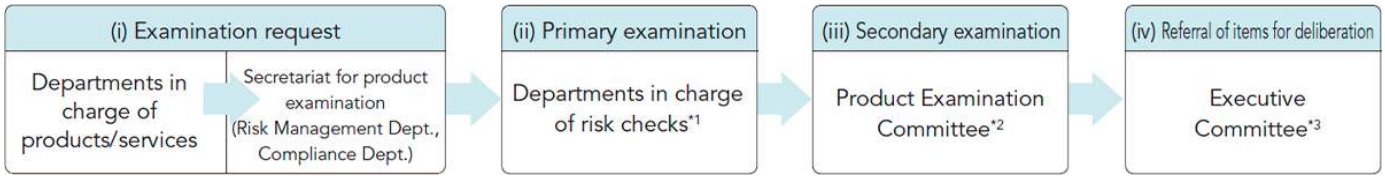
New Product and Service Examination System and Post-Introduction Management System

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 developing materials and methods for explanation 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, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective after they are introduced.

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 they have been deliberated on 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 Planning Dept.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to review from the perspective of conflicts of interest in light of merchantability.

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

Please refer to the Qualitative Disclosure Data (page 216-246) for information on the risk management of SuMi Trust Group.

Risk Management of SuMi Trust Group (1,026KB)

Security

Information Security Risk

(1) Information security risk management framework

SuMi TRUST Group considers information assets to be one of the most important management resources, and has set the protection of personal information and client data as one of the materiality themes. 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 sub-categories under operational risk. It has assigned an officer in charge and established a control department to properly manage client information and implement cybersecurity measures.

In addition, we have established and announced Sumitomo Mitsui Trust Group Privacy Policy, 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 established internal rules and regulations regarding the management framework and handling of information in accordance with the Personal Information Protection Act, related laws and regulations, and "Guidelines for Personal Information Protection in the Financial Field" established by the Financial Services Agency. Also Sumitomo Mitsui Trust Bank, Limited holds regular training sessions for all employees twice a year. Through these efforts, we ensure that all employees 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.

Rules and regulations related to information security risk management

Rules	Rules on Sumitomo Mitsui Trust Group Privacy Policy, Risk Management Rules
Regulations	Risk Management Regulations, Operational Risk Management Regulations, Information Security Risk Management Regulations, System Risk Management Regulations
Guidelines	Information Security Risk Management Guidelines, System Risk Management Guidelines, Personal Information Handling Guidelines, Personal Data Management Guidelines, CSIRT Guidelines, Internal OA Management Guidelines, Guidelines for Taking Client Information Outside the Company, etc.

(2) Organizational structure and others

Matters related to information security risk, as a risk sub-category within operational risk, are deliberated on comprehensively by the Risk Management Committee at Sumitomo Mitsui Trust Holdings and by the Operational Risk Management Committee at Sumitomo Mitsui Trust Bank, Limited, 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 Planning Department, the IT System Planning and Management Department, and other control departments responsible for information security risk management. The officer in charge of the Business Process Planning 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, Risk Management Committee (Sumitomo Mitsui Trust Group, inc) Operational Risk Management Committee (Sumitomo Mitsui Trust Bank, Limited)
Officers in charge	Officer in charge of Business Process Planning Department and Officer in charge of IT System Planning and Management Department
Departments in charge	Business Process Planning Department and IT System Planning and Management Department

Cybersecurity Measures

(1) Cybersecurity management framework

The Group has designated addressing cyberattacks as one of the materiality themes as well as a top risk, and we are planning and promoting our cyber security measures at the initiative of management through the formulation of Cyber Security Management Declaration.

- We have appointed a Chief Information Security Officer (CISO) who promotes the strengthening of cybersecurity measures under the leadership of CISO.
- 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 upgrading of security measures through security review meetings and our IT Council, as well as by utilizing outside expertise.
- The Group has established internal rules and regulations based on U.S. cybersecurity standards, and has developed processes for responding to cyberattacks both in normal times and in emergency situations.
- In addition to conducting cybersecurity risk assessments and system vulnerability assessments on a regular basis for SuMi TRUST Group, including 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.

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

(2) Monitoring system

The Group has built a common infrastructure for internet communications, and 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.

(3) Enhancing cybersecurity measures

We have established a 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 including countering DDoS attacks and attacks on vulnerabilities, detecting and blocking phishing websites.

In addition, in order to ensure that our clients use our Internet banking services with a sense of security, as a countermeasure against phishing, we have limited maximum amounts for money transfer and strengthened information collection on threat trends. Further, as a technical countermeasure, we are working to strengthen the monitoring of unauthorized transactions.

We are also working to collect and analyze information on attacker trends and to improve our intelligence functions to enhance the Group's vulnerability management.

Major technical countermeasures

Entry measures **Exit measures**	• Detection and blocking of malicious communications (including countering DDoS attacks) • Prevention of the intrusion of viruses and malware (suspicious apps) • Restriction of suspicious communications through behavior detection • Assessment and improvement of Internet path vulnerabilities through vulnerability assessments
Internal measures	• Detection of the behavior of malware entering endpoints (internal office automation terminals and servers)
Integrated monitoring	• Integrated analysis of multiple communication logs obtained from firewalls, proxy servers and others to improve detection accuracy • Analysis of encrypted communications (HTTPS and others) by combining them to expand detection range

In addition, we regularly conduct self-analysis of risk situations using cybersecurity heat maps as well as third-party assessments using international cybersecurity assessment tools such as FFIEC-CAT*2. We also participate in cyber exercises hosted by Information Sharing and Analysis Center (ISAC)*3 and National Center of Incident Readiness and Strategy for Cybersecurity, conduct our Group's own exercises for management and Group companies, and through PDCA cycle, we are working to enhance measures to strengthen cyber resilience. In addition, we have taken out cyber insurance to safeguard against emergencies.

*2 FFIEC-CAT: A risk assessment tool (Cyber Assessment Tool) released by the Federal Financial Institutions Examination Council (FFIEC) for financial institutions

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

(4) Cybersecurity 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 ISAC and FS-ISAC*4, and provides external training and certification support.

Also, Sumitomo Mitsui Trust Bank, Limited is continuously engaged in employee education through information security training and phishing email training for all employees, and cyber exercises conducted in cooperation with external organizations.

In addition, the CSIRT and the application and infrastructure development departments have formed an organization called the Task Force to discuss and coordinate the challenges related to cybersecurity measures to improve effectiveness, complement each other's expertise, and pool human resources.

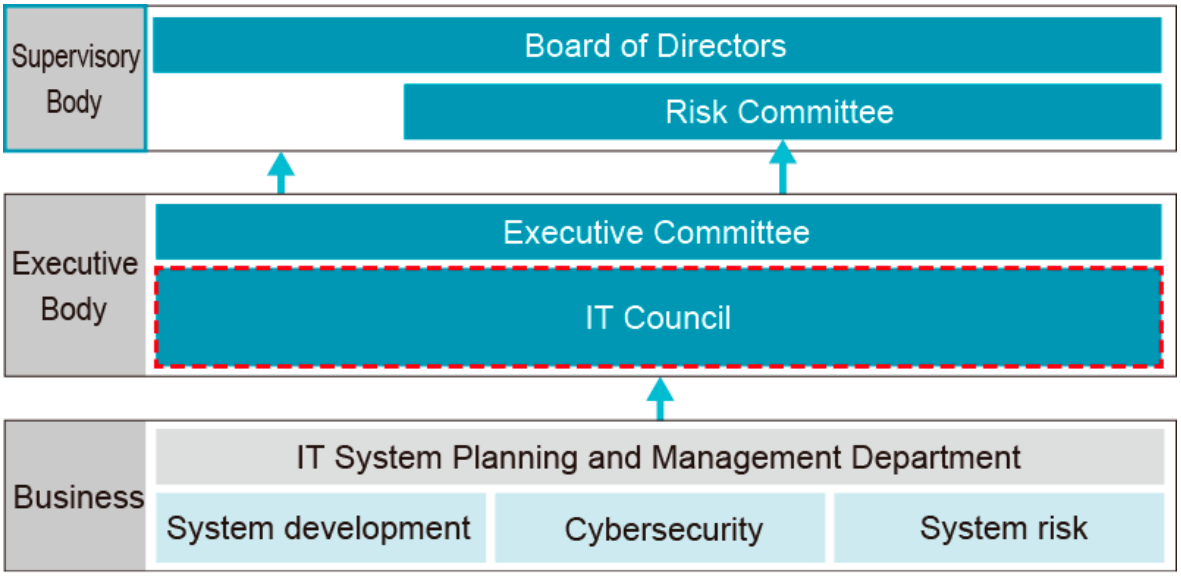
*4 FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States

(5) System risk management framework

In order to minimize the impact of large-scale failures and disasters on information systems, and to prepare for early recovery and business continuity, we are working to strengthen resilience by clarifying the Group's communication and response systems, developing alternative measures and recovery procedures, and providing operational education and training. In addition, for risks related to delays and cost increases arising from system development of a certain scale, we monitor the progress and quality control aspects of large-scale system development projects, report to the IT Council, and consult with them in order to ensure proper management of system development.

(6) IT Council

The IT Council is an advisory body to the Executive Committee, and it consists of the officer in charge of the IT System Planning and Management Department, who serves as the chairperson, officers in charge and general managers of the respective corporate management departments, and external members with expertise. It deliberates on important system investments and system technology matters from a multifaceted perspective. In terms of risk management, the Council deliberates on risks arising from system development, cybersecurity, and system risks. In addition, as an advisory body, the Council actively utilizes the knowledge of external members with expertise to enrich discussions and enhance management.



Compliance

Basic Initiative Policy

The Group defines its Reason for Existence ("Purpose") as "Trust for a flourishing future: Creating new value with the power of trusts and let prosperous future for our clients and society bloom." It considers compliance as "observing not only laws, market rules, and internal regulations, but also broader social norms, and meeting the expectations of our stakeholders (clients, society, shareholders, and employees) to establish trust, with an aim of contributing to their well-being.

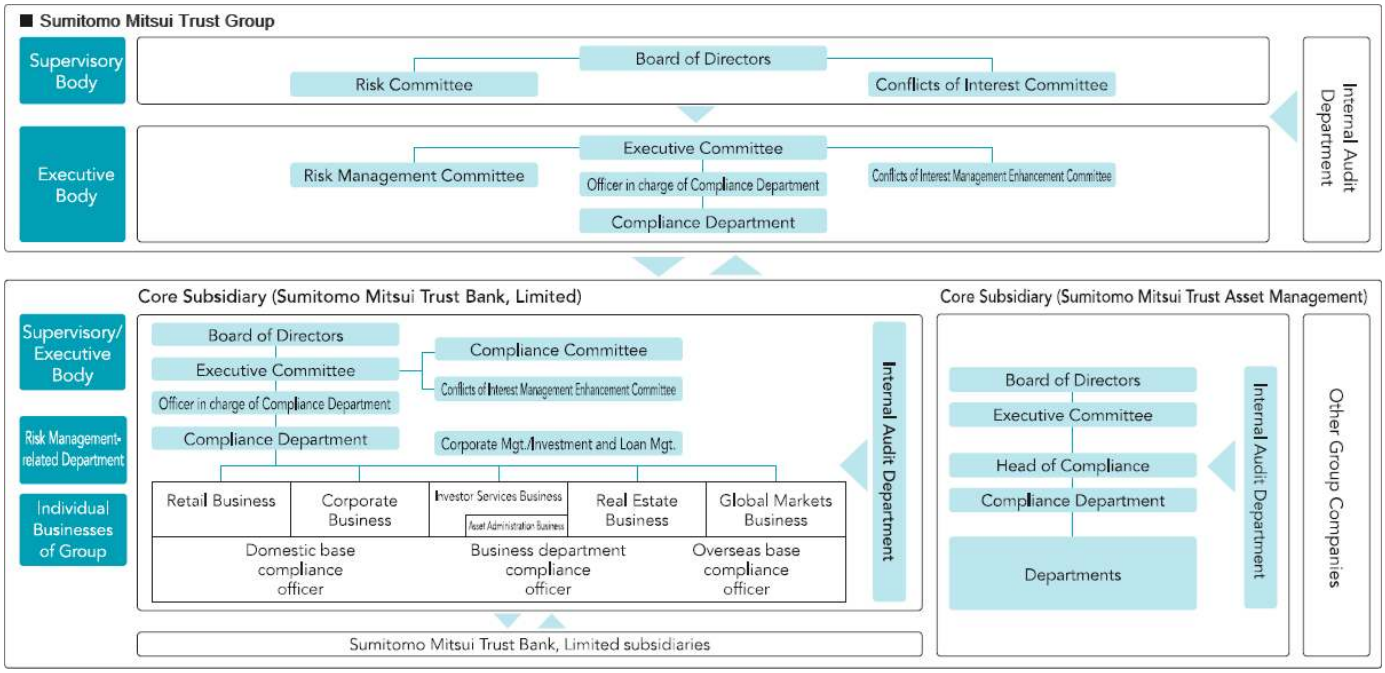
So that the Group can implement a proper compliance framework, the Codes of Conduct ("Value") declare our "strict compliance with applicable laws and regulations" and the Compliance Rules stipulate what directors, officers, and employees need to comply with. In addition, the Compliance Manual, a detailed 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 duties.

"Our Standards of Conduct" represent a guidance document for our employees that aims at transforming our cherished values, represented by Sumitomo Mitsui Trust Group's "Purpose," "Mission," "Vision," and "Value," into guidelines for daily conduct. It provides the fundamental standards for appropriate conduct for our Group employees when they are experiencing difficulty in making a decision for their daily business.

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 Sumitomo Mitsui Trust Group 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 Sumitomo Mitsui Trust Group' 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 Sumitomo Mitsui Trust Group. We shall not, for any reason, use important unpublicized information, Sumitomo Mitsui Trust Group' business secrets, or the like for illicit gain, to cause harm to Sumitomo Mitsui Trust Group 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.



Compliance System of Sumitomo Mitsui Trust Group, Inc.

The Group Compliance Framework

The Group formulates the Compliance Program, which consists of specific practice plans for implementing compliance within the Group each fiscal year, with the approval of the Board of Directors, and the board periodically monitors and evaluates the progress of the program. Sumitomo Mitsui Trust Group, Inc. manages the compliance framework for the entire Group in order to create an appropriate framework in line with the characteristics of operations of each Group company. This is done by formulating the companies' Compliance Programs and providing guidance and oversight on the progress and achievement status of these programs. In addition, The Group's compliance is overseen by the Chief Compliance Officer (CCO), who is an executive officer and regularly reports to the Board of Directors.

The Roles of the Board of Directors, Executive Committee, and Compliance Department Officers

Board of Directors	• 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	• 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	• 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	• 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	• 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

Initiatives to Foster Compliance Awareness

The Group has created, with the approval of the Board of Directors, a Compliance Manual containing an explanation of laws and regulations that must be followed and actions to be taken in the event of the discovery of compliance infractions. Employees across the Group are thoroughly informed regarding its contents.

The Group is also improving compliance education to promote the fostering of compliance awareness groupwide. Specifically, the Group offers training and other support for training conducted mainly by the compliance departments of each Group company, such as providing materials, dispatching instructors, and holding discussion-based study sessions on themes shared by the entire Group. In addition to training using the materials mentioned above, each Group company implements training and study sessions in accordance with the characteristics of their operations and products and the attributes of their clients, as well as e-learning on specific themes, and through daily guidance, to foster compliance awareness among employees. Furthermore, "Our Standards of Conduct," which was established as a guideline for the Group's employees to take concrete actions, requires us to act with integrity. Also, in order to accurately grasp the status of the penetration of compliance awareness, the Group conducts awareness surveys on compliance at major subsidiaries and elsewhere to understand and improve any issues that have been discovered. These surveys are 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.

In this awareness survey, we are working to grasp the situation of the entire Group by setting uniform questionnaires in order to grasp issues common to the Group and implement effective measures.

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 obliges directors, officers, and employees to report to the Compliance Department through higher-ups. When the Compliance Department receives a report from a department of 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 public disclosure 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/curtail accidents and to raise the quality of work.

Hotline System

In order to promptly and appropriately respond to any serious violation of laws/regulations and internal rules or to acts that likely constitute a violation, the Group has established a compliance hotline system where all officers and employees (including part time employees, dispatched employees, retired employees, and officers and employees of partner business operators, etc.) can directly report to the Compliance Department or external law firms, in addition to the regular reporting channels.

This hotline system enforces rigorous control of information and protection of whistleblower privacy to ensure their protection, and prohibits adverse treatment of whistleblowers who utilize the system appropriately and those who cooperate with the investigation. Also, to make the system easier to use, simple, commonly-known methods of reporting, such as by calling an external law firm or through a web system that allows anonymous reporting 24 hours a day, have been set up. In addition, in order to ensure unified management of the Group, the Group has its subsidiaries establish systems equivalent to this system as necessary. The reported information is consolidated at the Group, so that the Company can utilize this information to enhance its compliance system going forward. Furthermore, in order to promote the appropriate use of the system, SuMi Trust Bank, one of the major subsidiaries, has taken the lead in establishing and providing Q&As and training tools for employees and others. Compliance awareness surveys are also implemented at major subsidiaries, etc. in order to gauge their level of awareness. Responding to amendments to the whistleblower protection act, which strengthens protection for whistleblowers, the Group has provided its subsidiaries with templates for internal regulations and held training sessions taught by lawyers. The number of reports through this system has increased as a result of efforts made to encourage greater use of it.

In addition to the above, the Group has established an accounting hotline system since fiscal 2017 to report inappropriate accounting, etc., and has disclosed contact points on its website 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.

Efforts to Prevent Financial Crime

The Group has released its "Anti-Money Laundering Compliance Policy" with the approval of the Board of Directors, and made clear its resoluteness in standing up to money laundering*1.

For instance, Sumitomo Mitsui TRUST Bank carries out additional confirmation based on details such as a client's occupation, business, etc., whether they are a PEP*2, the types of transactions they conduct and the products involved, and the countries and regions they are related to, and then considers the risk of money laundering, in addition to obtaining confirmation based on laws and regulations such as when opening an account (including non-face-to-face transactions) and accepting remittances (Act on Prevention of Transfer of Criminal Proceeds, Foreign Exchange and Foreign Trade Act, etc.). It verifies, using a risk-response system, whether any illicit transfers between accounts have taken place, and has a system in place for employees, when coming across transactions suspected to be related to illegally obtained money or used to finance terrorism or proliferation financing, to immediately report to the person in charge, and in addition to establishing a system for filing reports with the authorities, we support internal training programs and employees' acquisition of specialized certifications on anti-money laundering.

In addition, from the perspective of safely managing our customers' assets, together with establishing necessary internal control systems to provide financial services and taking sufficient security measures for ATMs and Internet banking, we provide information on the modus operandi and methods of financial crimes to prevent our customers from becoming victims of financial crimes.

We formulate a plan for these initiatives every fiscal year, conduct risk-based monitoring and testing (including internal audits), and receive evaluations from external experts as necessary to maintain and improve the effectiveness of these initiatives.

*1 Money Laundering is the act of hiding a source of money obtained illegally, such as through the sale of illegal drugs, by routing it through multiple bank accounts or financial instruments. Financing of terrorism refers to providing terrorists with the necessary funds to perform terrorist acts, such as bombings and hijackings. Proliferation finance refers to the act of providing funds or financial services to any individual or group subject to a freeze of assets or other measures for being involved in the development, possession, or export of weapons of mass destruction (nuclear, chemical, or biological weapons). In addition, perpetrators of remittance scams are another example of people who may abuse the accounts of financial institutions. The group is taking measures to prevent the financial services it provides from being used for financial crime activities.

*2 Politically Exposed Person(s)

Anti-Money Laundering Compliance Policy (201KB)

Initiatives to Prevent Bribery

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*1 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 law offices to allow for swift and proper responses.

The 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 necessary prior approvals are required for the expenditure of donations related to political activities to be appropriately dealt with.

In addition, 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. In order to provide more effective training at our overseas bases, the Group provides training that takes into account the regulations of the country in which the base is located, as well as lecture-style training with local lawyers as lecturers.

*1 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 provide

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 (238KB)

Response to Antisocial Forces

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 cases where the counterparty is found to be 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, for the eventual cancellation of the transaction.

Additionally, training for the prevention of transactions with antisocial forces is provided to directors, executive officers, and employees once every fiscal year to improve awareness of preventing such transactions.

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. For example, our core subsidiary SuMi TRUST Bank conducts regular training for all employees, while all directors, officers, and employees regularly submit a vow that includes a pledge to comply with internal company rules on preventing insider trading.

In addition, 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.

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 UK tax strategy
The SuMi TRUST Group has posted tax strategy for its UK entities pursuant to Schedule 19 "Large businesses: tax strategies and sanctions" of UK Finance.
Act 2016.

UK Tax Strategy (Updated on October 1, 2024) (131KB)

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.

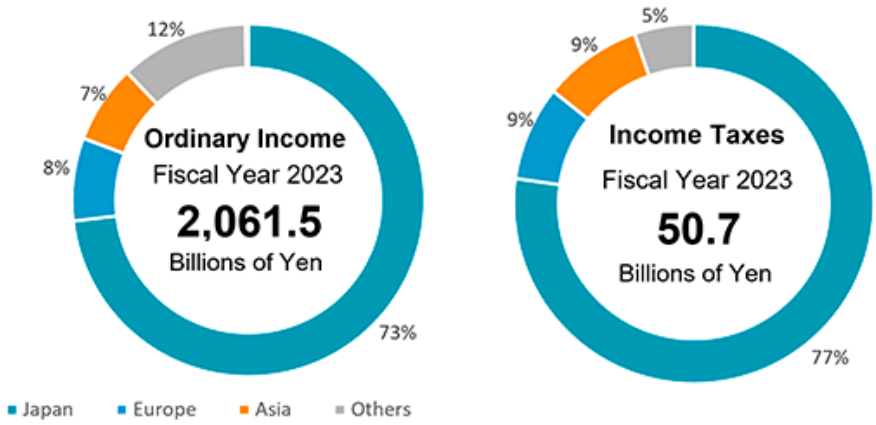
Response to Tax-related Risks

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.

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 Initiatives

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 strives not only to prevent problematic behavior (misconduct), but also to promote desirable behavior (good conduct).

In addition, we formulated "Our Standards of Conduct" as a guidelines for executives and employees and each Group compay to put the Group's cherished values ("Purpose," "Mission," "Vision," and "Value") into concrete actions. "Our Standards of Conduct" consists of 25 items based on the four pillars: our standards for our people, our standards for our society, and our standards for our shareholders. They are positioned as guidelines that officers and employees of Group companies are expected to refer to when they are in doubt making a decision. In particular, group employees are expected to act with integrity. Through various types of training and discussions, we are working to disseminate them throughout the entire Group, and we are also starting to check officer and employee familiarity with them.

Link to "Our Standards of Conduct"

Appendix

Participation in Initiatives

Our Group promotes efforts to realize a sustainable society in cooperation with stakeholders through joining various initiatives.

Sumitomo Mitsui Trust Asset Management is referred to "Sumitomo Mitsui Trust AM," and Nikko Asset Management is referred to "Nikko AM."

United Nations Global Compact

The UN Global Compact, proposed by the former UN Secretary General Kofi Annan, is comprised of ten principles about four areas: human rights, labor, the environment, and anti-corruption. Signatory companies are called on to take measures to implement it under the top commitment.

We signed it in 2005.

UN Global Compact

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is an international network to propel a shift to a financial system that integrates economic development and ESG consideration.

We became a signatory in 2003.

United Nations Environment Programme Finance Initiative

Principles for Responsible Investment (PRI)

The PRI calls on institutional investors such as pension funds and asset managers to consider ESG when making investment decisions.

Sumitomo Mitsui Trust AM and Nikko AM signed it in 2006 and 2007, respectively.

SuMi TRUST Bank signed it in 2006 when it was the Sumitomo Trust and Banking, and the signatory status was succeeded to Sumitomo Mitsui Trust AM at the partition and integration of asset managing functions on October 1, 2018. SuMi TRUST Bank became a signatory again under the name in 2019.

Principles for Responsible Investment

Principles for Responsible Banking (PRB)

The PRB has been formulated to make banking operation conform with social goals such as solving human rights and global warming issues indicated in the SDGs and the Paris Agreement on climate change.

We became a signatory at the inception of the principles in 2019.

Principles for Responsible Banking

Net-Zero Banking Alliance (NZBA)

The NZBA is an initiative of banks aiming to achieve net zero GHG emissions through investment and loan portfolios by 2050.

We signed it in 2021.

Net-Zero Banking Alliance

Net Zero Asset Managers Initiative (NZAMI)

NZAMI is a global initiative formulated by asset managers that aim to achieve net zero GHG emissions of investee companies by 2050.

Sumitomo Mitsui Trust AM and Nikko AM became signatories in 2021.

The Net Zero Asset Managers initiative

CDP

CDP promotes investors, companies, and local governments to disclose information about their impacts on the environment. The scores are given based on the responses to CDP questionnaire and their actions, and released, which are utilized for decision-making of investors, purchasing companies and policy makers.

Nikko AM and Sumitomo Mitsui Trust AM became signatories in 2006 and 2014, respectively.

CDP

Equator Principles

The Equator Principles are an international guideline for private financial institutions to secure their full consideration for the effect to a project on the natural environment and local communities when providing loans such as Project Finance.

SuMi TRUST Bank became a signatory in 2016.

The Equator Principles

Poseidon Principles

The Poseidon Principles have been formulated as an initiative of financial institutions on the climate change related risks in the shipping industry. Signatory financial institutions annually assess their GHG emissions reduction achievement for the target vessels of ship finance, calculate and announce each bank's contribution to the efforts to reduce GHG emissions from its entire shipping finance portfolio.

SuMi TRUST Bank signed the principles in 2020.

Signatory to the Poseidon Principles

Japan Climate Leaders' Partnership (JCLP)

The JCLP was established as a group of companies unique to Japan in 2009 under the recognition that the industry should start aggressive actions with a healthy sense of crisis to realize a decarbonized society.

SuMi TRUST Bank has joined it.

JCLP

Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century, PFA21)

The principles are action guidelines organized for financial institutions to carry out their roles and responsibility toward a sustainable society. Signatories shall implement the efforts based on the seven principles as much as possible in accordance with their operations.

Sumitomo Mitsui Trust AM, Nikko AM, Sumitomo Mitsui Trust Panasonic Finance, and we have supported the purpose and signed the principles.

Principles for Financial Action for the 21st Century

Please refer to reports of each company to see the other initiatives that Sumitomo Mitsui Trust AM and Nikko AM have joined.

The Equator Principles

Sumitomo Mitsui Trust Bank, Limited. ("SMTB") became a signatory to the Equator Principles in February 2016. This set of guidelines for private financial institutions requires due consideration for the impact on the natural environment and regional communities when approving Project Finance.

The Equator Principles

The Equator Principles are standards that enable private-sector financial institutions approving loans for a large-scale project to confirm that the project pays sufficient care to impacts on the natural environment and regional communities. Regardless of the country where the project is sited or its industry, the Equator Principles are applied to Project Finance, Project-Related Corporate Loans (PRCL), and Bridge Loans that are intended to be re-financed by Project Finance or PRCLs.

The Equator Principles are based on guidelines and standards concerning environmental and social consideration, established by the International Finance Corporation, a member of the World Bank Group. These standards and guidelines span many fields from implementation processes of an Environmental and Social Impact Assessment (ESIA), pollution prevention, and consideration for regional communities to environmental protections.

July 2024, 130 Financial Institutions (including export credit agencies) from around the world have signed the Equator Principles. Signatories will require project proponents to comply with the Equator Principles. The signatories will not provide financing if requirements are not met, particularly in large-scale projects in developing countries, which usually require adequate consideration.

Click here for more information

Types of Financial Instruments and Other Criteria Including Financing Size for the Application of the Equator Principles

Type	Application criteria including the size of loans
Project Finance	Project Finance with total project capital costs of US$10 million or more.
FA services*1	Same as the above
PRCLs*2	PRCLs where all of the following three criteria are met: a) The majority of the loan is related to a Project over which the client has Effective Operational Control (either direct or indirect). b) The total aggregate loan amount and SMTB's individual commitment (before syndication or sell down) are each at least US$50 million. c) The loan tenor is at least two years.
Bridge Loans	Bridge Loans with a loan term of less than two years that are intended to be refinanced by Project Finance or PRCL that is anticipated to meet the relevant criteria described above.
Project-Related Refinance and Project-Related Acquisition Finance	Project-Related Refinance and Project-Related Acquisition Finance where all of the following three criteria are met: a) The underlying Project was financed in accordance with the Equator Principles framework b) There has been no material change in the scale or scope of the Project. c) Project Completion has not yet occurred at the time of the signing of the facility or loan agreement.

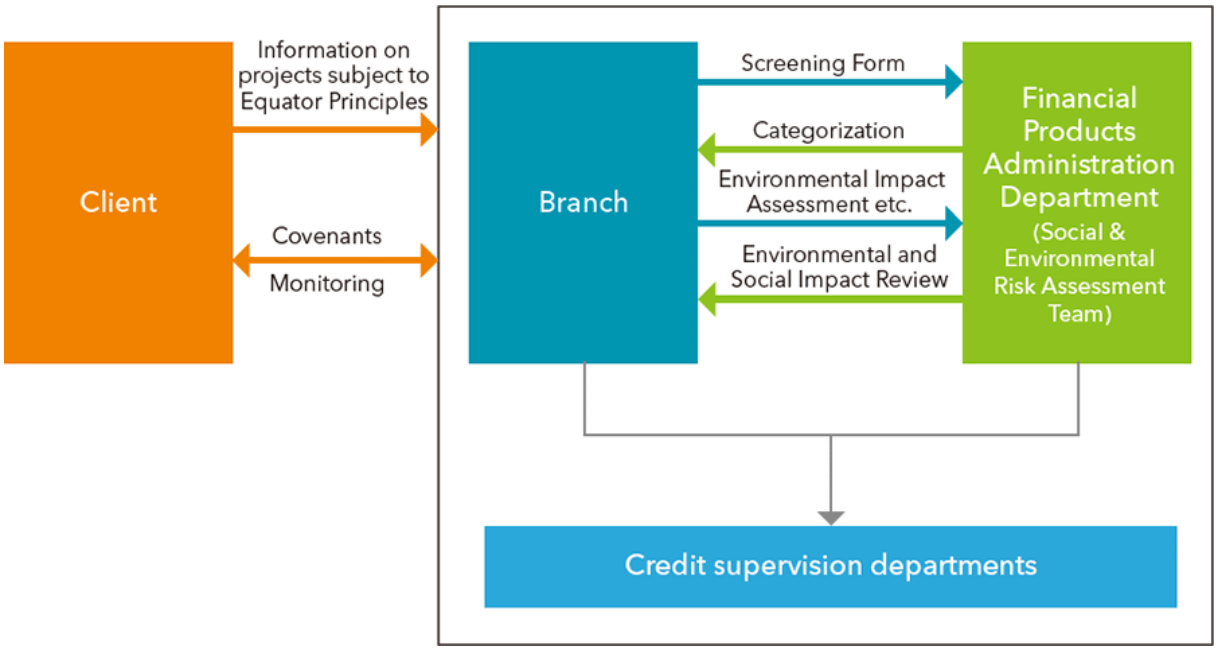
*1 Project Finance advisory services

*2 PRCL includes the buyer's credit-type export financing but does not include the supplier's credit-type export financing. Furthermore, it does not include asset financing, hedging transactions, leases, L/C transactions, general funds and general working capital to maintain operations of a company.

Operating Structure of the Equator Principles at Sumitomo Mitsui Trust Bank

Internal Operating Structure and Processes for Application of the Equator Principles

In adopting the Equator Principles, SMTB drew up rules for internal operation, which stipulated the policies on consideration for the environment and societies, and the assessment procedure for impacts on the environment and societies, based on the framework of the Equator Principles. Financial Products Administration Department (Social & Environmental Risk Assessment Team) carries out assessments of environmental and social impacts relating to individual projects.



Reviewing Environmental and Social Impacts

According to the Equator Principles and "the Implementation Guidelines for the Equator Principles," Financial Products Administration Department (Social & Environmental Risk Assessment Team) reviews environmental and social impacts of projects subject to the Equator Principles to confirm whether consideration for the environment and communities the borrower has adopted for the project satisfies the standards established by the Equator Principles. In environmental and social impact reviews based on screening forms, each project is categorized into one of three categories - A, B, and C as shown below - reflecting its environmental and social risks. Financial Products Administration Department (Social & Environmental Risk Assessment Team) conducts detailed reviews based on the category, the country (designated or non-designated) where the project is sited, and the environmental impact assessment reports tailored to the industry. The results of the environmental and social impact reviews are sent to the Credit Supervision Department, which carries out comprehensive risk assessments based on the review.

Category	Definition
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
C	Projects with minimal or no adverse environmental and social risks and/or impacts

Monitoring of Compliance with the Equator Principles

Compliance with important items concerning environmental and social impacts have been reflected into loan agreements, and compliance with these is regularly confirmed through reports on project compliance status.

Regarding the revision of our TCFD Reports and Sustainability Reports due to the partial non-compliance of projects subject to the Equator Principles (67KB)

In FY2023, we internally reviewed the status of compliance with sustainability-related initiatives we have adopted. As a result, we identified that some project finance loans did not entirely comply with the fourth edition of the Equator Principles (the "EP4"), which was revised in July 2020.
Responding to this situation, we conducted additional in-house investigations and intensive investigations by an external consultant. For primary financial transactions (transactions in which we have participated since the organization of the loan for the project in question), we have confirmed the compliance status of all projects subject to the EP4. We will now move on to the investigation of secondary financial transactions (transactions in which we took over accounts receivable from the participating financial institutions after the organization of the loan for the project in question). In addition, as recurrence prevention measures, we have clarified the confirmation process and established a mutual confirmation system. See the PDF above for details.

Education and Training

In adopting the Equator Principles in February 2016, multiple training sessions were provided for the employees of sales, assessment, screening and other departments and sections involved to foster a thorough understanding of Equator Principles concepts as well as implementation process for environmental and social risk/impact reviews. Furthermore, regular training sessions are provided for employees in departments and sections relating to sales, assessment, and screening to foster a thorough understanding of internal operations and raise their awareness about environmental and social considerations.

Transactions subject to the Equator Principles

Implementation Guidelines for the Equator Principles (244KB)

The following data represents the number of Equator Principles applicable Project Finance and Project-Related Corporate Loans which reached Financial Close in FY2023 (April 1,2023 to March 31, 2024).

FA services, Project-Related Refinance or Project-Related Acquisition Finance applying the Equator Principles in FY2023: None

Independent Practitioner's Assurance Report (233KB)

Project Finance

	FY2023			
	A	B	C	Total
	1	12	2	15
Sector	A	B	C	Total
Mining	0	0	0	0
Infrastructure	1	0	0	1
Oil/Gas	0	0	0	0
Power	0	11	1	12
Others	0	1	1	2
Region	A	B	C	Total
America	0	6	0	6
Europe/Middle East/Africa	1	0	1	2
Asia/Oceania	0	6	1	7
Country	A	B	C	Total
Designated Country	0	12	2	14
Non-Designated Country	1	0	0	1
Independent Review	A	B	C	Total
Yes	1	11	2	14
No	0	1	0	1

Project-Related Corporate Loans

	FY2023			
	A	B	C	Total
	0	0	1	1
Sector	A	B	C	Total
Mining	0	0	0	0
Infrastructure	0	0	0	0
Oil/Gas	0	0	0	0
Power	0	0	0	0
Others	0	0	1	1
Region	A	B	C	Total
America	0	0	0	0
Europe/Middle East/Africa	0	0	1	1
Asia/Oceania	0	0	0	0
Country	A	B	C	Total
Designated Country	0	0	1	1
Non-Designated Country	0	0	0	0
Independent Review	A	B	C	Total
Yes	0	0	0	0
No	0	0	1	1

Signatory to the Poseidon Principles

In March 2020, SuMi TRUST Bank became a signatory to the Poseidon Principles established by financial institutions with the aim of contributing to the shipping industry's commitment to mitigating climate change risk.

The Poseidon Principles

The International Maritime Organization (IMO)*1 has adopted "the Green House Gas ("GHG") Strategy"*2 to comprehensively set the reduction target of GHG emissions from the international shipping industry, the measures to realize it, etc. And the Poseidon Principles were established in June 2019 by eleven major financial institutions in the West which were providing ship finance, as an approach led by private banks for "the GHG Strategy."

Sumitomo Mitsui Trust Bank quantitatively assesses the degree of contribution of our shipping portfolios to the reduction of GHG emissions from the international shipping industry, based on the GHG emission reduction target set by IMO, and discloses the results once a year as the Climate Alignment of Ship Finance Portfolios as a signatory financial institution to the Poseidon Principles.

*1 The International Maritime Organization, IMO: A specialized agency of the United Nations to promote international cooperation concerning maritime issues such as the security of ships and the prevention of marine pollution.

*2 GHG Strategy: The strategy adopted by IMO in April 2018, targeting to achieve zero GHG emissions as early as possible in this century. Specific reduction targets include the reduction of total GHG emissions from 2008 by at least 50% by 2050.

Portfolio climate alignment

In the Poseidon Principles, trajectory values of annual GHG emissions efficiency (GHG emissions per unit of transport) are prescribed for each ship type and size class based on the GHG emissions reduction targets of the IMO's stated aim (adopted in July 2023) of reducing total annual GHG emissions from international shipping to net zero by around 2050. SuMi TRUST Bank compares the annual GHG emission efficiency (actual value) of each ship which SuMi TRUST Bank extends a loan for and is subject to calculation under the Poseidon Principles with the trajectory value in order to calculate the degree of divergence, which is referred to as the vessel climate alignment. We then calculate portfolio climate alignment as required under the Poseidon Principles as a sum of the weighted average of the vessel climate alignment using the balance of loans outstanding for each ship in the Bank's ship finance portfolio. The portfolio climate alignment represents the degree of contribution the Bank is making towards the GHG emissions reduction target in its own ship finance portfolio. A negative or zero alignment score means the portfolio is aligned with the decarbonization trajectory of the Poseidon Principles, whereas a positive score means the portfolio is misaligned.

Trends in portfolio climate alignment (as of end-December each year)

GHG reduction target level (vs. 2008)		2020	2021	2022
Before July 2023 revisions	50% reduction by 2050	(0.8)%	(0.4)%	(4.5)%
After July 2023 revisions	Target: 30% reduction by 2030	—	—	+21.2%
	Minimum*: 20% reduction by 2030	—	—	+16.9%

* GHG emissions reduction target level that should be met as a minimum, as defined by the Poseidon Principles

External Evaluation

Here are major indexes that adopt our stocks (as of March 2024)

FTSE4Good Index Series

FTSE Russell, a London Stock Exchange Group member company, has developed the FTSE4Good Index Series, which consist of the stocks of companies that make excellent efforts on Environmental, Social and Governance (ESG).*1

Click here to visit FTSE4Good Index Series website

FTSE4Good

FTSE Blossom Japan Index

The FTSE Blossom Japan index has been designed by FTSE Russell to be industry-neutral, and measures the performance of Japanese companies that excel in ESG practices.*1

Click here to visit FTSE Blossom Japan Index website

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index has been designed by FTSE Russell to be a sector neutral benchmark that relatively reflects the performance of Japanese companies that excel in ESG practices in each sector.*1

Click here to visit FTSE Blossom Japan Sector Relative Index website

MSCI ESG Leaders Indexes

The MSCI Leaders Indexes have been created by MSCI in the U.S., comprising the stocks of selected global companies that have high ESG rating by industry.

Click here to visit MSCI ESG Leaders Indexes website

MSCI Nihonkabu ESG Select Leaders Index

The MSCI Nihonkabu ESG Select Leaders Index has been created by MSCI, comprising Japanese companies that relatively excel in ESG ratings selected by industry from its parent index, the MSCI Nihonkabu IMI Index, aiming to select 50% of the target issues.*2

Click here to visit MSCI Nihonkabu ESG Select Leaders Index website

MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index has been created by MSCI in the U.S., comprising Japanese companies that relatively excel in ESG ratings selected by industry from its parent index, the MSCI Japan IMI Index, aiming to select 50% of the market capitalization.*2

Click here to visit MSCI Japan ESG Select Leaders Index website

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)

This index has been developed by MSCI in the U.S., and consists of the issues of the companies with excellent gender diversity in each industry under the classifications of the Global Industry Classification Standard (GICS®) from the top-700 Japanese issues by market capitalization.*2

Click here to visit MSCI Japan Empowering Women Index (WIN) website

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

An index created by Morningstar in the U.S. that evaluates companies' gender diversity initiatives.

Click here to visit Morningstar Japan ex-REIT Gender Diversity Tilt Index website

S&P/JPX Carbon Efficient Index

An index codeveloped by S&P Dow Jones Indices LLC and the Tokyo Stock Exchange, Inc. of the Japan Exchange Group (JPX) to determine the weighting of stocks that constitute the Tokyo Stock Price Index (TOPIX) focusing on the status of disclosure of environmental information and the level of carbon efficiency (carbon emissions per unit of sales).

Click here to visit S&P/JPX Carbon Efficient Index website

Bloomberg Gender-Equality Index (GEI)

A gender equality index developed by Bloomberg in the U.S. evaluates the initiatives to improve gender equality and workplace environments as well as the situation of information disclosure and the achievements of such initiatives to select excellent companies.

ESG ratings

Rating	Score	Feature
MSCI ESG Ratings	AA (as of June 2024)	7 grade evaluation, from "AAA," the highest to "CCC," the lowest. We have been rated "AA."
Sustainalytics ESG Risk Ratings	20.7 (Medium) (as of April 2024)	5 grade evaluation, from "Severe," which means a company has an extreme high ESG risk, to "Neglect," which means a company has an extreme low ESG risk. We have been rated 20.7 or "Medium Risk."
FTSE ESG Ratings	3.8 (as of June 2024)	We have been rated 3.8 out of 5.
CDP	B (in 2023)	8 grade evaluation, from "A," the highest to "D-." We have been rated "B" for a climate change related score.

Disclaimer

*1: **FTSE**

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sumitomo Mitsui Trust Group, Inc. has been independently assessed according to the FTSE4Good Index Series, FTSE Blossom Japan Index series criteria, and has satisfied the requirements to become a constituent of those index series.

*2: **MSCI**

THE INCLUSION OF Sumitomo Mitsui Trust Group, Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Sumitomo Mitsui Trust Group, Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

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 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.

Human Rights Policy

(Established: December 1, 2013)
(Revised: November 1, 2016)
(Revised: February 1, 2023)
(Revised: October 1, 2024)

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 (Trust for a flourishing future) "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

Sumitomo Mitsui Trust Group 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 Sumitomo Mitsui Trust Group, Inc. on January 31, 2023.

The Group will also apply the policy to overseas outlets and collect information about negative effects on human rights caused by corporate activities of companies to whom we extend investments and loans, and suppliers/outsourcing companies (supply chains), and if there is infringement against laws, etc., we will take necessary measures.

(Table) Specification of significant risks of human rights

Significant risks of human rights, which the Group may induce, encourage, or directly participate in, shall be defined as follows.

Prejudice/a sense of discrimination such as the DOWA issue
Forced labor/child labor/human trafficking
Participation in conflicts/inhuman acts

End

Environmental Policy

1. Provision of Products and Services

We will strive to reduce environmental risks and enhance environmental value for the society as a whole by providing financial products and services that contribute to the preservation of the global environment and the realization of a sustainable society.

2. Environmental Burden Reduction

We will strive to preserve the environment and realize a sustainable society through efforts toward energy conservation, resource conservation, and resource recycling based on the recognition of the burden imposed on the environment by the consumption of resources and the discharge of wastes involved in our business activities.

3. Pollution Prevention

We will strive to ensure continuous verification and improvement of our environmental activities and make efforts to prevent pollution.

4. Regulatory Compliance

We will comply with the laws, regulations, rules, and agreements concerning the preservation of the environment.

5. Monitoring

We will strive to ensure the continuous improvement of our environmental activities by setting and periodically reviewing and revising environmental objectives and targets.

6. Education & Training

We strive to ensure group-wide awareness of compliance with the Environmental Policy and to provide appropriate environmental education.

7. Information Disclosure

We will strive to promote activities to preserve the environment through communications with external.

Action Guidelines for Mitigating Climate Change

1. Implementation of Measures and Support to Help Mitigate Climate Change

In addition to actively taking measures to reduce greenhouse gas emissions in our own business operations, we are making efforts, as a corporate citizen, to support activities that mitigate and adapt to climate change.

2. Provision of Products and Services

We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy.

3. Collaboration with Stakeholders

We engage in dialogue and cooperation with our stakeholders as we work to mitigate climate change.

4. Education and Training

We will ensure that these guidelines are fully implemented at group companies, and will actively conduct education and training to mitigate climate change.

5. Information Disclosure

We will actively disclose information related to our efforts to mitigate climate change.

Action Guidelines for Preserving Biodiversity

1. Implementing Measures and Providing Support for Biodiversity Preservation

We will strive to actively protect endangered and native species. In our role as a corporate citizen, we will work to support activities for the preservation of biodiversity.

2. Providing Products and Services

We will endeavor to develop and provide products and services that contribute to the preservation of biodiversity, by conducting appropriate economic and social evaluations of the ecosystem and encouraging the sustainable use of living resources through our financial functions.

3. Collaboration with Stakeholders

We will engage in dialogue and cooperation with our stakeholders while working to preserve biodiversity.

4. Education and Training

We will ensure thorough implementation of these action guidelines at all Group companies, and will work to provide education and training aimed at the preservation of biodiversity.

5. Information Disclosure

We will actively disclose information about our efforts to preserve biodiversity.

CSR Procurement Policy

(Established on January 19, 2015)
(Revised on April 1, 2023)
(Revised: October 1, 2024)

All of us at Sumitomo Mitsui Trust Group strive to preferentially purchase environmentally and socially conscious goods and services in accordance with the "Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)" and to cooperate with suppliers who consider the environment and society.

We deal with suppliers such as procurement sources and subcontractors, based on this procurement policy. We practice CSR procurement in order to contribute to the sustainable development of society, as a corporate group trusted by society.

1. Compliance with Laws, Regulations, etc.

We comply with all laws, regulations and social norms applicable in the countries and regions in which we conduct business for procurement. We do not have any relationship with antisocial forces and refuse unjust demands.

2. Fair Transactions

We select suppliers in a fair and transparent manner by comprehensively considering economic rationality, appropriate quality, delivery punctuality, compliance with social norms, consideration for social challenges and consideration for the environment. We neither advantage nor disadvantage specific suppliers without due reason.

3. Respect for Human Rights

We comply with the internationally recognized UN "International Bill of Human Rights" and the ILO "Declaration on Fundamental Principles and Rights at Work" which stipulates fundamental rights at work.

As a globally operating financial group, we endorse the "Ten Principles of the UN Global Compact" and comply with various norms to promote protection of human rights, such as the UN "Guiding Principles on Business and Human Rights" and the "Guidelines on Respect for Human Rights in Responsible Supply Chains" of the Japanese government.

We have established a human rights policy in accordance with these standards and promote sustainable procurement activities throughout the supply chain. For this reason, if we confirm a negative impact or have concerns about it through human rights due diligence, we strive to prevent and mitigate the impact by continuing careful dialogues with suppliers and their stakeholders and building cooperative relationships with them.

4. Health and Safety

We strive to deal with suppliers and procure products and services with consideration for occupational health and safety.

5. Environmental Considerations

We strive to conduct transactions with and procure products and services from suppliers with an environmental policy, who are promoting initiatives to reduce environmental burdens and contributing to reduction and mitigation of environmental issues such as climate change and biodiversity.

6. Information Security

We strive to properly manage information on clients and suppliers obtained through purchasing, and to maintain confidentiality in order to prevent leakage.

7. Collaboration with suppliers

We support the "Declaration of Partnership Building" of the Ministry of Economy, Trade and Industry (METI), which seeks to create a new value with suppliers and to promote coexistence and coprosperity throughout the supply chain.

For procurement, we ask suppliers for assistance and promote cooperative initiatives with them in order to practice consideration for social issues such as respect for human rights, and the environment across supply chains.

8. Coexistence with Local Communities

We respect the cultures and customs of the countries and regions in which we conduct business activities and strive to develop a sustainable society.

9. Expectations of Suppliers

Based on this procurement policy, we promote procurement activities, considering social issues and the environment. We ask suppliers to understand the "Expectations of Suppliers" as described below, and to cooperate toward the development of a sustainable society.

10. How to Utilize This Policy

We explain this policy to our major suppliers to help their understanding. We appropriately review how to utilize this policy, considering social conditions and the social environment.

[Expectations of Suppliers]

Together with suppliers, we comply with laws, regulations and social norms, respect human rights, ensure occupational health and safety, promote environmental conservation, and ensure information security, based on this procurement policy.

In addition, if we confirm a negative impact or have concerns about it through human rights due diligence or if a negative impact or its concern due to us is indicated by suppliers through a grievance mechanism, we strive to prevent and mitigate such a negative impact by continuing careful dialogues with suppliers and their stakeholders and building cooperative relationships together.

Based on the concept described above, we appreciate and expect all supplier's understanding of the following.

Compliance with Laws, Regulations and Social Norms

We expect our suppliers to comply with the laws, regulations and social norms of the countries and regions where they do business.

Human Rights

Suppliers are expected to respect human rights and realize a safe and clean work environment in their business activities:

- Respect internationally recognized human rights (in the UN "International Bill of Human Rights," the ILO "Declaration on Fundamental Principles and Rights at Work" which stipulates fundamental rights at work, etc.).
- Identify negative impacts on human rights and strive to prevent and mitigate them in accordance with the UN "Guiding Principles on Business and Human Rights," etc.

Environmental Considerations

Suppliers are expected to promote activities to reduce burdens on the environment:

- Response to climate change
- Response to circular economy
- Initiatives related to biodiversity conservation

Sound Business Continuity and Information Disclosure

We expect our suppliers to disclose information on human rights/occupational health and safety, the environment, business activities, financial condition and performance, risk information, etc.

Information Security

Suppliers are requested to strengthen information security including the following, in order to prevent the leakage of confidential information and personal information and to appropriately manage them:

- Defense against cyber attacks
- Protection of personal information
- Prevention of leakage of confidential information

Useful Links

For more information on the sustainability initiatives of each Group company, please refer to their respective websites.

Sumitomo Mitsui Trust Bank, Limited	https://www.smtb.jp/about/sustainability "Japanese Only"
Sumitomo Mitsui Trust Asset Management Co., Ltd.	https://www.sumitrust-am.com/responsible-investment/esg-our-approach
Nikko Asset Management Co., Ltd.	https://americas.nikkoam.com/sustainability
Sumitomo Mitsui Trust Club Co., Ltd.	https://www.sumitclub.jp/ja/corporate_site/service/sdgs.html "Japanese Only"
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	https://www.smtpfc.jp/english/company/csr.html
Sumitomo Mitsui Realty Co., Ltd.	https://smtrc.jp/sustainability/ "Japanese Only"
Sumitomo Mitsui Trust General Service Co., Ltd.	https://www.smtgs.jp/sustainability/ "Japanese Only"

For other group companies, click here (Group Companies | Group Information | SUMITOMO MITSUI TRUST GROUP (smth.jp)).