

# Management Message

## SuMi TRUST Bank



**Kazuya Oyama**

President  
Sumitomo Mitsui Trust Bank, Limited

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

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

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

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

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

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

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## Sumitomo Mitsui Trust Asset Management



### Yoshio Hishida

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

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

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

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

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## Nikko Asset Management



### Stefanie Drews

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

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

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

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

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