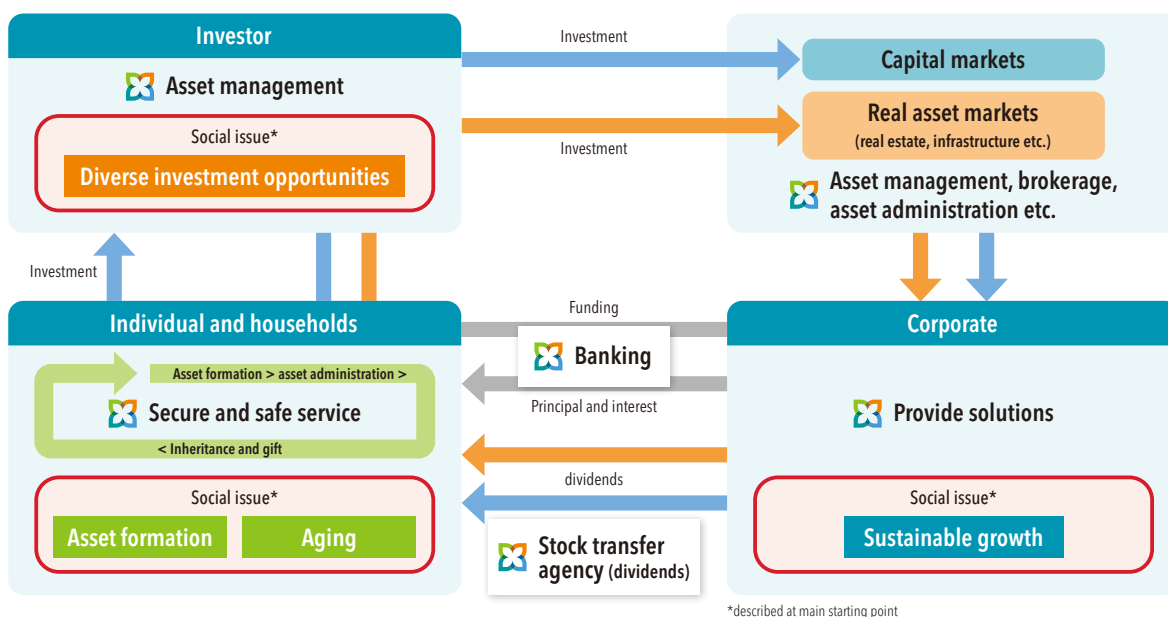


Creation of Employment and Wealth

As a trust bank group, we conduct a broad range of business operations while maintaining various points of contact with economic entities including individuals, corporations, and investors, as well as capital markets and real asset markets. By leveraging these diverse connections, we aim to promote the virtuous circulation of funds, assets, and capital and create new business markets. This is our initiative towards basic profit growth for the Group.

One structural issue with Japan's finances is that approximately 1,000 trillion yen held by individuals and households and approximately 300 trillion yen held by corporations remains stagnant. A flow from savings to investment is yet to be seen. However, amidst the flow of social transformation, including decarbonization, a significant opportunity has arrived where funds are starting to move all at once. Huge amounts of funds are required for transformative changes that drastically alter the social structure, such as responding to the issue of climate change. According to publicly released data from the

Ministry of the Environment, an investment of 150 trillion yen is needed over the next 10 years to achieve decarbonization. This would also provide investment opportunities for investors struggling with low interest rates and households with growing asset formation needs for retirement. This is the backdrop to the Group's advocacy for a virtuous circulation of funds, assets and capital that delivers benefits to households through the enhancement of corporate value. Seizing on the opportunity presented by this massive demand for funds, we will effectively circulate investment funds from both domestic and overseas sources and contribute to the sustainable growth of the Japanese economy and businesses. Furthermore, supporting start-up companies that generate innovation indispensable to our country's growth is a critical theme we will address as well. We will thus create new markets and investment opportunities and integrate ourselves into various circulation cycles to enhance our own growth.



*described at main starting point

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

Absolute Number and Rate of Employment

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

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

	Employees at FY-end	New employees	Percentage	Retired employees	Percentage
FY2021	13,608	394	2.86%	369	2.69%
FY2020	13,740	402	2.97%	220	1.61%
FY2019	13,527	396	2.94%	285	2.11%

*Figures above are for Sumitomo Mitsui Trust Bank

Economic Contributions

This is a basic indicator that shows how a company has created and distributed wealth for its stakeholders. The direct creation and distribution of economic value (EVG&D: Economic Value Generated and Distributed) cover the basic elements of global business operations and ideally are classified by the following items.

(¥100mn)

Measurement Items	Target Items	FY2020	FY2021
Revenues	Total gross business profit	6,808	7,483
Operating expenses	Total expenses	4,195	4,351
Employee salaries and benefits	Personnel expenses	1,899	1,995
Payments to capital providers	Total dividends + Total share buybacks	563	637
Payments to government*	Tax paid	509	573
Financial support received from government*	Tax benefits, subsidies, investment grants, etc.	0	0

*The contribution to the government is obtained by subtracting "Financial support received from government" from "Payments to government."

Financial Investment Contribution

Financial investment is a key driver of an economy's growth and a company's capacity to expand its operations and create additional employment. The following table shows investment performance and shareholder return performance.

(¥100mn)

Components measured	FY2020	FY2021
Total capital expenditures (a)	619	518
Depreciation and amortization (b)	346	308
(a) – (b)	273	210
Share buybacks (c)	0	0
Dividends (d)	562	581
Shareholder returns (c) + (d)	563	581

Infrastructure Investments and Services Supported

As a financial institution, one role of the SuMi TRUST Group is to support the building of a sustainable and prosperous society as a facilitator of investments and loans. With regard to project finance for infrastructure indispensable to people's livelihoods, such as energy, water, and transport, we have signed on to the Equator Principles and the Poseidon Principles and we take into full account the impacts infrastructure projects have on the natural environment and communities when we extend investments and loans. In addition, we are working to realize a carbon-free society together with clients by providing new products and services (see page 58 for details).

Significant Indirect Economic Impacts

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

Creation of Social Impacts

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

Based on such thinking, our company signed the Japan Impact-driven Financing Initiative in November 2021, along with 20 other financial institutions. The declaration assumes that private financial institutions, in terms of the purpose of their organization, believe in addressing environmental and social issues (impact-oriented) by understanding the changes that borrowers and investees generate in the environment and society (impact). After measuring and managing the created impact, the signatory institutions will work together in their activities to promote investment and loan decisions. Since getting involved in Positive Impact Finance in March 2019, the Group has been expanding its products and services in the impact business field, such as by developing domestic and foreign equity impact investment funds and supporting Impact Measurement and Management (IMM) for real asset (ship) investment funds and venture capital (see page 54 for details).