

Company Profile

Headquarters: Tokyo, Japan
Major products: Retail financial services,
wholesale
Further information: www.smth.jp/en

Since its foundation in July of 1925, the Sumitomo Mitsui Trust Bank has grown into a bank employing more than 13,000 employees at 153 branch offices in Japan and nine offices overseas. Its total assets constitute 33,303.2 billion yen, while its total loans add up to 21,246.5 billion yen (combining banking a/c and principal guaranteed trust a/c). Currently, Sumitomo's capital amounts to 342.0 billion yen and it offers services in retail banking, wholesale banking (corporate loans, syndicated loans, real estate non-recourse loans, project finance, buyout finance, asset securitization arrangements, etc), asset management and administration (asset management, asset administration, stock transfer agency service, etc), real estate management and consulting services.

Challenges and How Sumitomo Mitsui Trust Bank Takes Responsibility

In general, financial institutions have not taken biodiversity and ecosystem services (BES) seriously because they do not have a direct impact on each other, nor are they dependent upon them. However, financial institutions have become increasingly aware of the indirect impact, which BES can have by manifestly affecting stock prices, corporate credits and insurance premiums. Sumitomo Mitsui Trust Bank noticed this development very early and therefore launched its 'Action Guidelines for Preserving Biodiversity' in 2008 while promoting related businesses. With these guidelines, Sumitomo Mitsui Trust Bank addresses five challenges:

- Implementing measures and providing support for biodiversity preservation
- Providing biodiversity preservation related products and services
- Collaborating with stakeholders
- Educating and training
- Disclosing information

In this context, Sumitomo Mitsui Trust Bank became a signatory to "The Natural Capital Declaration" which the United Nations Environment Programme Finance Initiative (UNEP FI) launched in June 2012 at the United Nations Conference on Sustainable Development "Rio+20".



Fields of Action

- Sites and facilities
- Supply chains, commodities and materials
- Product
- Production and manufacturing processes
- Transport and logistics
- Personnel

Receiving the Nikkei Veritas Award for Superiority at the 2010 Nikkei Superior Products and Services Awards Ceremony

Best Practice: Financial Products and Services

The Issue

Biodiversity and ecosystem services represent both a new challenge for financial institutions as well as a new market to create products that support biodiversity protection. Stakeholders need to be informed of potential direct and indirect impacts financial services have on the environment to create awareness and positive action towards protecting nature.

The Response

Sumitomo Mitsui Trust Bank's characteristic is to develop BES-related financial products and services in diverse markets. This has earned the company a good reputation as a financial institution that helps clients solve their problems from the financial side in terms of BES.

The Results

Biodiversity-Responsible Investment Fund

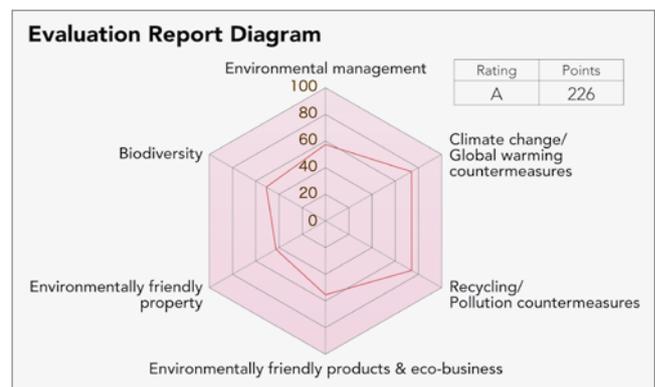
In August 2010, Sumitomo Mitsui Trust Bank began selling the world's first Biodiversity-responsible Investment Fund, which invests in Japanese companies actively working to protect biodiversity. As the world's first asset-management initiative to analyze corporate risk and opportunity from the perspective of biodiversity, this fund has attracted international attention and has been referred to in various reports such as "CEO Briefing—Demystifying Materiality" published by the UNEP FI in 2010. The fund won one of the 2010 Nikkei Superior Products and Services Awards organized by Nikkei Inc.

Biodiversity Evaluation for Environmental Rating Loans

In February 2010 Sumitomo Mitsui Trust Bank launched environmental rating loans, which include a biodiversity assessment. In the belief that biodiversity will be a materiality element (a significant factor influencing corporate finances) for corporations in the future, Sumitomo Mitsui Trust Bank is formulating its own ratings criteria, with biodiversity efforts specified as an important assessment item.

Companies that obtain an environmental rating loan can raise capital at a low rate of interest. They can also expect the advantage of having an enhanced reputation as a company whose outstanding initiatives meet Sumitomo Mitsui Trust Group's rating criteria for environmental issues.

Sumitomo Mitsui Trust Bank also provides a service, which reports on the company's comprehensive evaluation, each item's point rating, evaluation content and issues. The borrowing company can use this for understanding and analyzing its own strengths and weaknesses.



Social Contribution Donation Trust

Sumitomo Mitsui Trust Bank launched a Social Contribution Donation Trust in April 2011 as a new trust product for the purpose of making donations to organizations engaged in activities that contribute to society. Clients deposit the donated amount in a trust fund, and once each year one-fifth of the original trust principal is donated. Sumitomo Mitsui Trust Bank has designated the Ecosystem Conservation Society - Japan as one of the donation recipients. The society purchases trust land to safeguard the habitats of rare species at risk of being destroyed by development.

In fact, the society has purchased the habitat of the Amami rabbit in Amami Oshima, Kagoshima Prefecture; the habitat of the Tsushima leopard cat in Tsushima, Nagasaki Prefecture; and land in Japan's northernmost beech forest, in Kuromatsunai-cho, Hokkaido as trust land.