

## Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

#### Response

The Sumitomo Mitsui Trust Group (hereinafter referred to as the "SuMi TRUST Group" or the "Group") owns a variety of group companies engaged in banking, asset management & administration, real estate services, and other business under our bank holding company, Sumitomo Mitsui Trust Holdings, Inc. (hereinafter "SuMi TRUST Holdings"). Based on our unified Group management strategy, the SuMi TRUST Group operates across a variety of business segments, centering on Sumitomo Mitsui Trust Bank, Ltd. (hereinafter "SuMi TRUST Bank"), our central group company. The SuMi TRUST Group is comprised of SuMi TRUST Holdings, 60 consolidated subsidiaries, and 30 equity-method affiliates.

#### The Group's Gross Business Profits by Segment in the year ended March 2024

	Gross Business Profits (in 1bn JPY)
Retail Business	213.0
Corporate Business	265.3
Investor Services Business	143.9
Real Estate Business	65.8
Global Markets Business	66.0
Asset Management Business	87.1
Others	33.0

A breakdown of our ordinary profits by geographic area is included below. Our domestic business in Japan accounts for majority of the profits.

(in 1bn JPY)

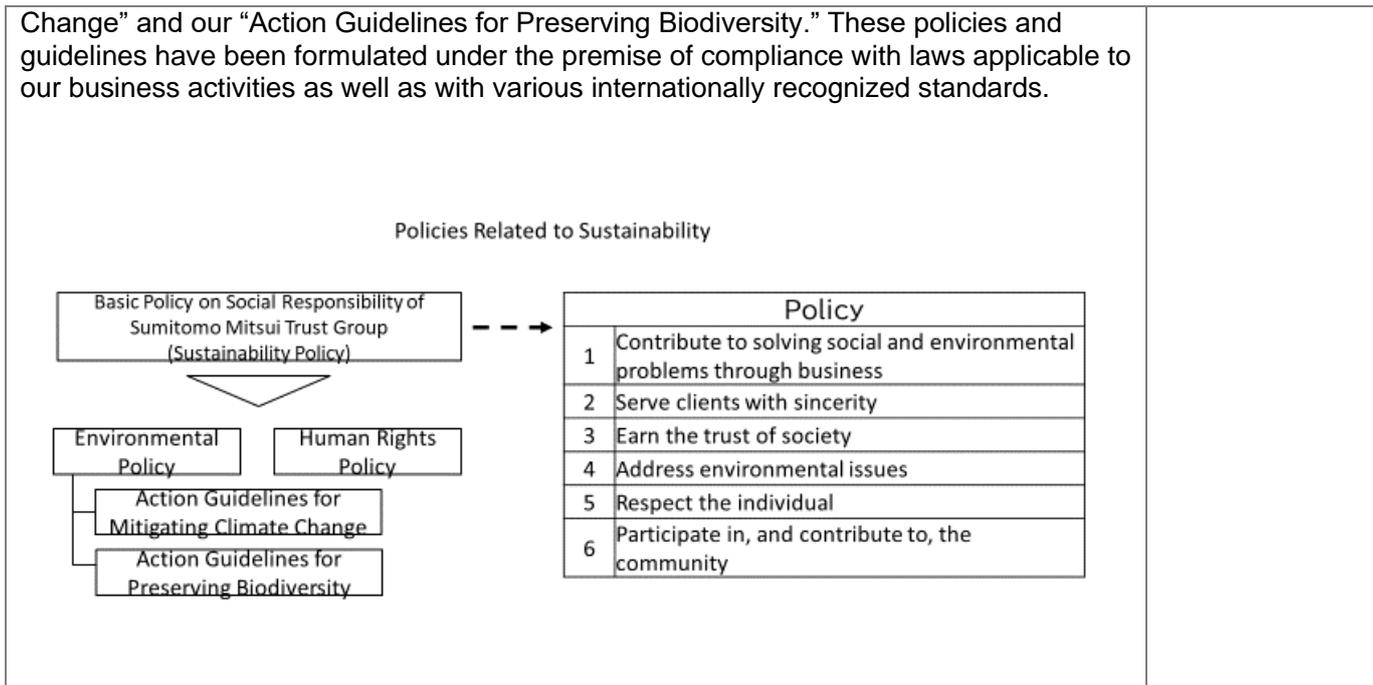
Japan	Americas	Europe, Middle East and Africa	Asia & Oceania	Total
1,562.0	402.6	298.1	212.6	2,475.3

*Links and  
references*

*Annual  
Securities  
Report  
(Japanese  
only)*

[Link](#)

<p>SuMi TRUST Holdings holds approximately 33 trillion JPY in outstanding loans, with 27 trillion JPY for domestic lending and the remainder for overseas lending(*1). With our retail clients, we have approximately 11 trillion JPY in deposits &amp; trusts (*2) and approximately 10 trillion JPY in residential mortgage loans.</p> <p>(*1) “Domestic” here applies to SuMi TRUST Holdings, SuMi TRUST Bank (excluding overseas branches) and Japanese domestic consolidated subsidiaries. “Overseas” applies to SuMi TRUST Bank’s overseas branches and overseas consolidated subsidiaries.</p> <p>(*2) Breakdown of retail deposits &amp; trusts Fixed-rate time deposits: approximately 10 trillion JPY, Variable-rate time deposits &amp; trusts/others: approximately 1.0 trillion JPY</p>	
<p><b>Strategy alignment</b></p> <p><b>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p><b>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</b></p> <p><input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights</p> <p><input checked="" type="checkbox"/> International Labour Organization fundamental conventions</p> <p><input checked="" type="checkbox"/> UN Global Compact</p> <p><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples</p> <p><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD</p> <p><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: <u>The UK Modern Slavery Act</u></p> <p><input type="checkbox"/> None of the above</p>	
<p>Response</p> <p>In light of growing importance of sustainability issues, at SuMi TRUST Holdings, the Board of Directors sets the Sustainability Policy. Based on this policy, the Executive Committee, which is the executive body, deliberates and decides on various measures to promote sustainability, and the Board of Directors supervises the execution of these measures.</p> <p>We also set the Sustainability Committee as an advisory body to the executive Committee. It further examines sustainability-related themes and strives to devise and execute effective measures, together with appropriate external disclosure.</p> <p>In terms of policy and guidelines, we have established our “Basic Policy on Social Responsibility of Sumitomo Mitsui Trust Group” and under this basic policy we have established our “Environmental Policy” and “Human Rights Policy.” Under our Environmental Policy, we have established our “Action Guidelines for Mitigating Climate</p>	<p><i>Links and references</i></p> <p><i>Annual Securities Report (Japanese only)</i></p> <p><a href="#">Link</a></p>



## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

<p>Response</p> <p>The SuMi TRUST Group has 6 major business segments – retail, corporate, investor services, real estate, global markets, and asset management.</p>	<p><i>Links and references</i></p> <p><i>Annual Securities Report (Japanese Only)</i></p> <p><a href="#">Link</a></p>
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<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

Within the business segments, we have identified corporate and retail business as two major segments by gross business profit (see Principle 1), as subject to analysis.

For our corporate segment, we have conducted impact analysis on domestic lending in Japan, our primary area of business. Similarly, for our retail segment, we have conducted impact analysis on our Japanese domestic transactions with retail clients (deposits and residential mortgage loans). Both of these areas are major products and services in the banking business, so we have selected them for our impact analysis.

The impact analysis has been conducted based on the business record of the year 2023 ended in March and our business composition has not been greatly changed. So, we use the result of the impact analysis conducted in 2023 (acquired limited guarantee in September 2023).

*PRB Report (FY2023)*  
[Link](#)

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response			<i>Links and references</i>
The portfolio composition of our corporate business segment is as follows.			
Loans by sector (in Japan)		(in 1bn JPY)	<i>Annual Securities Report (Japanese only)</i>  <a href="#">Link</a>
Sector	Balance (as of March 31, 2023)	Balance (as of March 31, 2024)	
Manufacturing	2,916.2	2,919.7	
Agriculture, Forestry, Fisheries, Mining, Quarrying and Gravel Gathering	77.8	53.6	
Construction	233.6	293.5	
Electricity, Gas, Heat Supply and Water	1,438.6	1,496.8	
Information and Communications	258.0	293.6	
Transport and Postal Services	1,124.6	1,111.5	
Wholesale and Retail Trade	1,300.5	1,356.4	
Finance and Insurance	1,423.5	1,682.6	
Real Estate	3,499.4	3,635.0	
Goods Rental and Leasing	1,137.2	1,161.4	
Others	13,023.3	12,804.6	
Residential Mortgage Loans Therein	10,461.5	10,390.2	

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<p>In our retail business segment, deposits &amp; trusts (approximately 11 trillion JPY) and residential mortgage loans (approximately 10 trillion JPY) are subject to our impact analysis (as of March 31, 2023).</p> <p>Owing to the focus on asset administration &amp; asset succession business, a large portion of SuMi TRUST Bank's clients are senior citizens. Over 40% of its retail clients are aged 65 or older.</p> <p>(For reference, approximately 30% of Japan's total population is aged 65 or older.)</p>	
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<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p>Response</p> <p>When examining topics related to sustainable development in Japan, we take the following into consideration.</p> <ol style="list-style-type: none"> <li>1. The Japanese Government's "SDGs Action Plan 2022"</li> <li>2. The Cabinet Office's "2030 Outlook and Reformation Task Force"</li> <li>3. Japanese Bankers Association's "FY2023 SDGs Key Initiatives of JBA"</li> </ol>	<p><i>Links and references</i></p> <ol style="list-style-type: none"> <li>1. Japanese Government's "SDGs Action Plan 2022" (Japanese only) <a href="#">Link</a></li> <li>2. Cabinet Office's "2030 Outlook and Reformation Task Force" (Japanese only) <a href="#">Link</a></li> <li>3. Japanese Bankers Association's "FY2023 SDGs Key Initiatives of JBA" <a href="#">Link</a></li> </ol>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.</p>	
<p>Response</p> <p>We deliberated through the identification and prioritization of positive and negative impact areas as follows, using the impact analysis tools provided by the United Nations Environment Programme Finance Initiative (UNEP FI).</p> <p>Specifically, in the corporate business segment, infrastructure and resource circulation has been identified as positive impacts, and climate change as a negative impact.</p> <p>For the retail business segment, we have identified financial inclusion as both a positive and negative impact. As for financial inclusion in our retail business segment, difficulty in asset management caused by dementia, etc. is a social problem characteristic in Japan, which we consider as a significant negative impact.</p>	<p><i>Links and references</i></p>

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>Based on the foregoing, we have prioritized the impact areas from the perspective of significance and width of the impacts, using the results obtained from the impact analyses as a reference. And we have finally identified climate change and financial inclusion as significant impact areas. We reported the results to the Board of Directors in May 2023 after the resolution of the Executive Committee.</p>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health &amp; inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p>Response</p> <p><b><u>Climate Change</u></b></p> <p>The SuMi TRUST Group has, in order to ensure steady progress as a financial institution, joined the Net-Zero Banking Alliance (NZBA) which aims to achieve net-zero GHG emissions in investment and loan portfolios across the banking industry. We set intermediate reduction targets for GHG emissions in our investment and loan portfolios and disclose them in a gradual manner. We set and disclosed intermediate reduction targets for the electric power and oil &amp; gas sectors in the 2022 fiscal year, and for the real estate, shipping, iron &amp; steel and automotive sectors in the 2023 fiscal year.</p> <p><b><u>Financial Inclusion</u></b></p> <p>Japan has been facing extreme population aging, and the number of individuals with dementia or mild cognitive impairment (MCI) has been increasing. Cognitive dysfunction obstructs managing assets and contracting by themselves, leading to difficulty in free handling of their own assets. This is a current social issue in Japan.</p> <p>At SuMi TRUST Bank, approximately 40% of its retail clients are aged 65 or older, and by providing products and services to its major clients, the Bank aims to suppress such negative impacts.</p>	<p><i>Links and references</i></p>

### Self-assessment summary:

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>**

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

<sup>6</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

Response

Links and references

### Climate Change

- The SuMi TRUST Group declared the Carbon Neutral Commitment toward solving social issues such as increasing GHG emissions in the globe and has participated in the NZBA, aiming to achieve net-zero GHG emissions in our investment and loan portfolios by the year 2050.

TCFD Report  
[Link](#)

### Financial Inclusion

*SuMi TRUST Bank provides services relating to financial inclusion for senior citizens, to solve social issues accompanying the aging society, based on the challenges of the Japanese government and the Japanese Bankers Association on the sustainable development in Japan.*

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	A1.1-A1.5	Refer to the contents in this report.
	...	
	...	

Impact area	Indicator code	Response
	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.	
<p>Response</p> <p><b><u>Climate Change</u></b></p> <ul style="list-style-type: none"> <li>The SuMi TRUST Group aims to achieve net-zero GHG emissions in its investment and loan portfolios by the year 2050.               <ul style="list-style-type: none"> <li>*We set the baseline, aiming to achieve net zero GHG emissions in the electric power, oil &amp; gas, real estate, shipping, iron &amp; steel and automotive sectors, as a response in line with the NZBA.</li> </ul> </li> <li>The SuMi TRUST Group aims to achieve a cumulative total of 15 trillion JPY in sustainable finance (from 2021 to 2030 fiscal years).               <ul style="list-style-type: none"> <li>* Sustainable finance                   <p>Sustainable finance is a general term for financial services to businesses and clients which contribute to solving environmental/social issues based on the international standards such as the Green Bond Principle and the Social Bond Principle (loans, syndicated loans, fixed income investment services, fund investments, financial advisory services, trustee services, impact equity investments, etc.).</p> </li> </ul> </li> </ul> <p><b><u>Financial Inclusion</u></b></p> <p>The SuMi TRUST Bank aims to achieve 53,000 contracts for the following services relating to financial inclusion for senior citizens by the 2030 fiscal year.</p> <ol style="list-style-type: none"> <li>1.100-Year Life Solution Trust</li> <li>2. Civil Trust Support Services</li> </ol> <ul style="list-style-type: none"> <li>* Services relating to financial inclusion for senior citizens               <p>Products and services designed to avoid difficulties in asset management arising from dementia and other problems, which is a social issue in Japan with super-aged society, protect individuals' assets, and promote circulation of assets to the next generation</p> </li> </ul>	<p><i>Links and references</i></p> <p><i>TCFD Report</i> <a href="#">Link</a></p> <p><i>Progress Report</i> <a href="#">Link</a></p>

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p>Response</p> <p><b><u>Climate Change</u></b></p> <ul style="list-style-type: none"> <li>• The SuMi TRUST Group aims to achieve net-zero GHG emissions in our investment and loan portfolios by the year 2050.</li> <li>• The SuMi TRUST Group aims to achieve a cumulative total of 15 trillion JPY in sustainable finance (from 2021 to 2030 fiscal years)</li> </ul> <p><b><u>Financial Inclusion</u></b></p> <p>With regard to services relating to financial inclusion for senior citizens, the SuMi TRUST Bank aims to achieve a total of 53,000 contracts by the 2030 fiscal year.</p> <p>(Includes 100-Year Life Solution Trusts and Civil Trust Support Services)</p>	<p><i>Links and references</i></p>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p>Response</p> <p><b><u>Climate Change</u></b></p> <p>The SuMi TRUST Group aims to achieve net-zero GHG emissions in our investment and loan portfolios by the year 2050. To bolster this commitment, we have joined the UNEP FI-convened NZBA.</p> <p>We disclosed our 2030 sector-specific intermediate reduction targets by the end of September 2024.</p> <p>In addition, SuMi TRUST Bank has set long-term targets for sustainable finance and aims to handle a cumulative total amount of 15 trillion JPY from FY2021 to FY2030.</p> <p><b><u>Financial Inclusion</u></b></p> <p>Japan has been facing extreme population aging, and the number of individuals with dementia or mild cognitive impairment (MCI) has been increasing. Cognitive dysfunction creates difficulty in managing assets and contracting by themselves, leading to obstructing free handling of their own assets. This is a current social issue in Japan.</p>	<p><i>Links and references</i></p> <p><i>TCFD Report</i> <a href="#">Link</a></p> <p><i>Progress Report</i> <a href="#">Link</a></p>

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p>In addition, it is said that the elderly in Japan own a disproportional amount of personal assets and we believe that circulating these funds to the next generation is a necessary part of creating a sustainable society.</p> <p>In response to these social issues, SuMi TRUST Bank aims to establish a model for providing solutions to a large number of clients through in-depth consulting across a wide range and expanding positive impacts on society. In achieving this goal, the Bank will work to enhance its consulting, products, services, channels, procedures, settlements, and more.</p> <p>As a part of this, the Bank is currently working on disseminating its services relating to financial inclusion for senior citizens.</p> <p>We regularly monitor the progress status of the goals we have set.</p>	<p><i>Integrated Report (Japanese Only)</i> <a href="#">Link</a></p>
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<b>Self-assessment summary</b> Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	Climate Change	Financial Inclusion	
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

### **Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):**

describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

### **Climate Change**

#### 1. Net-zero GHG emissions in our investment and loan portfolios

In line with the NZBA framework, we set intermediate targets and disclosed them successively.

Electric Power Sector: October 2022

Oil & Gas Sector: February 2023

Real Estate and Shipping Sectors: October 2023

Iron & Steel and Automotive Sectors: March 2024

#### 2. Cumulative total of sustainable finance (15 trillion JPY by FY2030)

Totals for sustainable finance products, which include Positive Impact Finance and Impact Equity Investments, are as below (as of March 31, 2024).

- Positive Impact Finance: approximately 800 billion JPY (from April 2021 onwards)
- Impact Equity Investments: approximately 90 billion JPY (from April 2022 onwards)

#### \* Positive Impact Finance (PIF)

Finance which is based on the Principles for Positive Impact Finance of UNEP FI. With PIF, we comprehensively analyze and assess the impacts, both positive impacts and negative ones, of a client company's business activities on the environment, society, and the economy, set targets for increasing positive impacts and limiting negative impacts, and focusing on continuous engagement with the client.

#### \* Impact Equity Investments

Impact Equity Investments are those which have been determined to conform to the Global Impact Investing Network's (GIIN) definition of "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return," and to "expand positive impacts (or mitigate negative ones) on society and the environment." Such investments are further defined by the following four elements.

*Links and references*

*Progress Report*  
[Link](#)

*Integrated Report (Japanese Only)*  
[Link](#)

1. Intentionality
2. Investment with return expectations
3. Include a broad range of asset classes
4. Impact measurement and reporting are conducted

**Financial Inclusion**

Number of Services relating to financial inclusion for senior citizens (goal of 53,000 contracts by March 31, 2030)

- Number of contracts as of March 31, 2024: 34,000

# Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

- Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

Response

#### **Climate Change**

The SuMi TRUST Group aims to achieve net-zero GHG emissions in our investment and loan portfolios by the year 2050. To bolster this commitment, we have joined the UNEP FI-convened NZBA.

We disclosed our 2030 sector-specific intermediate reduction targets by the end of September 2024.

The SuMi TRUST Group's policy is to strive to dialogue (engage) with companies based on our intermediate reduction targets and specific transition plans in order to support the plans of clients to achieve carbon neutrality.

Specifically, up until now, the SuMi TRUST Group has implemented various initiatives to impact on environmental and social fields. We promote engagement and carbon neutrality responses through sustainable finance and consulting activities, including renewable energy plant projects and impact equity investments.

Regarding engagement (dialogue), the SuMi TRUST Group has pledged to fulfill an active role in the construction of a sustainable society and carry out stakeholder engagement through dialogue with clients, investors, governments, international organizations, NPOs, and others. As part of this, we have been actively carrying out engagement (dialogue) with our clients in order to create positive impacts and mitigate negative ones.

Links and references

TCFD Report [Link](#)

<p><b>Financial Inclusion</b></p> <p>In response to the social issues accompanying Japan becoming a super-aged society, SuMi TRUST Bank aims to establish a model for providing solutions to a large number of clients through in-depth consulting across a wide range and expanding positive impacts on society. In achieving this goal, the Bank will work to enhance its consulting, products, services, channels, procedures, settlements, and more.</p> <p>As a part of this, the Bank is working to disseminate its services relating to financial inclusion for senior citizens.</p>	
<p><b>3.2 Business opportunities</b></p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p>Response</p> <p>The SuMi TRUST Group provides the following products and services in relation to the increase of positive impacts and the reduction of negative ones.</p> <p><b>Climate Change</b></p> <p>The SuMi TRUST Group engages in sincere dialogue with various stakeholders regarding climate change issues and emphasizes various approaches (engagement) based on a deep understanding and analysis of the relevant issues and needs. In addition, the SuMi TRUST Group fully utilizes its internal functions, including banking, trusts, real estate, asset management, and asset administration, to take on the challenge of developing and providing innovative products and services (solutions), thereby contributing to the transition of borrowers and investees as well as society as a whole.</p> <p>Surveys:</p> <p>We will work on governance, real estate ESG, and other surveys and through gap analysis, clarify issues which contribute to increase in enterprise value.</p> <p>Engagement:</p> <p>SuMi TRUST Bank and asset management companies (e.g., Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd.) will implement their own dialogue with stakeholders to understand their issues and needs.</p> <p>Solutions:</p> <p>We will develop and provide products and services for the transition to a decarbonized society.</p> <ul style="list-style-type: none"> <li>• Sustainable finance</li> <li>• Decarbonization transition consulting</li> </ul>	<p><i>Links and references</i></p> <p><i>Sustainability Report</i> <a href="#">Link</a></p>

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

- TCFD consulting
- ESG related reporting
- CASBEE real estate certification support consulting(\*1)
- Decarbonization-related equity funds(\*2)
- Impact investment funds(\*3)

(\*1) The comprehensive assessment system for built environment efficiency (CASBEE) is an environmental performance evaluation system for buildings which is developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

(\*2) Equity funds which invest in global companies active in decarbonization

(\*3) Equity funds which aim to balance measurable positive impacts on the environment/society with economic returns

### **Financial Inclusion**

In the era of the 100-year life span, many individuals would deal with a deteriorating decision making ability due to dementia or other factors which make it difficult for them to withdraw money from a savings account, manage their home and real estate, and perform other tasks on their own. SuMi TRUST Bank has prepared a number of services to support the asset management of elderly clients and can provide these clients with the best possible combination to suit each unique situation.

- Services relating to financial inclusion for senior citizens
  - 100-Year Life Solution Trust (100-Year Passport, 100-Year Passport Plus)
  - Civil Trust Support Services
- Security Trust
- Guardianship System Support Trust
- Discretionary Guardianship System Support Trust
- Anshin Support Trust

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### Response

In our Management Principles ("Mission"), the SuMi TRUST Group identifies clients, shareholders, employees, and society as our stakeholders.

In addition, in its Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (the "Sustainability Policy"), the SuMi TRUST Group further broadens the scope of stakeholders to clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities, and international institutions as major stakeholders, and declares its commitment to respect dialogue and play an active role in building a sustainable society.

By identifying stakeholders in this way, we aim to have a clear understanding of how the Group relies on *and impacts* each stakeholder.

The SuMi TRUST Group's stakeholder engagement is divided into three approaches in line with each theme: direct action by related companies and relevant departments, direct participation in national and international initiatives by related companies and relevant departments, and internal engagement with related companies and relevant departments undertaken by the Sustainability Management Department based on dialogue with its stakeholders and information gathered from ESG assessment organizations. Our dialogue channels have been diversified to increase both the quality and quantity of input.

#### Links and references

*Sustainability Report*

[Link](#)

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

# Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

## 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

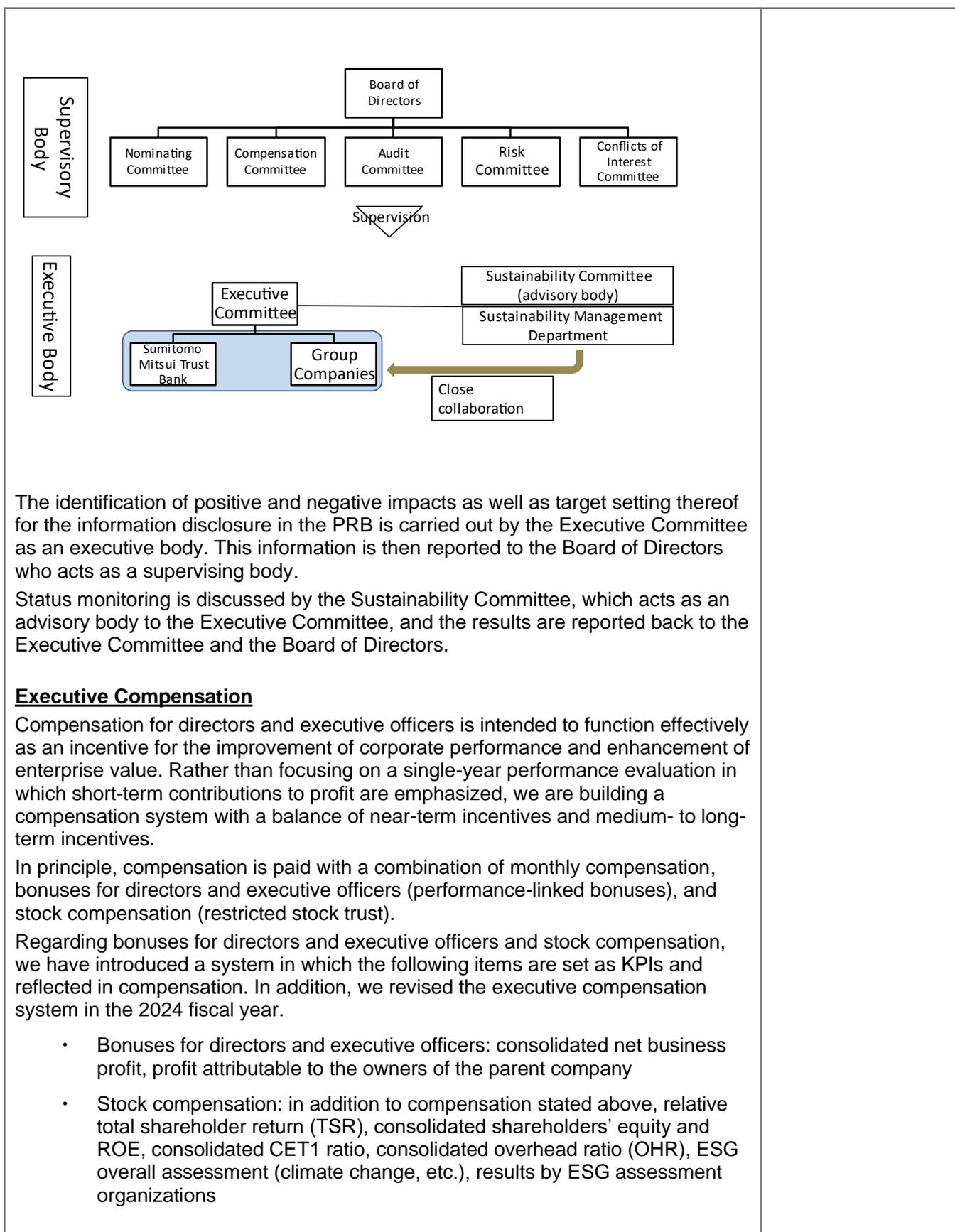
At SuMi TRUST Holdings, the Executive Committee, being an executive body, discusses and decides various measures for promoting sustainability based on our Sustainability Policy. The Board of Directors has a supervisory role in this process. The Board of Directors receives reports from the Risk Committee and decides on issues (materiality) that have a serious impact on the balanced creation of both social and economic value, as well as operational frameworks. The Executive Committee makes decisions on the sustainability initiatives of Group companies from the perspective of balanced creation of both social and economic value.

In fiscal 2023, the Sustainability Committee was established in SuMi TRUST Holdings and in SuMi TRUST Bank as an advisory body to the Executive Committee, which is a part of restructuring the executive meeting structure. The Committee is chaired by the officer in charge of the Sustainability Management Department and its members include the officers in charge of the Corporate Planning Department, the Human Resources Department, the Investor Relations Department and the Risk Management Department, and the Committee deliberates on matters related to sustainability. Through deliberation by the Committee and submission of the results to the Executive Committee, we seek to clarify the universe of issues related to sustainability and strengthen the structure to systematically carry out a series of initiatives, including issue recognition, policy formulation, response implementation, and disclosure.

*Links and references*

*Integrated Report (Japanese Only)*

[Link](#)



The identification of positive and negative impacts as well as target setting thereof for the information disclosure in the PRB is carried out by the Executive Committee as an executive body. This information is then reported to the Board of Directors who acts as a supervising body.

Status monitoring is discussed by the Sustainability Committee, which acts as an advisory body to the Executive Committee, and the results are reported back to the Executive Committee and the Board of Directors.

### **Executive Compensation**

Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and enhancement 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 near-term incentives and medium- to long-term incentives.

In principle, compensation is paid with a combination of monthly compensation, bonuses for directors and executive officers (performance-linked bonuses), and stock compensation (restricted stock trust).

Regarding bonuses for directors and executive officers and stock compensation, we have introduced a system in which the following items are set as KPIs and reflected in compensation. In addition, we revised the executive compensation system in the 2024 fiscal year.

- Bonuses for directors and executive officers: consolidated net business profit, profit attributable to the owners of the parent company
- Stock compensation: in addition to compensation stated above, relative total shareholder return (TSR), consolidated shareholders' equity and ROE, consolidated CET1 ratio, consolidated overhead ratio (OHR), ESG overall assessment (climate change, etc.), results by ESG assessment organizations

<p><b>5.2 Promoting a culture of responsible banking:</b></p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p>Response</p> <p>At the SuMi TRUST Group, employees empathize with its Purpose “Creating new value with the power of trusts and let prosperous future for our clients and society bloom,” and tackle management issues and social missions to enhance human capital, which strengthens employee engagement.</p> <p>Recently, our group celebrated the 100 years anniversary in April 2024. As an anniversary event, we selected 443 employees from our 24 group companies as ambassadors (as of the end of March 2024), who host workshops and disseminate anniversary events. Every employee participates in the workshops to foster our corporate culture in which each employee challenges in person, by reflecting our Group’s origin and history, and his or her specific efforts and challenges are supported.</p>	<p><i>Links and references</i></p>
<p><b>5.3 Policies and due diligence processes</b></p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.</p> <p>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p>Response</p> <p>1. Sustainability-related Risk Management Policy</p> <p>When our consideration for impacts of our Group’s business operations on environmental and social issues relating to the establishment of a sustainable society is not sufficient, it may help the creation, expansion or promotion of the problems in the end. We recognize that it is a serious risk that may not only impair our Group’s corporate value but also obstruct the realization of the Sustainability Policy.</p> <p>To properly manage the risks stated above, our Group stipulates the Sustainability-related Risk Management Policy in the Risk Management Rules. This policy spells out our basic approach, the roles and responsibilities of our Board of Directors, Executive Committee, and directors and officers, our Three Lines of Defense system, and our risk management policy with climate change considerations specific to each risk category, etc.</p> <p>In addition, we manage climate change related risks as our Group’s top risks among sustainability related risks.</p>	<p><i>Links and references</i></p> <p><i>Integrated Report (Japanese Only)</i>  <a href="#">Link</a>  <i>TCFD Report</i>  <a href="#">Link</a></p>

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

<p><b>2.Preparing a scheme to manage sustainability-related risks</b></p> <p>Our Group established a dedicated sustainability-related risk management team in SuMi TRUST Bank in April 2023 to tackle the preparation and enhancement of sustainability-related risk management scheme. In the 2023 fiscal year, we introduced a risk management scheme to implement due diligence for sustainability-related risks utilizing external information targeting some business of SuMi TRUST Bank including credit business, responding to the change in circumstances such as an enhanced social demand for responsible corporate activities. For the risk recognized in the scheme, we will contribute to solving environmental and social issues toward establishing a sustainable society held up in the Sustainability Policy, by monitoring responding to the risk and trying to mitigate the risk through engagement (dialogue) with client companies and stakeholders.</p>	
<p><b>Self-assessment summary</b></p> <p>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

Response

Regarding the impact analysis of Principle 2 in this report, we use the outcome implemented in the year 2023, which received assurance in September 2023.

*Links and references*  
*PRB Report (FY2023)*  
[Link](#)

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI  
 SASB  
 CDP  
 IFRS Sustainability Disclosure Standards (to be published)  
 TCFD  
 Other: ....

Response

We disclose sustainability related initiatives through a variety of reports including the integrated report, the sustainability report, and the TCFD report.

*Links and references*  
*Integrated Report (Japanese Only)*  
[Link](#)  
*Sustainability Report*  
[Link](#)  
*TCFD Report*  
[Link](#)

<b>6.3 Outlook</b>	
<p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p><b>Response</b></p> <p>After becoming a signatory to the PRB, the SuMi TRUST Group has promoted a variety of initiatives towards target setting and achievement in relation to important impact areas while also working towards more sophisticated governance.</p> <p>Following the report for the year 2023 ended in March, we will tackle climate change and financial inclusion as the most important themes and aim for a balance in social and economic value.</p>	<p><i>Links and references</i></p>

<b>6.4 Challenges</b>																	
<p>Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.</p>																	
<p>What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).</p>																	
<p>If desired, you can elaborate on challenges and how you are tackling these:</p>																	
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Embedding PRB oversight into governance         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Customer engagement         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Gaining or maintaining momentum in the bank         </td> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Stakeholder engagement         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning         </td> <td style="vertical-align: top;"> <input type="checkbox"/> Data availability  <input checked="" type="checkbox"/> Data quality         </td> </tr> <tr> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Conducting an impact analysis         </td> <td style="vertical-align: top;"> <input type="checkbox"/> Access to resources         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Assessing negative environmental and social impacts         </td> <td style="vertical-align: top;"> <input type="checkbox"/> Reporting         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Choosing the right performance measurement methodology/ies         </td> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Assurance         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Setting targets         </td> <td style="vertical-align: top;"> <input type="checkbox"/> Prioritizing actions internally         </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Other: ...         </td> <td></td> </tr> </table>		<input type="checkbox"/> Embedding PRB oversight into governance	<input checked="" type="checkbox"/> Customer engagement	<input type="checkbox"/> Gaining or maintaining momentum in the bank	<input checked="" type="checkbox"/> Stakeholder engagement	<input type="checkbox"/> Getting started: where to start and what to focus on in the beginning	<input type="checkbox"/> Data availability <input checked="" type="checkbox"/> Data quality	<input checked="" type="checkbox"/> Conducting an impact analysis	<input type="checkbox"/> Access to resources	<input type="checkbox"/> Assessing negative environmental and social impacts	<input type="checkbox"/> Reporting	<input type="checkbox"/> Choosing the right performance measurement methodology/ies	<input checked="" type="checkbox"/> Assurance	<input type="checkbox"/> Setting targets	<input type="checkbox"/> Prioritizing actions internally	<input type="checkbox"/> Other: ...	
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<p>If desired, you can elaborate on challenges and how you are tackling these:</p>																	

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

