



**Progress Report of Sumitomo Mitsui Trust Holdings, Inc.  
2011/2012  
On the Leadership Declaration of the 'Biodiversity in Good Company'  
Initiative**

**Leadership Declaration**

All signatory companies acknowledge and support the three objectives of the international "Convention on Biological Diversity":

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources.

and commit themselves to:

1. Analyzing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.



Declaration	Status of initiatives for 2011 and 2012
<p>1. Analyzing corporate activities with regard to their impacts on biological diversity</p>	<p>In June, 2012, Sumitomo Mitsui Trust Holdings (the holding company of Sumitomo Mitsui Trust Bank) signed “The Natural Capital Declaration (NCD)” which the United Nations Environment Programme Finance Initiative (“UNEP FI”) advocated at the United Nations Conference on Sustainable Development in Rio de Janeiro, Brazil. NCD defines the resources that are needed to preserve the earth’s ecosystem as “Natural Capital,” which consists of natural assets such as soil, air, water, flora and fauna. The declaration stated that financial institutions would play an active role in helping to preserve the sustainable use of natural capital and the NCD members are expected to integrate natural capital considerations in financial products and services.</p> <p>The NCD consists of 4 core commitments below which will help us analyze corporate activities with regard to our impacts on biological diversity in theory.</p> <ol style="list-style-type: none"> <li>1. Understand impacts and dependencies in relation to natural capital</li> <li>2. Embed natural capital in financial products and services, including loans, equities, bonds and insurance products.</li> <li>3. Account for natural capital through accounting frameworks</li> <li>4. Disclose/Report on Natural Capital</li> </ol>

	<p>In terms of financial products and services, Sumitomo Mitsui Trust Bank has already developed and provided clients with investment and loan products that assess the impacts of corporate activities on biological diversity as follows and will incorporate natural capital factors into them in the future.</p> <ul style="list-style-type: none"> <li>• Environmentally-rated Loans (The corporate approach to biodiversity is the main evaluation criteria.)</li> <li>• Consulting for Environmentally-Friendly Development and Construction (Consideration toward green areas in local real estate. Support in obtaining third-party certification, i.e. the Japan Habitat Evaluation Procedures.)</li> <li>• Social Contribution Donation Trust (Providing customers with the choice to make donations to the ecosystem Conservation Society—Japan as a way to support the National Trust activity.</li> <li>• Biodiversity SRI Fund (Invests in Japanese companies actively working to protect biodiversity)</li> </ul>
<p>2. Including the protection of biological diversity within their environmental management system</p>	<p>Sumitomo Mitsui Trust Holdings, Inc. has built PDCA cycles on biological diversity in its CSR promotion systems, formulated a plan for each fiscal year based on the Midterm Plan, and reviewed the performance of these semiannually.</p>
<p>3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board</p>	<p>The General Manager of Corporate Social Responsibility Office, Corporate Planning Department supervises all activities and reports to the Executive Committee.</p>
<p>4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;</p>	<p>Sumitomo Mitsui Trust Holdings, Inc. has set objectives in the CSR Midterm Plan and reviewed the performance in the Executive Committee based on Sustainability Policy. (CSR report 2012; Please see page 1: <a href="http://www.smth.jp/en/csr/report/2012.html">http://www.smth.jp/en/csr/report/2012.html</a>)</p>



**SuMi TRUST**  
SUMITOMO MITSUI TRUST HOLDINGS

<p>5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report</p>	<p>Sumitomo Mitsui Trust Holdings, Inc. has been disclosing its activities in the CSR Reports since fiscal year 2009 as well as on the company's website. (CSR report 2012; Please see page 22-23; <a href="http://www.smth.jp/en/csr/report/2012.html">http://www.smth.jp/en/csr/report/2012.html</a>)</p>
<p>6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step</p>	<p>As use of paper has a large impact directly on biological diversity, Sumitomo Mitsui Trust Bank is proceeding further with paperless operations, and increasing the weighting of recycled paper with a high ratio of wastepaper pulp relative to the total paper use.</p>
<p>7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/ or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain</p>	<p>Sumitomo Mitsui Trust Holdings, Inc. is pursuing international cooperation by becoming a signatory to the Natural Capital Declaration led by UNEP FI (Finance Initiative). The company works closely with NPOs, including the Ecosystem Conservation Society Japan, receiving expert advice and cooperating in various ways on business. (The news release of the Natural Capital Declaration: <a href="http://www.smth.jp/en/news/2012/E120619.pdf">http://www.smth.jp/en/news/2012/E120619.pdf</a>)</p>