

Sustainability Promotion System

1. Basic Understanding

The world faces a wide range of environmental and social problems, including global warming, biodiversity loss, poverty, human rights violations, and growing health hazards. 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 term. Therefore, in order for companies to sustain growth towards the future, they must proactively contribute to the creation of a sustainable society by engaging with a sense of ownership in solving problems.

In accordance with Reason for Existence (“Purpose”), Management Principles (“Mission”), Ideal Model (“Vision”) and Codes of Conduct (“Value”), the SuMi TRUST Group respects dialogue with all stakeholders, including its clients, shareholders and investors, employees, business partners, local communities, NPOs, government agencies, and international organizations, while playing a positive role in contributing to creating a sustainable society. Through fulfilling our social responsibility, we aim to improve our own sustainability and enhance our corporate value together with society.

2. Governance System

With the recognition that it is our social responsibility to proactively contribute to creating a sustainable society, SuMi TRUST Group’s Board of Directors has established the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)” (hereinafter, “Sustainability Policy”).

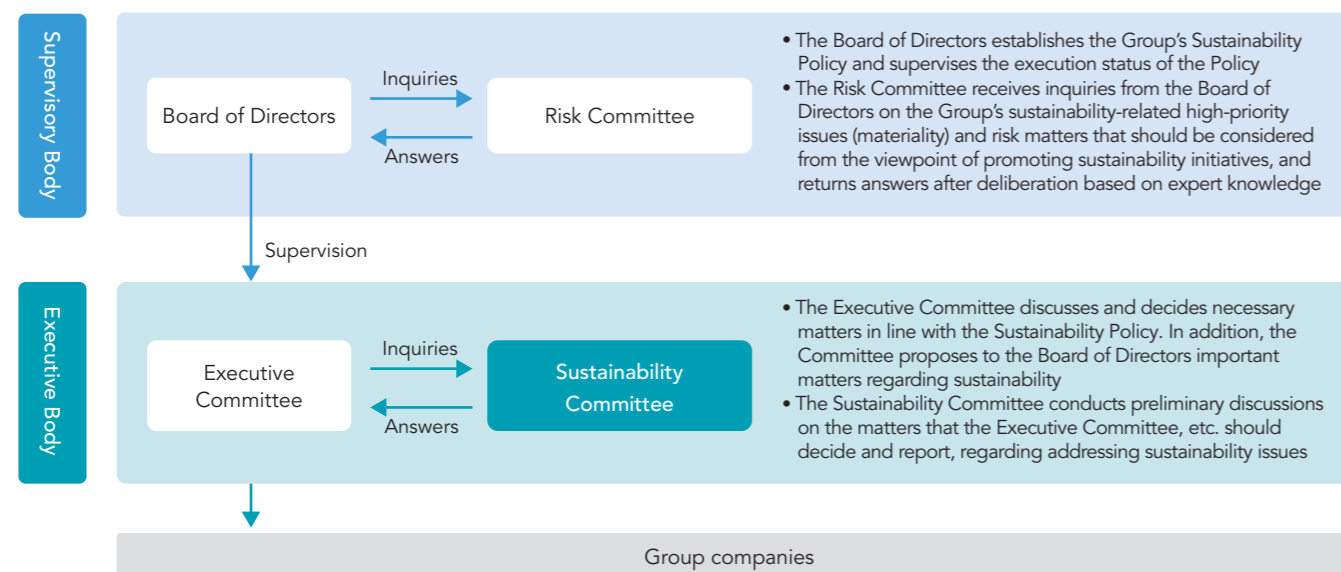
In SuMiTG, the Executive Committee, which is an executive body, discusses and decides policies and strategies for promoting sustainability, and the Board of Directors supervises this process, in accordance with the Sustainability Policy.

The Board of Directors, as a supervisory body, has established a Risk Committee as an advisory body to review and supervise the SuMi TRUST Group’s sustainability initiatives.

In fiscal 2023, the Executive Committee established the Sustainability Committee as an advisory body with the aim of organizationally discussing issues with responsible departments to address sustainability issues, and reporting the

progress. The Committee is comprised of the officer in charge of the Sustainability Management Department (CSuO*1 from fiscal 2024) as the chairperson and certain of the officers in charge of the corporate management departments. It checks the progress of the sustainability initiatives in the Group and deliberates various measures to promote sustainability. In fiscal 2024, the officer in charge of the Risk Management Department (CRO*2 from fiscal 2024) was added to members of the Committee, in response to the growing attention to sustainability-related risks. Through deliberation at the Committee and submission of reports to the Executive Committee, we clarify the scope of sustainability issues, and establish a structure to systematically carry out a series of initiatives, including policy planning, response implementation, and disclosure.

*1 Chief Sustainability Officer
*2 Chief Risk Officer



3. Framework for Sustainability-related Risk Management

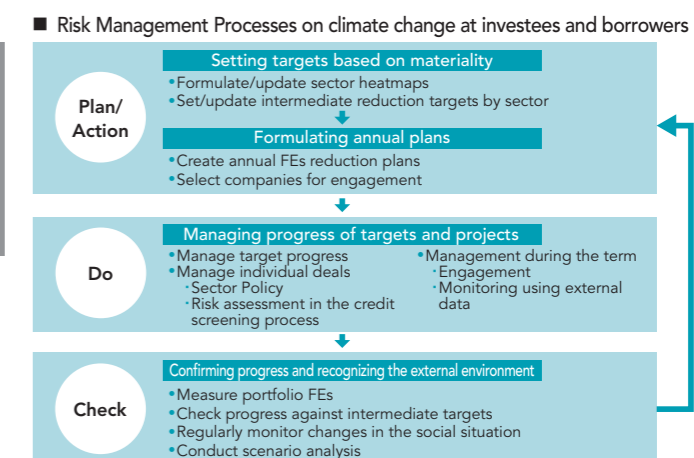
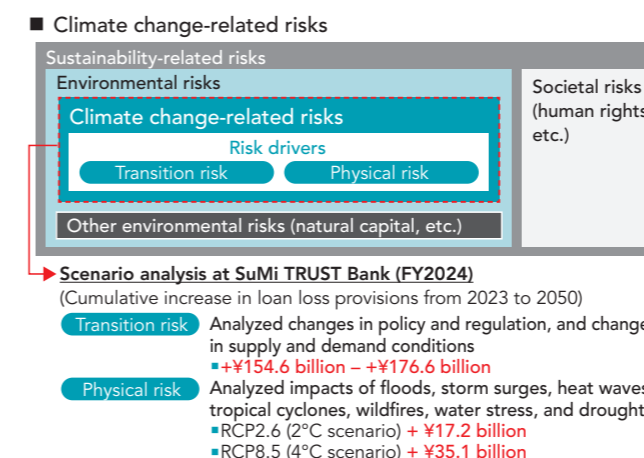
The SuMi TRUST Group has established its approach to risk management and a basic management system under its Management Policy of Sustainability-related Risks in order to appropriately identify and mitigate sustainability-related risks.

Our Group recognizes that the Group’s business activities may adversely affect the building of a sustainable society if we don’t sufficiently consider the influence of our activities. In addition, it may impact our Group’s performance, financial condition, business continuity, brand value, growth potential, and other factors. We recognize that such impacts are risk drivers that may arise not only within our Group but also within the value chain, and that they may affect all risk categories.

Based on the above risk recognition, our Group is working to identify and mitigate the negative impacts on societal and environmental issues in order to build a sustainable society.

At the same time, we are continuously strengthening our sustainability risk management processes and systems.

In fiscal 2024, SuMi TRUST Bank established a process to identify and assess negative impacts arising from our business operations, including finance. In this process, we examine preventive and mitigation measures to appropriately address societal demands for climate change, biodiversity, and respect for human rights. We are implementing mitigation measures commensurate with the severity and likelihood of identified adverse impacts, and are establishing a system to further reduce risks through continuous monitoring and engagement (dialogue) with stakeholders and other concerned parties. Furthermore, we have established a sector policy for wood biomass power generation for our Group’s credit services after taking into consideration their environmental and societal impacts.



< Sector Policy for Wood Biomass Power Generation >

Risks to be aware of

There is a possibility that wood biomass power generation will have a negative impact on the environment and society in terms of the following:

- Environmental destruction such as logging of virgin forests in the process of procuring wood (including unused wood and sawmill residues) and other materials used as raw materials for fuels
- Greenhouse gas emissions throughout the project life cycle
- Health and safety hazards and impacts on the living areas of original inhabitants and local residents in the procurement of raw materials, fuel production, and power generation, as well as human rights violations such as child labor

Policy

We will actively consider initiatives aimed at transitioning to

a decarbonized society, including biomass power generation projects.

On the other hand, before financing a wood biomass power generation project, we will review the above “Risks to be aware of” and make a decision on the project after appropriately evaluating the implementation status of environmental and social considerations. If a business counterparty does not suitably address these considerations, we will request corrective actions for improvement. If the improvement measures are insufficient, we will not participate.

In the case of coal-fired power generation projects that we are already involved in financing, if the business counterparty seeks to transition towards decarbonization, for example, by converting to wood biomass co-firing, we will provide support after appropriately evaluating the project’s environmental and social considerations in light of the known risks.