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## **Business Report for the 12<sup>th</sup> Fiscal Year**

(April 1, 2022 – March 31, 2023)

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## **1. Overview of Business Activities of Sumitomo Mitsui Trust Holdings, Inc.**

### (1) Developments and Results of Consolidated Business Activities

#### [Principal Businesses]

The Sumitomo Mitsui Trust Group (hereinafter the “SuMi TRUST Group”), under the control of bank holding company Sumitomo Mitsui Trust Holdings, Inc. (hereinafter “SuMi TRUST Holdings”), owns various Group companies involved in banking, asset management and administration, and real estate-related services, etc. that engage in a diverse range of businesses centered on Sumitomo Mitsui Trust Bank, Limited (hereinafter “SuMi TRUST Bank”), based on the Group’s integrated management strategy.

The SuMi TRUST Group encompasses 58 consolidated subsidiary companies and corporations and 30 affiliates accounted for by the equity method.

#### [Economic and Financial Environment]

In looking back on the financial and economic environment during the fiscal year under review, in overseas markets, signs of an economic slowdown grew stronger due to rising inflation and monetary tightening mainly in the West. In March 2023, rising interest rates triggered the collapse of a US regional bank, which in turn stoked broader concerns about the soundness of the financial system in Western countries. In Japan, even though business activity picked up overall, primarily in the service sector, weakness in exports emerged from around December 2022 in response to the deceleration of overseas economies and consumer spending was weighed down by rising commodity prices.

In the financial markets, fears of a global economic recession weighed on share prices and the Nikkei Stock Average maintained a weak undertone at around 27,000 yen. The yield on 10-year JGBs hovered close to 0.25%, the upper limit of the Bank of Japan’s permissible trading range, but then advanced to around 0.50% when the BoJ widened the target range in December 2022. It then fell sharply back to around 0.30% in March 2023 due to growing speculation of a rate cut in the US by the end of 2023. Against the US dollar, the Japanese yen continued to weaken to around 150 yen in October 2022, reflecting the differences in the monetary policy stances of Japan and the US, but then strengthened to the 130 yen level when it became clear that inflation in the US had peaked.

#### [Results of Business Activities]

##### **(Consolidated Financial Results for the Fiscal Year 2022)**

In this financial and economic environment, in the fiscal year under review, net business profit before credit costs decreased 21.4 billion yen from the previous fiscal year to 324.6 billion yen. This was primarily attributable to a decrease in effective interest related earnings\* due to higher interest rates on capital borrowed in overseas markets, which outweighed brisk fee income from mainly real estate brokerage services and corporate loans.

Ordinary profit was up 56.1 billion yen from the previous fiscal year to 285.8 billion yen owing mainly to an improvement in net gains on stocks and a decrease in total credit costs.

Net income attributable to owners of the parent increased 21.9 billion yen from the previous fiscal year to 191.0 billion yen, despite the booking of extraordinary losses associated with system upgrades related to global operations at Sumitomo Mitsui Trust Bank.

\*Gains on investment of surplus foreign currency included in forex trading profits/losses were added to net interest income and related profit

### **(Segment Information)**

Net business profit before credit costs for the fiscal year under review, broken down by reportable segment, was: 41.5 billion yen (up 9.2 billion yen YoY) for the Retail Business; 140.8 billion yen (up 13.3 billion yen) for the Corporate Business; 57.7 billion yen (down 13.0 billion yen) for the Investor Services Business; 42.1 billion yen (up 5.2 billion yen) for the Real Estate Business; 54.1 billion yen (up 17.5 billion yen) for the Global Markets Business; and 22.2 billion yen (down 18.2 billion yen) for the Asset Management Business.

### **[Developments of Business Activities]**

The SuMi TRUST Group's "Purpose" (reason for existence) is creating new value with the power of trusts and let prosperous future for our clients and society bloom. Based on this purpose, we continue to advance our business operations.

Alongside developments in digitalization and the acceleration of corporate management practices that are focused on the SDGs and ESG issues, signs of an economic slowdown have grown stronger due to rising inflation and monetary tightening overseas as a result of skyrocketing prices for food and energy. In this environment and with a view to achieving our aforementioned stated purpose, we tackled the following three key topics in fiscal 2022, the final year of our Medium-Term Management Plan.

#### **1. Strengthening our business portfolio to accelerate a virtuous cycle**

With the aim of encouraging and leading various stakeholders to establish a virtuous cycle of funds, assets, and capital by providing high value-added products and services and investing in the creation of new value, SuMi TRUST Bank reorganized its business structure around individual, corporate, and investor clients.

For individual clients, SuMi TRUST Bank launched a smartphone app in April 2022 so that it can better support the asset formation efforts of a wide-range of clients as we approach the age of 100-

year life. The Smart Life Designer app lets users view information about their deposits, stocks, and other financial assets, as well as their assets and liabilities, such as mortgage loans and pension details, all in one place. In this way, we are helping clients make life plans and build wealth in a methodical way.

UBS SuMi TRUST Wealth Management continues to provide optimal solutions to clients with wide-ranging and complex needs by fusing together the UBS Group's asset management and securities services and the SuMi TRUST Group's various products and services in mainly inheritance, asset succession, and real estate fields.

SBI Sumishin Net Bank's smartphone app, which offers a level of convenience and security that only an online bank can provide, as well as the neobank services it delivers to partner companies for payments, deposits, lending, and other banking functions, have been rated highly. As such, the number of SBI Sumishin Net Bank deposit accounts reached six million and total deposits exceeded eight trillion yen. In March 2023, SBI Sumishin Net Bank was listed on the Tokyo Stock Exchange's Standard Market. It will continue to collaborate with Group companies in an effort to create new financial services.

For corporate clients, given the growing importance of corporate management initiatives in the areas of ESG and sustainable management, the companies in the SuMi TRUST Group worked together to expand the Group's lineup of solutions to support such actions as the transition to decarbonization, the development of governance frameworks, and human capital management.

SuMi TRUST Bank ramped up its impact equity investment initiative to support the adoption of next-generation energy and other cutting-edge technologies in society, as well as the decarbonization and energy transition efforts of companies.

In January 2023, SuMi TRUST Bank entered into a business alliance with Energy Capital Partners (ECP), a US-based private equity manager that specializes in electric power and environmental infrastructure. Not only will SuMi TRUST Bank expand and strengthen its transition-focused solutions by harnessing ECP's knowledge and investment know-how in the fields of energy and the environment, but it has also launched an initiative aimed at providing investment opportunities to clients through the creation of markets in the decarbonization space.

For investor clients such as corporate pensions, public pension fund, and financial institutions, we expanded our offerings of real estate, unlisted shares, and other private assets by capitalizing on the Group's ability to discover investment opportunities and develop products. SuMi TRUST Bank recorded growth in assets under management by continuing to develop and expand its range of alternative investment products for managing mainly non-traditional assets and real assets outside of stocks and bonds.

In the asset management business, under a Group-wide investment strategy, Sumitomo Mitsui Trust Asset Management focused on global engagement activities concerning climate change and forest conservation with an eye on global growth in ESG investments, while Nikko Asset Management addressed the varied needs of clients in Japan and overseas by developing and expanding its lineup of competitive investment management products.

In the asset administration business, Custody Bank of Japan and SuMi TRUST Bank spearheaded efforts to strengthen functions and improve services, starting with the needs of clients. They also worked on bolstering their competitiveness by improving operational processes with the use of digital technology and streamlining and cutting costs by standardizing backbone systems.

## **2. Promoting strategic investments in pursuit of sustainable growth**

We stepped up strategic investments in new growth opportunities and the creation of markets with the dual aim of helping to solve the issues faced by clients and society and ensuring the Group's own sustainable growth.

We formed a business alliance with the Apollo Group, an investment management firm with a world-class track record in managing alternative assets. SuMi TRUST Bank invested a total of 1.5 billion US dollars in a private asset portfolio managed by the Apollo Group. Improved access to overseas markets and the development of new investment products with the utilization of the Apollo Group's business platform and know-how enabled SuMi TRUST Bank to start enhancing its solutions through the creation of a market for, and more opportunities for investment in, private assets in Japan.

Meanwhile, in line with our policy of holding, in principle, no strategic shares as a conventional stable shareholder, SuMi TRUST Bank achieved its two-year target of reducing its strategic shareholdings by 100 billion yen on an acquisition cost basis after engaging in respectful dialogue with corporate clients. SuMi TRUST Bank is leveraging the investment capacity generated from the reduction of strategic shareholdings and making effective use of managerial resources for sustainable growth mainly by investing in impact equity to support, as an investor itself, climate change action and decarbonization measures. Also, as we look to push ahead with digital transformation, we signed a memorandum of understanding with Bitbank, Inc. to jointly examine the possibility of launching a custody service in the field of digital assets.

## **3. Enhancing and improving operational quality to live up to the fiduciary from our clients**

### **(1) Improving operational quality**

We have positioned, and are currently strengthening, operational quality as a key element in the Group's competitive advantage, which serves as the source of value provided to stakeholders.

From a defensive quality-enhancement standpoint of strengthening our governance system to mitigate or prevent risks, we heavily allocated human resources to, and invested in systems in, the area

of risk management and compliance frameworks.

We are also implementing measures to improve quality with an offensive strategy in order to guarantee a level of service that exceeds client expectations by boosting productivity through the consolidation and standardization of work flow and with business process reforms based on client feedback.

## **(2) Promoting active HR participation and investing in human capital**

The highly specialized work that is characteristic of the Group is underpinned by each and every employee and we recognize that giving employees the opportunities to unleash their full potential generates the value that we deliver to clients and society.

To generate further momentum in diversity, equity, and inclusion, we worked on developing environments and personnel systems that will empower women in the workplace, help employees balance childcare and nursing care with their working life, and contribute to improvements in human rights and equal rights for LGBTQ people. As a result, for the fifth straight year since 2019 we were listed by Bloomberg in the Bloomberg Gender-Equality Index in recognition of our initiatives to further gender equality.

In fields focusing on decarbonization and digitalization, for example, with the objective of assisting, from a financial perspective, innovation to help bring about a carbon-neutral society, we set up a Technology-based Finance Team of mainly doctoral-level science and engineering experts that possess technological know-how. We also continued to build a diverse human resources portfolio by focusing our efforts on acquiring experts with specialized knowledge.

Also, as a way of investing more in human capital for our employees so they can help clients and society and create new value, we introduced a restricted stock compensation system as an incentive plan for employees of SuMi TRUST Bank.

## **(3) Sustainability management**

In fiscal 2022 we announced details regarding the establishment of a milestone target for 2030 in line with the frameworks of the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAMI), as well as our initiatives that aim to harness the Group's functions to help achieve carbon neutrality.

We are also ramping up our positive impact finance service to continuously support activities that have positive impacts on the environment, society, and the economy, and expanding our offerings of various advisory products and services related to impact assessments. In recognition of these activities, we were awarded the Minister of the Environment Award in the general category in fiscal 2022 as a best case example for the Principles for Financial Action for the 21st Century.

## **[Issues to be Addressed]**

The year 2022 marked 100 years since the enactment of Japan's Trust Act and Trust Business Act. And in 2024 the SuMi TRUST Group will celebrate its 100th anniversary. At any point in history since our founding we always used the power of trusts to meet the needs of clients and the demands of society in different time periods, to resolutely take up the challenge of creating new value, and to remain a pioneer in the industry so as to contribute to Japan's development.

Given that the business environment that envelops the Group is changing rapidly, we returned to the roots of our establishment to strongly remind ourselves of our mission and role as a trust bank group and accordingly formulated a new Medium-Term Management Plan based on the concept, "Paving the Way for the Next 100 Years, with the "Power of Trust"."

Specifically, we identified the following three themes under which we intend to implement measures.

### **1. Business growth that is unique to a trust group, and improvement of capital efficiency**

#### **(1) Engaging in value-creating businesses**

The biggest problem with Japan's financial sector and society right now is that an estimated 3,000 trillion yen tied up in personal assets and company funds is not being invested or spent—instead, it remains stagnant.

The virtuous cycle of funds, assets, and capital that we want to actualize will lead to the sustained growth of the economy as a whole due to a sequence of actions whereby investors, including individuals, invest in promising businesses. The fruits of those investments, mainly in the form of share price gains and dividends, lead to the formation of assets for people, whilst stronger earnings at companies enable them to invest more money and hire more people.

As the SuMi TRUST Group possesses a plethora of functions, including banking, institutional investment, and real estate, and has a presence in numerous markets and investment chains where funds, assets, and capital circulate, we intend to fulfil our role as a key piece of social infrastructure to utilize trust functions and encourage a virtuous cycle. To that end, we will seek to create new value in the following areas.

#### **(a) Age of 100-year life**

We will make use of the knowledge we have honed in the pension and real estate businesses to provide total consulting services to individual clients, taking into account future cash flow and an overall picture of assets and liabilities. Through such measures, we will aim to establish "No. 1 model in Japan for supporting the age of 100-year life" by improving our levels of visibility and client satisfaction in this area.



## **(b) ESG/sustainable management**

We will be strongly supportive of our corporate clients' efforts to overcome challenges and transition to sustainable growth by visualizing their ESG issues with the use of surveys and the like and providing Group-wide solutions based on dialogue. In the environmental field, by mainly expanding our decarbonization solutions, we will set our sights on becoming "No.1 GX(Green Transformation) financial institution" evaluated as by our clients.

## **(c) Regional ecosystems and global investment chains**

We will build a network of partners that identify with our cause for a virtuous cycle of funds, assets, and capital in order to collaborate on the creation of value that would ordinarily be difficult to achieve on our own. Locally, we will facilitate cooperation between industry, government, academia, and financial institutions with the objective of solving issues in the community. We will also kickstart a profit-generating money flow project in a bid to build a sustainable ecosystem. Globally, we will strengthen our ties with partners overseas and provide excellent investment opportunities to domestic investors, including individuals, by offering smaller units for private asset investment, among other measures.

## **(2) Asset management/administration business strategy**

As the largest asset management group in Asia, we will merge all of the Group's strengths to provide unique solutions that combine wide ranging functions, thereby building long-lasting fiduciary relationships with clients.

In asset administration, we will endeavor to streamline and standardize operations with the use of AI and other tools and establish a footing for scale expansion through the provision of distinctive services. Moreover, we will press ahead with the building of a platform business and roll it out to the entire industry, not just the SuMi TRUST Group, so that we can contribute to the development of the industry in Japan overall.

## **(3) Digital Transformation strategy (Trust x DX)**

There are increasingly more opportunities to leverage AI and cloud services to make effective use of information and data typically handled by the Group's different businesses.

We intend to utilize digital means to expand our client base and create new markets, and by standardizing and universally applying our knowledge and know-how as a trust bank group, we hope to offer a broad lineup of high-quality services and solutions.

## **(4) Financial and capital strategy**

By leveraging a business model that is distinctive of a trust bank group, we will target ROE of at

least 10% and net income attributable to owners of the parent of more than ¥300 billion by 2030. Furthermore, we will seek to grow the underlying balance of assets in investments and loans, asset management, and asset administration that contribute to solving issues in society and creating and expanding markets, which we call assets under fiduciary, and steadily work towards achieving a P/B ratio of more than 1.0x (market cap of more than ¥3.0 trillion) at the earliest possible time.

## **2. Strengthening human capital to be fit for the future**

We will look to strengthen human capital with a core focus on employee well-being. We will encourage employees to forge their own careers and aim to create workplace environments in which every employee can perform to their utmost potential and find their work to be rewarding.

In addition, we will develop human resources with high added value and build a personnel portfolio brimming with diversity and expertise that can accelerate a virtuous cycle. We have plans to overhaul our personnel systems and administration in order to support the various working styles that are dependent on career plans and life events.

Also, in recognition of the differences in a diverse workforce, we will continue to foster a corporate culture in which the distinct personality of every individual is respected, with special consideration afforded to minorities, so that all employees are treated fairly and impartially.

## **3. Sophisticating our management foundation**

As a fiduciary that upholds the intentions of our clients, we will look to conduct prudent business operations and establish a thoroughgoing management framework for the best interests of our clients.

We will enhance our business infrastructure and transition to a new working style under which our diverse workforce can perform at the best of their abilities regardless of physical location.

Also, as the Group's milestone of 100 years draws closer, every employee will return to the origins of our establishment and make an effort to communicate with all stakeholders so that they might feel a sense of reward in their role as professionals.

In terms of managing capital, from a capital adequacy and efficiency point of view, we will undertake disciplined investments and distribution to each stakeholder, mainly by way of growth investments, shareholder returns, and investments in human capital.

We think the current environment of mounting uncertainties in economic and market conditions is the opportune time for the Group to come into its own as a purveyor of trust schemes that can help deliver a safe and secure society.

As a trust banking group, our strength is our longstanding record of transactions based on a fiduciary relationship with clients. We will further improve our expertise and provide solutions that surpass the value expectations of clients in order to fulfil their wishes.

For the next 100 years, we will continue to create new value with the “Power of Trust” to help our clients and society to realize a prosperous future, and contribute to the enhancement of well-being.

We would be grateful for your continued understanding and support.

Reference: Key Performance Indicators (KPIs)

The Group has set the following KPIs for the period of the new Medium-Term Management Plan. By leveraging a business model that is distinctive of a trust banking group with a core focus on asset management and administration, we will set our sights on ROE of at least 10%, net income attributable to owners of the parent of more than ¥300 billion, and AUF of ¥800 trillion by fiscal year 2030, and we will steadily work towards achieving a P/B ratio of more than 1.0x (market cap of more than ¥3.0 trillion) at the earliest possible time.

		FY2012 (actual) *1	FY2022 (actual)	FY2023 (forecast)* 2	FY2025 (target)*2	By FY2030 (SuMi TRUST Vision)
Profitability/efficiency	ROE	7.5%	6.9%	Lower 7% range	8% or above	10% or above
Source of investment/distribution	Substantial gross business profit	–	¥814.1 bn	¥850.0bn	¥920.0 bn	¥1trn or above
Profitability/growth	Net business profit	¥284.6 bn	¥324.6 bn	¥320.0bn	¥355.0 bn	¥400.0 bn or above
	Net income attributable to owners of the parent	¥133.7 bn	¥191.0 bn	¥200.0bn	¥240.0 bn	¥300.0b n or above
Business model	AUF (outstandin g)	¥225trn	¥480.0 trn	¥500trn	¥600trn	¥800trn
	Fee income ratio	–	55%	Mid-50% range	Mid- 50% range	60% or above
Cost efficiency	OHR	–	60%	Lower 60% range	Lower 60% range	Upper 50% range
Capital adequacy	CET1 ratio (finalized Basel III standards)	6.4%	9.5%	Mid-9% range	Around 9.5%– 10.0%	Stably above 10%

\*1: No values are shown for the KPIs that cannot be easily calculated with the same conditions.

\*2: Market environment assumptions for FY2023 and FY2025: 10-year JGB yield: 0.50% and 0.70%; Nikkei Stock Average: ¥28,000 and ¥28,000; USD/JPY: ¥130 and ¥120

## Glossary of terms

### ROE

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. It gauges how efficiently profit is generated. The higher the ROE, the better a company is at converting equity into net profit.

### Substantial gross business profit

Substantial gross business profit is based on managerial accounting and reflects earnings (after taking into account the equity stake, excluding extraordinary factors) at equity-method affiliated companies in gross business profit for the Company and its consolidated subsidiaries.

### Net business profit

Net business profit represents actual income from the main business of the bank (or Group) after deducting total credit costs, net gains on stocks, and the impact of other extraordinary factors from ordinary profit.

### AUF (assets under fiduciary)

The total balance of investments and loans, asset management, and asset administration that contribute to solving issues in society and creating and expanding markets.

### Fee income ratio

The fee income ratio is a metric that represents the amount of income from the Group's mainstay fee businesses. It is the ratio of various fee income streams as a percentage of substantial gross business profit. For example, trust fees and real estate brokerage commissions for assets under management and investment trust sales fees.

### OHR (overhead ratio)

The overhead ratio (OHR) is the ratio of general and administrative expenses as a percentage of substantial gross business profit. It gauges how efficiently profit is generated. The lower the OHR, the better a company is at turning expenses into gross profit.

### CET1 ratio (finalized Basel III standards)

The CET1 ratio is a measurement of regulatory capital adequacy and represents the risk of core equity capital against total risk-weighted assets, including capital stock, capital surplus, and retained earnings. The higher the ratio, the better the bank is prepared for risk.

## (2) Changes in Financial Position and Results of Operations

### a. Changes in Financial Position and Results of Operations (Consolidated Basis) (million yen)

	FY2019	FY2020	FY2021	FY2022
Ordinary income	1,535,401	1,380,434	1,401,091	1,819,060
Ordinary profit	257,658	183,155	229,704	285,840
Net income attributable to owners of the parent	163,028	142,196	169,078	191,000

Comprehensive income	-23,974	201,137	90,859	198,519
Net assets	2,590,907	2,722,556	2,745,288	2,822,574
Total assets	56,500,552	63,368,573	64,633,220	69,022,746
Net income per share	yen 434.31	yen 379.65	yen 451.40	yen 517.14

(Notes) 1. Amounts less than one million yen are rounded down

2. In order to accurately state credit risks owing to the existence or non-existence of collateral related to derivative transactions, beginning in fiscal year 2021, the market value-based method of stating financial assets and liabilities for derivative transactions has been changed. To reflect this change, consolidated financial statements for FY2020 have been restated and as a result, total assets for fiscal year 2020 are now ¥63,368,573 million (previously ¥62,163,876 million).

b. Changes in Financial Position and Results of Operations (Non-consolidated Basis) (million yen)

	FY2019	FY2020	FY2021	FY2022
Operating income	97,597	60,855	63,319	78,111
Dividends received	95,851	56,256	58,154	71,279
Dividends received from banking subsidiaries	93,539	49,867	49,895	60,421
Dividends received from other subsidiaries	2,311	6,388	8,258	10,857
Net income	93,858	56,637	57,620	71,257
Net income per share	yen 250.04	yen 151.21	yen 153.83	yen 192.93
Total assets	2,224,754	2,203,450	2,223,512	2,128,640
Investments in banking subsidiaries	1,293,014	1,327,099	1,327,099	1,327,099
Investments in other subsidiaries	105,383	82,132	112,957	113,789

(Note) Amounts less than one million yen are rounded down.

(3) Employees of the SuMi TRUST Group

	Retail Business	Corporate Business	Investor Services Business	Real Estate Business	Global Markets Business	Asset Management Business	Others
Number of employees in FY2022	5,732	4,035	2,506	1,059	329	1,294	3,466

- (Notes)
1. Number of employees includes overseas hires and excludes contract and temporary staff.
  2. Number of employees include executive officers\*2 not concurrently serving as a director.
  3. Number of employees includes SuMi TRUST Holdings employees plus employees of consolidated subsidiary companies and corporations.
  4. The Retail Business includes Private Banking and Asset Formation Advisory.
  5. Following organizational restructuring as of April 1, 2022, the following changes were made to business classifications.
    - The Retail TS Services Business is now the Retail Business.
    - The Wholesale TS Services Business is now the Corporate Business and the Stock Transfer Agency Services Business is now under the direct control of the Corporate Business.
    - The Wholesale AM Business has been merged with the Fiduciary Services Business to become the new Investor Services Business.

(4) Principal Offices of the SuMi TRUST Group

a. SuMi TRUST Bank

Domestic: 148 offices including Tokyo Business Department, Yokohamaeki-Nishiguchi Branch, Osaka Business Department, , Kobe Branch, Nagoya Business Department, Chiba Branch, Urawa Branch

Overseas: New York Branch, London Branch, Singapore Branch, Hong Kong Branch, Shanghai Branch

- (Notes)
1. The number of offices includes sub-branches.
  2. In addition to above, there were five overseas representative offices as of the end of the fiscal year under review.

b. Principal subsidiary companies and corporations

Name of principal companies	Principal offices	
Retail Business	Sumitomo Mitsui Trust Guarantee Co., Ltd.	Head Office (Tokyo) Osaka Branch
	Sumitomo Mitsui Trust Club Co., Ltd.	Head Office (Tokyo) Okinawa Office
Corporate Business	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Head Office (Tokyo) Osaka Branch

	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Head Office (Tokyo) Osaka Branch
Real Estate Business	Sumitomo Mitsui Trust Realty Co., Ltd.	Head Office (Tokyo) Osaka Umeda Center
Asset Management Business	Nikko Asset Management Co., Ltd.	Head Office (Tokyo)
	Sumitomo Mitsui Trust Asset Management Co., Ltd.	Head Office (Tokyo)

c. Bank agencies of SuMi TRUST Bank

Name	Place of the principal office	Principal businesses other than banking agency
SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business
UBS SuMi TRUST Wealth Advisory Co., Ltd.	Chiyoda-ku, Tokyo	Concurrent sales agency services, financial instruments intermediary services
UBS AG (Bank) Tokyo Branch	Chiyoda-ku, Tokyo	Banking business
Sumitomo Mitsui Trust Life Partners Co., Ltd.	Shinjuku-ku, Tokyo	Non-life insurance agency business, life insurance solicitation business, financial instruments intermediary services

d. Bank agencies operated by SuMi TRUST Bank

Trade name of affiliated financial institution
SBI Sumishin Net Bank, Ltd.
UBS AG (Bank) Tokyo Branch

(5) Capital Investment of the SuMi TRUST Group

a. Total Amount of Capital Investment

(million yen)

Company name	Amount
SuMi TRUST Bank <sup>4</sup>	51, 247
Others <sup>5</sup>	11, 689
Total	62, 936

(Notes) 1. Amounts less than one million yen are rounded down.

2. The above amounts include investments in intangible fixed assets.

3. The above figures are the total amount of capital investment of SuMi TRUST Holdings and consolidated

subsidiary companies and corporations.

4. For SuMi TRUST Bank, the above figure is the total amount of capital investment because capital investments are not categorized by business segment during the investment stage.

5. For other subsidiary companies and corporations, the above figures represent the total amount of capital investment for each company, for the reason that assets are not categorized by business segment.

b. Establishment of Principal Facilities, etc.

(New additions and renovations)

(million yen)

Company name	Description	Amount
SuMi TRUST Bank <sup>2</sup>	Investment in software	44, 151

(Notes) 1. Amounts less than one million yen are rounded down.

2. The above figure is the total amount of new addition or renovation of principal facilities because capital investments are not categorized by business segment during the investment stage.

(Disposal and Sales)

Not applicable.

(6) Principal Parent Company and Subsidiaries, etc.

a. Parent Company

Not applicable.

b. Subsidiaries

Company name	Location	Main business	Capital (millions of yen)	% of SuMi TRUST Holdings voting rights (%)	Other
SuMi TRUST Bank	Chiyoda-ku, Tokyo	Trust business, Banking business	342,037	100.00	—
Nikko Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business, Investment advisory and agency business	17,363	100.00 (0.99)	—
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business, Investment advisory and agency business	2,000	100.00	—
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Minato-ku, Tokyo	Money lending business	6,000	100.00 (100.00)	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	Minato-ku, Tokyo	Credit guarantee business	301	100.00 (100.00)	—
Sumitomo Mitsui Trust Realty Co., Ltd.	Chiyoda-ku, Tokyo	Real estate brokerage business	300	100.00 (100.00)	—



Sumitomo Mitsui Trust Club Co., Ltd.	Chuo-ku, Tokyo	Credit card business	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Card Co., Ltd.	Minato-ku, Tokyo	Credit card business	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	Leasing, Installment purchase services, Credit card business	25,584	84.89 (84.89)	—
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	Bangkok, Thailand	Banking business	78,200 [THB 20,000m]	100.00 (100.00)	—
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Hoboken, New Jersey, US	Banking, Trust business	7,478 [USD56m]	100.00 (100.00)	—
UBS SuMi TRUST Wealth Management Co., Ltd.	Chiyoda-ku, Tokyo	Securities business, Trust agreement agency business	5,165	49.00	—
Custody Bank of Japan, Ltd.	Chuo-ku, Tokyo	Banking, Trust business	51,000	33.33	—
SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business	31,000	34.18 (34.18)	—
Cardif Assurance Vie Japan	Shibuya-ku, Tokyo	Life insurance business	20,600	20.00 (20.00)	—
Zijin Trust Co., Ltd.	Nanjing, Jiangsu Province, People's Republic of China	Trust business	63,524 [CNY3,271 m]	20.00 (20.00)	—
Nanjing Zijin Financial Leasing Co., Ltd.	Nanjing, Jiangsu Province, People's Republic of China	Leasing business	11,652 [CNY600m ]	20.00 (20.00)	—
Midwest Railcar Corporation	Edwardsville, Illinois, US	Leasing business	63 [USD 470,000]	— (—) [100.00]	—

(Notes) 1. Figures above have been rounded down.

2. Capital denominated in foreign currencies is translated into Japanese yen using the exchange rate prevailing at SuMi TRUST Holdings' balance sheet date.

3. Percentage of voting right of subsidiaries, etc. held by SuMi TRUST Holdings is rounded down to two decimal places.

4. The number in the round bracket ( ) for the voting right of subsidiaries, etc. held by SuMi TRUST Holdings represents the percentage of indirect ownership of subsidiary companies and corporations, and the number in the square bracket [ ] represents the percentage of ownership of those “who acknowledge exercising their voting rights in ways consistent with their self-intention due to the close relationship between their interests and the affiliates' equity investments, personnel, funding, technologies and transactions, etc.” or those “who agree they exercised their voting rights in ways consistent with self-intention”.

5. Outline of the significant business collaborations involving SuMi TRUST Holdings' subsidiaries are as follows.

[SuMi TRUST Bank]

(1) SuMi TRUST Bank has a business alliance with Japan Post Bank Co., Ltd. to provide automatic cash withdrawals and deposit services through mutual use of ATMs, and the Japan Post “YuYu Pack” fixed-time fixed-amount automated account transfer service.

(2) SuMi TRUST Bank has a business alliance with E-net Co., Ltd. to provide automatic cash withdrawals and deposits via ATMs in a tie-up with convenience stores, etc., by participating in a joint ATM operation business.

- (3) SuMi TRUST Bank has a business alliance agreement with Seven Bank, Ltd. concerning joint ATMs, and is providing automatic cash withdrawals and deposit services via ATMs.
- (4) SuMi TRUST Bank provides automatic cash withdrawal service based on the mutual use of ATMs between SuMi TRUST Bank and AEON BANK, LTD., under a collaboration agreement.
- (5) SuMi TRUST Bank provides automatic cash withdrawal service based on the mutual use of ATMs between SuMi TRUST Bank and Kiraboshi Bank, Ltd., under a collaboration agreement.
- (6) SuMi TRUST Bank has concluded a banking agency agreement with SBI Sumishin Net Bank, Ltd. to operate as an agency for opening Japanese yen savings accounts at SBI Sumishin Net Bank.
- (7) As of the end of March 2023, SuMi TRUST Bank has signed trust agency\* agreements with 128 financial institutions, business corporations, and foundations, for the purpose of providing trust services to clients.

\*Trust agency is a collective term for trust agreement agencies under the Trust Business Act, and agencies concurrently engaged in the trust business under Article 1 of the Act on Engagement in Trust Business by a Financial Institution (Concurrent Business Act).

- (8) SuMi TRUST Bank aims to accumulate more in-depth knowledge and strengthen its ability to provide financial solutions through business alliances with Apollo Global Management, Inc., an asset manager with a world-class track record in managing mainly alternative assets, and with GreensLedge Capital Markets LLC, an independent US investment bank.
- (9) Through a business alliance with Energy Capital Partners, a US-based private equity manager that specializes in the electric power and environmental infrastructure fields, SuMi TRUST aims to unearth investment opportunities in the decarbonization field in Japan and provide them to mainly institutional investors in Japan and overseas.

#### (7) Major Creditors

Not applicable.

#### (8) Transfer of Business

SBI Sumishin Net Bank, Ltd. was newly listed on the Standard Market of the Tokyo Stock Exchange on March 29, 2023. As a result of SuMi TRUST Bank selling some of the shares of SBI Sumishin Net Bank, SuMi TRUST Bank's voting rights ownership ratio decreased from 50.00% to 34.18% as of the end of March 2023. Please note that SBI Sumishin Net Bank remains an equity-method affiliated company of SuMi TRUST Holdings.

#### (9) Other Important Matters regarding the SuMi TRUST Group

Not applicable.

## 2. Matters regarding Directors and Executive Officers\*1

### (1) Directors, Executive Officers\*1, and Corporate Auditors

#### a. Directors

(As of March 31, 2023)

Name	Position	Responsibility	Significant concurrent positions	Other
Toru Takakura	Director		Director of SuMi TRUST Bank	
Jiro Araumi	Director			
Nobuaki Yamaguchi	Director		Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Kazuya Oyama	Director		President (Representative Director) of SuMi TRUST Bank	
Tetsuo Ohkubo	Director	Nominating Committee Member, Compensation Committee Member	Director of SuMi TRUST Bank	
Masaru Hashimoto	Director	Nominating Committee Member, Compensation Committee Member	Chairperson of SuMi TRUST Bank	
Kuniyuki Shudo	Director	Audit Committee Member		See note 3
Kouji Tanaka	Director	Audit Committee Member		See note 3
Isao Matsushita	Director (External Director)	Chairperson of the Board of Directors	External Director of MatsukiyoCocokara & Co.	

Name	Position	Responsibility	Significant concurrent positions	Other
		Nominating Committee Member (Chairperson), Compensation Committee Member		
Shinichi Saito	Director (External Director)	Audit Committee Member	External Director of The Prudential Gibraltar Financial Life Insurance Co., Ltd.	See note 4
Hiroko Kawamoto	Director (External Director)	Nominating Committee Member, Compensation Committee Member (Chairperson)	Advisor at ANA Strategic Research Institute Co., Ltd., External Director of RENAISSANCE INCORPORATED, External Director of East Japan Railway Company External Director of Canon Marketing Japan Inc.	See note 5
Mitsuhiro Aso	Director (External Director)	Nominating Committee Member Audit Committee Member (Chairperson)	Attorney at Law, External Corporate Auditor of Sumitomo Chemical Co., Ltd.	See note 6
Nobuaki Kato	Director (External Director)	Nominating Committee Member, Compensation Committee Member Conflicts of		

Name	Position	Responsibility	Significant concurrent positions	Other
		Interest Committee Member		
Masanori Yanagi	Director (External Director)	Nominating Committee Member, Compensation Committee Member	President of the Japan Economic Research Institute, External Director of Kintetsu Group Holdings Co., Ltd., External Director of Fukoku Mutual Life Insurance Company, External Director of Tobu Railway Co., Ltd.	
Kaoru Kashima	Director (External Director)	Audit Committee Member, Risk Committee Member	Certified Public Accountant, External Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation, External Audit & Supervisory Board Member of Kirin Holdings Company, Limited	See note 7

- (Notes)
1. Messrs. Isao Matsushita, Shinichi Saito, Mitsuhiro Aso, Nobuaki Kato, Masanori Yanagi, and Mses. Hiroko Kawamoto and Kaoru Kashima are External Directors defined in Article 2, Item 15 of the Companies Act.
  2. Messrs. Isao Matsushita, Shinichi Saito, Mitsuhiro Aso, Nobuaki Kato, Masanori Yanagi, and Mses. Hiroko Kawamoto and Kaoru Kashima have been registered with the Tokyo Stock Exchange and the Nagoya Stock Exchange, as independent officers according to the provisions of rules at each stock exchange.
  3. SuMi TRUST Holdings has selected Mr. Kuniyuki Shudo and Mr. Kouji Tanaka, the non-executive directors, as full-time members of the Audit Committee to ensure the effectiveness of audits.
  4. Mr. Shinichi Saito, having served as an executive officer and finance department manager in a general trading company and a general manager in a major auditing firm, has considerable knowledge and experience in finance and accounting.
  5. Ms. Hiroko Kawamoto stepped down from the position of advisor at ANA Strategic Research Institute Co., Ltd. on March 31, 2023, and is scheduled to step down from the position of external director of RENAISSANCE INCORPORATED at the conclusion of the annual general meeting of shareholders scheduled in June 2023.
  6. Mr. Mitsuhiro Aso, having served as superintendent of the high public prosecutors office and also as a law school professor, possesses considerable knowledge of law and organization management.
  7. Ms. Kaoru Kashima is a certified public accountant (CPA), having served in a major auditing firm for a long time thus holding considerable knowledge and experience in finance and accounting.

## b. Executive Officers\*1

(As of March 31, 2023)

Name	Position	Responsibility	Significant concurrent positions, other	Other
Toru Takakura	President (Representative Executive Officer*1)		Director of SuMi TRUST Bank	
Jiro Araumi	Deputy President (Representative Executive Officer*1)			See note
Nobuaki Yamaguchi	Senior Managing Executive Officer*1	Financial Planning Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	See note
Futoshi Itani	Senior Managing Executive Officer*1	Human Resources Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	See note
Junya Ueda	Managing Executive Officer*1	Business Process Management Dept., IT System Planning and Management Dept.	Managing Executive Officer of SuMi TRUST Bank	See note
Yasuyuki Suzuki	Managing Executive Officer*1	Risk Management Dept., Compliance Dept., Legal Dept.	Director, Managing Executive Officer of SuMi TRUST Bank	
Toshiaki Nakano	Managing Executive Officer*1	Planning and Coordination Dept.	Managing Executive Officer of SuMi TRUST Bank	See note
Manatomo Yoneyama	Managing Executive Officer*1	Corporate Planning Dept.	Director, Managing Executive Officer of SuMi TRUST Bank	
Atsushi Matsumoto	Managing Executive Officer*1	Corporate Administration	Director, Managing Executive Officer of SuMi TRUST Bank	

	Officer*1	Dept., Corporate Secretariat	TRUST Bank	
Masakatsu Sato	Managing Executive Officer*1	Corporate Secretariat	Managing Executive Officer of SuMi TRUST Bank	
Kazuya Oyama	Executive Officer*1		President (Representative Director) of SuMi TRUST Bank	
Shigenori Ikemura	Executive Officer*1	Internal Audit Dept.		See note
Yuki Takada	Executive Officer*1	Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Fiduciary Risk Management Dept.	Executive Officer of SuMi TRUST Bank	
Miyo Yajima	Executive Officer*1	Promotion of well-being	Executive Officer of SuMi TRUST Bank	
Masaya Yamashiro	Executive Officer*1	IR Dept.	Executive Officer of SuMi TRUST Bank	

(Note) On March 31, 2023, Mr. Jiro Araumi stepped down from the position of Vice President (Representative Executive Officer\*1), Messrs. Nobuaki Yamaguchi and Futoshi Itani stepped down from the position of Senior Managing Executive Officer\*1, Messrs. Junya Ueda and Toshiaki Nakano stepped down from the position of Managing Executive Officer\*1, and Mr. Shigenori Ikemura stepped down from the position of Executive Officer\*1. Atsushi Kaibara was appointed Executive Vice President (Representative Executive Officer\*1), and Takumi Fujisawa (in charge of Human Resources Department), Kazuteru Wakao (in charge of Sustainability Promotion Department and Carbon Neutral Planning and Promotion Department), Riro Sato (in charge of Corporate Planning Department), and Masayuki Okamoto (in charge of Internal Audit Department) were appointed Managing Executive Officer\*1, effective April 1, 2023.

(2) Compensation, etc. for Directors, Executive Officers\*1, and Corporate Auditors  
a. Persons Paid, Compensation, etc.

(million yen)

Classification	Persons paid	Compensation, etc.					
		Total compensation	Monthly compensation		Performance-linked compensation		Other
			Fixed compensation	Individual role-linked performance compensation	Bonus	Stock compensation (non-monetary compensation)	
Directors (excl. external directors)	3	161	116	21	14	9	—
Executive officers*1	14	413	185	100	73	51	2
External directors	7	124	124	—	—	—	—
Total	24	698	425	121	88	61	2

- (Notes) 1. The compensation data is on an annual basis with amounts less than one million yen are rounded down.  
2. Compensation, etc. paid to executive officers\*1 concurrently serving as directors is included in the amount for executive officers\*1.  
3. The amounts of officer bonus and stock compensation have not been determined at this time, so the amounts of allowance are shown.  
4. Details of performance indicators selected as the basis for calculating the amount or value of performance-linked compensation, the reasons for their selection, and calculation methodologies are described below in [b. Summary of Policy on Decisions on Compensation, etc. for Directors and Executive Officers and Determination Methods]. Results related to these performance indicators are shown below in [b. (iv) Details of Earnings Indicators Concerning Performance-linked Compensation ].  
5. For stock compensation, SuMi TRUST Holdings awards shares in the Company to directors (excluding external directors and Audit Committee members) and executive officers as non-monetary compensation. Details of stock compensation are described below in [b. Summary of Policy on Decisions on Compensation, etc. for Directors and Executive Officers and Determination Methods] and the number of shares awarded are shown below in [4. (4) Shareholdings of Directors and Executive Officers].

b. Summary of Policy on Decisions on Compensation, etc. for Directors and Executive Officers and Determination Methods

“Creating new value with the power of trusts and let prosperous future for our clients and society bloom” is what defines the SuMi TRUST Group’s reason for existence (“Purpose”) and contributing to the sustainable development of society and achieving sustainable and stable growth for the Group through balanced creation of both social value and economic value is at the very core of our management approach. As every director and executive officer strives to realize this



“Purpose” and embody it through their actions, the SuMi TRUST Group’s compensation for executives acknowledges the roles they are expected to fulfil, which is why it is constantly being updated so that we can work towards establishing policies and systems in line with the aforementioned philosophy.

(i) Policy Overview

The Compensation Committee shall prescribe the policy on decisions on the details of compensation, etc. for individual directors and executive officers\*1\*2 of SuMi TRUST Holdings. The details are as described below.

- A. Compensation, etc. for directors (excluding Audit Committee members and external directors) and executive officers\*1\*2 (hereinafter “directors and executive officers\*1\*2”) shall effectively function as an incentive for enhancing company performance and increasing corporate value, in order to realize steady and sustainable growth of the SuMi TRUST Group.
- B. A compensation system shall be established which takes into consideration the balance between short-term incentives and medium- to long-term incentives and puts a priority on attributes and capabilities of directors and executive officers\*1\*2 as senior management, without placing exclusive emphasis on performance evaluation for a single fiscal year focusing on contribution to short-term revenue but based on comprehensive evaluation reflecting the medium- to long-term performance.
- C. In order to fully demonstrate the function of supervising each of the SuMi TRUST Group companies as a holding company, SuMi TRUST Holdings shall accurately grasp the roles that directors and executive officers\*1\*2 should fulfill in terms of business management and their achievements, and determine individual compensation based on a highly transparent, fair and objective evaluation.
- D. The Compensation Committee shall conduct deliberations to establish a compensation system/structure with high accountability and determine the fair and efficient amounts of compensation by deepening collaboration of information with the Nominating Committee, Audit Committee, and voluntary committees such as Risk Committee and Conflicts of Interest Committee.

(ii) Compensation System Overview

The specific compensation system of SuMi TRUST Holdings is as follows.

- A. In principle, compensation is paid with a combination of monthly compensation, director and executive officer bonuses, and stock compensation (share delivery trust).
- B. The monthly compensation is separated into two types: “fixed compensation” that is a fixed amount per position, and “individual role-linked performance compensation” that is based on each individual officer’s role expectations reflecting their medium- to long-term performance contribution, as well as qualitative evaluation on his/her business activities and abilities.
- C. For bonuses for directors and executive officers, the total amount is determined based on indicators linked to near-term earnings such as consolidated net business profit before credit costs and net income attributable to owners of the parent, while the amount for each individual director and executive officer reflects their previous fiscal year’s achievements and is paid at the conclusion of the General Meeting of Shareholders for that fiscal year.
- D. Stock compensation (share delivery trust) is paid in the form of shares and cash according to the number of accumulated points at the time a director or executive officer retires from office. Points are determined in accordance with the following markers of Company performance and based on the number of points decided for each position: the achievement rate of consolidated net business profit before credit costs and net income attributable to owners of the parent; items of qualitative assessment, such as consolidated shareholder ROE, consolidated CET1 ratio, and consolidated OHR; and comprehensive assessment scores of ESG.

- E. The proportion of the bonuses and stock compensation (share delivery trust) for directors and executive officers as a percentage of total compensation shall be designed so that they function sufficiently as an incentive.

(iii) Composition Weightings of Compensation

Types of Compensation		Variable	Compensation weighting (standard)		
			President	Other than president	
Monthly compensation					
	Fixed compensation	Fixed amount based on position held	Fixed	Around 40%	Around 45%
	Individual role- linked performance compensation	Compensation that reflects a qualitative evaluation of mainly medium- to long-term earnings contributions and capabilities based on the expectations of the individual's role during the fiscal year; evaluated across five stages.	Variable	Around 20%	Around 25%
Bonus for directors and executive officers					
	Performance-linked bonus	Allocated according to the performance evaluation of each individual from the total amount determined with reference to the following indicators of near-term earnings: consolidated net business profit and consolidated net profit attributable to owners of the parent.	Variable	Around 20%	Around 20%
Stock compensation					
	Share delivery trust	Stock compensation	Variable	Around	Around

	utilizing a trust scheme. Points are awarded every fiscal year and delivered in the form of shares upon resignation/retirement according to indicators of near-term earnings (consolidated net business profit and net income attributable to owners of the parent), medium- term financial indicators (consolidated shareholder ROE and consolidated CET1 ratio) and comprehensive assessments of ESG. Malus/Clawback provisions (reduction/forfeiture prior to share delivery/return after clawback share issuance) are also applied.		20%	10%
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\*Refer to (iv) Details of Earnings Indicators Concerning Performance-linked Compensation for details on earnings indicators.

(iv) Details of Earnings Indicators Concerning Performance-linked Compensation

Types of performance-linked compensation	Indicators (KPIs) concerning performance-linked compensation	Near-term / medium-term	Target	Actual	KPI selection reason	Evaluation Weight	Calculation method	Final determination method	Payment method
<b>■ Bonus for directors and executive officers*1*2</b>									
Bonus linked to earnings	(1) Consolidated net business profit	Linked to near-term earnings	310 bn yen	324.6 bn yen	Considered appropriate indicators of the company's business results and capabilities in the fiscal year under review	66.7%	Calculated based on a weighted average with a 2:1 weighting on the achievement rates for (1) and (2), respectively	Determined by the Compensation Committee with special factors and the business environment taken into full account	Paid in cash after the General Meeting of Shareholders the following fiscal year
	(2) Consolidated net profit attributable to owners of the parent		190 bn yen	191.0 bn yen		33.3%			
<b>■ Stock compensation</b>									
Share delivery trust	(1) Consolidated net business profit	Linked to near-term earnings	310 bn yen	324.6 bn yen	Considered appropriate indicators of the company's business results and capabilities in the fiscal year under review	22.2%	Achievement rates versus target	Determined by the Compensation Committee with special factors and the business environment taken into full account	●The company sets up a share delivery trust with the directors and officers as the beneficiary and enough capital required to purchase shares is
	(2) Consolidated net profit attributable to owners of the		190 bn yen	191.0 bn yen		11.1%			

	parent							nt rate is	placed in		
	(3) Consolidated shareholders' equity and ROE	Linked to medium-term earnings	Around 7%	6.93%	Considered appropriate KPIs, being key financial indicators in the company's Medium-Term Management Plan	11.1%	Evaluation score calculated by qualitatively assessing the achievement and progress of each indicator in the Medium-Term Management Plan	capped at 130% (lower limit of 0%) so as to provide an appropriate incentive scheme	trust ↓ ●The trustee makes block purchases from the market for the number of shares expected to be delivered to beneficiaries in the future ↓ ●After retirement or resignation, the company makes		
	(4) Consolidated CET1 Capital ratio		Mid- 10% range	9.5%		11.1%					
	(5) Consolidated OHR		Lower 60% range	60.1%		11.1%					
	(6) Comprehensive ESG assessment	ESG- related	-	-	Based on items of materiality, the following five categories are considered important: climate change, fiduciary duties & customer satisfaction, employee engagement, DE&I (empowerment of women,	33.3%	Evaluation score calculated based on qualitative and quantitative assessments of activities in each assessment category		payment in the form of stock compensation according to the number of points awarded and accumulated as determined by the Compensation Committee every fiscal year based on		

					etc.), and scores of ESG rating agencies. Undertaking a comprehensive assessment of these categories from qualitative and quantitative viewpoints is considered appropriate for an overall ESG evaluation				achievement rates and rank
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- (Notes)
1. (1) and (2) are fiscal 2022 actual results versus fiscal 2022 forecasts announced in May 2022
  2. (3) through (5) are fiscal 2022 results versus fiscal 2022 targets established under the Medium-Term Management Plan (FY2020–2022) announced in May 2020
  3. Scores from MSCI, FTSE, and Sustainalytics are used for the ESG rating agency scores in (6)

(v) Determination of Individual Compensation

Individual compensation for directors and executive officers is determined by the Compensation Committee. Executive compensation feedback material from external specialist agencies is used as reference data to verify the objectivity and validity of the level of compensation by position. In particular, the Compensation Committee determines a base payment amount based on consolidated net business profit before credit costs, comprehensively taking into account special factors and the operating environment.

(vi) Other Items of Importance

For instances of significant revisions to financial information from prior years owing to inflated figures or malpractice, the booking of large losses stemming from excessive risk taking, serious violations of laws, regulations, or internal rules, or actions that significantly harms the Company's reputation of corporate value, we have introduced a system for applying malus (reduction or cancellation before delivery of shares) and clawback (recovery after share delivery) provisions to stock compensation (share delivery trust).

(vii) Compensation for Internal Directors Serving as Audit Committee Members

Compensation for internal directors serving as Audit Committee members shall be composed of fixed monthly compensation alone, and shall be determined at the Compensation Committee, taking into consideration the business conditions of SuMi TRUST Holdings, the compensation level of its directors, and compensation levels at industry peers and the like, taking into consideration a level appropriate for internal directors serving as Audit Committee members.

(viii) Compensation for External Directors

Compensation for external directors shall be composed of fixed monthly compensation alone, with the addition of a predetermined amount when an external director serves as a Statutory committee chairperson or member. For an external director serving as chairperson of the Board of Directors, a fixed compensation table has been established, taking into consideration the compensation levels of internal directors and external directors. The compensation level shall be determined by the Compensation Committee, taking into consideration the business conditions of SuMi TRUST Holdings, and compensation levels at industry peers and the like.

Directors and executive officers concurrently serving at SuMi TRUST Bank or Sumitomo Mitsui Trust Asset Management shall be paid an amount of compensation divided according to a predetermined concurrence ratio.

c. Compensation Committee Reasoning

As the details of individual compensation for directors and executive officers for this fiscal year have been determined based on the method of determination described above in b. Summary of Policy on Decisions on Compensation, etc. for Directors and Executive Officers and Determination Methods (v) Determination of Individual Compensation, the Compensation Committee has judged that those details are in line with the determination policy of SuMi TRUST Holdings.

(3) Liability Limitation Agreement

Name	Summary of Liability Limitation Agreement
External directors: Isao Matsushita Shinichi Saito Hiroko Kawamoto Mitsuhiro Aso Nobuaki Kato Masanori Yanagi Kaoru Kashima	Pursuant to Article 427, Paragraph 1 of the Companies Act, SuMi TRUST Holdings has entered into an agreement with each of the external directors listed on the left to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. The limitation of liability under such agreement shall be the Minimum Liability Amount provided for by laws or regulations.

(4) Indemnity Agreement  
Not applicable.

(5) Matters regarding Liability Insurance Agreement for Directors and Executive Officers

Scope of Insured Persons	Summary of Liability Insurance Agreement for Directors and Executive Officers
Directors and executive officers*1*2 of SuMi TRUST Holdings	SuMi TRUST Holdings has entered into a liability insurance agreement for directors and executive officers as stipulated in Paragraph 1 of Article 430-3 of the Companies Act with the persons listed on the left as the insured persons. The premiums for this insurance shall be borne in full by SuMi TRUST Holdings and its subsidiaries listed on the left.  The said insurance agreement shall cover compensation for damages and legal costs in the event that a claim for damages is filed against an insured person by a third party or shareholder.  However, as a measure to prevent the inappropriate execution of duties by insured persons, insurance money will not be paid on claims for damages stemming from criminal activity by an insured person, actions recognized by an insured person to be in violation of the law, or personal gains or favors obtained illegally by an insured person. Also, provisions on the amount of indemnity have been established, therefore the insured persons will be liable for some of the costs associated with compensation for damages and legal expenses.
Directors and executive officers*2 of the following subsidiaries of SuMi TRUST Holdings <ul style="list-style-type: none"><li>• SuMi TRUST Bank</li><li>• Sumitomo Mitsui Trust Asset Management</li></ul>	



### 3. Matters regarding External Directors and External Auditors

#### (1) Concurrent Positions and Other Details on External Directors and External Auditors

(As of March 31, 2023)

Name	Concurrent positions and other details
Isao Matsushita	External Director of MatsukiyoCocokara & Co.
Shinichi Saito	External Director of The Prudential Gibraltar Financial Life Insurance Co., Ltd.
Hiroko Kawamoto	Advisor at ANA Strategic Research Institute Co., Ltd.*2 External Director of RENAISSANCE INCORPORATED External Director of East Japan Railway Company External Director of Canon Marketing Japan Inc.
Mitsuhiro Aso	Attorney at Law, External Corporate Auditor, Sumitomo Chemical Co., Ltd.
Masanori Yanagi	President of the Japan Economic Research Institute External Director of Kintetsu Group Holdings Co., Ltd. External Director of Fukoku Mutual Life Insurance Company External Director of Tobu Railway Co., Ltd.
Kaoru Kashima	Certified Public Accountant External Audit & Supervisory Member of Nippon Telegraph and Telephone Corporation Audit & Supervisory Board Member of Kirin Holdings Company, Limited

(Note) 1. SuMi TRUST Holdings has no special interest with other corporations in which external directors have concurrent positions.

2. Ms. Hiroko Kawamoto stepped down from the position of advisor at ANA Strategic Research Institute Co., Ltd. on March 31, 2023, and is scheduled to step down from the position of external director of RENAISSANCE INCORPORATED at the conclusion of the company's annual general meeting of shareholders scheduled for June 2023.

#### (2) Major Activities of External Directors and External Auditors

Name	Term of office	Attendance at Board of Directors meetings, etc.	Statements and other activities at Board of Directors meetings, etc.
Isao Matsushita	5 years, 9 months	Attended all 16 Board of Directors meetings Attended all 15 Nominating Committee meetings Attended all 12 Compensation Committee meetings	Made statements mainly from the perspectives of corporate management, leveraging his wealth of experience as a representative director and president of a major general energy company.

Shinichi Saito	9 years, 9 months	Attended all 16 Board of Directors meetings Attended all 17 Audit Committee meetings	Made statements mainly from the perspectives of financial accounting and corporate management, leveraging his wealth of experience as a general manager of finance at a major general trading company and as a representative director and chairperson of an investment firm.
Hiroko Kawamoto	5 years, 9 months	Attended all 16 Board of Directors meetings Attended all 15 Nominating Committee meetings Attended all 12 Compensation Committee meetings	Made statements mainly from the perspectives of corporate management and diversity, leveraging her wealth of experience in empowering women as a director and senior managing executive officer of a major airline.
Mitsuhiro Aso	3 years, 9 months	Attended 15 of 16 Board of Directors meetings Attended all 15 Nominating Committee meetings Attended 16 of 17 Audit Committee meetings	Made statements mainly from the perspectives of law and organization management, leveraging his insight as a lawyer and his wealth of experience as a superintendent public prosecutor and law school professor.
Nobuaki Kato	1 year, 9 months	Attended all 16 Board of Directors meetings Attended all 15 Nominating Committee meetings Attended all 12 Compensation Committee meetings Attended all 7 Conflicts of Interest Committee meetings	Made statements mainly from corporate management and global viewpoints, leveraging his wealth of experience as a director and president of a major automotive parts manufacturer and its overseas operations.
Masanori Yanagi	1 year, 9 months	Attended 15 of 16 Board of Directors meetings Attended 14 of 15 Nominating Committee meetings Attended 11 of 12 Compensation Committee meetings	Made statements mainly from the perspectives of corporate management and finance, leveraging his wealth of experience as a representative director and president of a government financial agency.

Kaoru Kashima	1 year, 9 months	Attended all 16 Board of Directors meetings Attended all 17 Audit Committee meetings Attended all 6 Risk Committee meetings	Made statements mainly from the perspectives of a financial accounting professional, leveraging her wealth of experience as a certified public accountant at a leading accounting firm.
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(Notes) 1. Terms of office of less than one month are rounded down.  
 2. External directors and external auditors periodically attend meetings to exchange opinions with representative executive officers and to express their views.

(3) Compensation, etc. for External Directors and External Auditors

(million yen)

	Persons paid	Compensation etc. paid by SuMi TRUST Holdings	Compensation, etc. paid by parent company, etc. of SuMi TRUST Holdings
Total amount of compensation	7	124	—

(Note) Amounts less than one million yen are rounded down.

(4) Opinions from External Directors and External Auditors

Not applicable.

#### 4. Matters regarding Shares of SuMi TRUST Holdings (as of March 31, 2023)

##### (1) Number of Shares

Total number of shares authorized to be issued: 890,000,000 shares

Breakdown	
Common stock	850,000,000 shares
First Series Class VIII Preferred Stock	10,000,000 shares (note 1)
Second Series Class VIII Preferred Stock	10,000,000 shares (note 1)
Third Series Class VIII Preferred Stock	10,000,000 shares (note 1)
Fourth Series Class VIII Preferred Stock	10,000,000 shares (note 1)
First Series Class IX Preferred Stock	10,000,000 shares (note 2)
Second Series Class IX Preferred Stock	10,000,000 shares (note 2)
Third Series Class IX Preferred Stock	10,000,000 shares (note 2)
Fourth Series Class IX Preferred Stock	10,000,000 shares (note 2)
First Series Class X Preferred Stock	20,000,000 shares (note 3)
Second Series Class X Preferred Stock	20,000,000 shares (note 3)
Third Series Class X Preferred Stock	20,000,000 shares (note 3)
Fourth Series Class X Preferred Stock	20,000,000 shares (note 3)
First Series Class XI Preferred Stock	10,000,000 shares (note 1)
Second Series Class XI Preferred Stock	10,000,000 shares (note 1)
Third Series Class XI Preferred Stock	10,000,000 shares (note 1)
Fourth Series Class XI Preferred Stock	10,000,000 shares (note 1)
First Series Class XII Preferred Stock	10,000,000 shares (note 1)
Second Series Class XII Preferred Stock	10,000,000 shares (note 1)
Third Series Class XII Preferred Stock	10,000,000 shares (note 1)
Fourth Series Class XII Preferred Stock	10,000,000 shares (note 1)
First Series Class XIII Preferred Stock	10,000,000 shares (note 2)
Second Series Class XIII Preferred Stock	10,000,000 shares (note 2)
Third Series Class XIII Preferred Stock	10,000,000 shares (note 2)
Fourth Series Class XIII Preferred Stock	10,000,000 shares (note 2)
First Series Class XIV Preferred Stock	10,000,000 shares (note 2)
Second Series Class XIV Preferred Stock	10,000,000 shares (note 2)
Third Series Class XIV Preferred Stock	10,000,000 shares (note 2)
Fourth Series Class XIV Preferred Stock	10,000,000 shares (note 2)

First Series Class XV Preferred Stock	20,000,000 shares (note 3)
Second Series Class XV Preferred Stock	20,000,000 shares (note 3)
Third Series Class XV Preferred Stock	20,000,000 shares (note 3)
Fourth Series Class XV Preferred Stock	20,000,000 shares (note 3)
First Series Class XVI Preferred Stock	20,000,000 shares (note 3)
Second Series Class XVI Preferred Stock	20,000,000 shares (note 3)
Third Series Class XVI Preferred Stock	20,000,000 shares (note 3)
Fourth Series Class XVI Preferred Stock	20,000,000 shares (note 3)

- (Notes) 1. Aggregated total number of authorized shares of the First through Fourth Series Class VIII Preferred stock, that of the First through Fourth Series Class XI Preferred stock, and that of the First through Fourth Series Class XII Preferred stock shall not exceed 10,000,000 shares.
2. Aggregated total number of authorized shares of the First through Fourth Series Class IX Preferred stock, that of the First through Fourth Series Class XIII Preferred stock, and that of the First through Fourth Series Class XIV Preferred stock shall not exceed 10,000,000 shares.
3. Aggregated total number of authorized shares of the First through Fourth Series Class X Preferred stock, that of the First through Fourth Series Class XV Preferred stock, and that of the First through Fourth Series Class XVI Preferred stock shall not exceed 20,000,000 shares.

Total number of shares issued: 368,172,440 shares

Breakdown

Common stock: 368,172,440 shares

(2) Number of Shareholders as of March 31, 2023

62,544 persons

Common stock: 62,544 persons

### (3) Major Shareholders

#### Common stock

Name of shareholder	Investment in SuMi TRUST Holdings by the shareholder	
	Number of shares held	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,757,300	17.51
Custody Bank of Japan, Ltd. (Trust Account)	24,678,867	6.78
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	7,561,400	2.07
STATE STREET BANK WEST CLIENT-TREATY 505234	5,926,935	1.62
STATE STREET BANK AND TRUST COMPANY 505001	5,846,621	1.60
SSBTC CLIENT OMNIBUS ACCOUNT	5,117,589	1.40
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	5,095,855	1.40
JP Morgan Securities Japan, Co., Ltd.	4,976,444	1.36
THE BANK OF NEW YORK MELLON 140051	4,953,100	1.36
JP MORGAN CHASE BANK 385781	4,824,238	1.32

(Note) Percentage of shares held is calculated by deducting own shares (4,232,973 shares), rounded down to two decimal places.

### (4) Shareholdings of Directors and Executive Officers

The details of stock compensation awarded to the directors and executive officers of SuMi TRUST Holdings as compensation for the execution of their duties during the fiscal year under review are as follows.

	Number of people awarded shares	Number of shares
Directors (excl. external directors) and executive officers	11	17,183
External directors	—	—

(Note) SuMi TRUST Holdings introduced a share delivery trust for stock compensation. The number of shares represents the number of points (common stock) awarded in fiscal 2021 determined this fiscal year.

## 5. Matters regarding Share Acquisition Rights, etc. of SuMi TRUST Holdings

The outline of the content of share acquisition rights issued to directors (excluding directors who are the members of Audit Committee and external directors) and executive officers\*1\*2 of SuMi TRUST Holdings and to directors (excluding external directors) and executive officers of its subsidiary SuMi TRUST Bank in compensation for the execution of their duties according to the provisions of Article 238 and Article 240 of the Companies Act is described as below.

	Date of allotment of share acquisition rights	Number of share acquisition rights	Number and type of shares to be issued for share acquisition rights	Issue price (per share acquisition right)	Exercise price (per share)	Exercise period
Third Series Share Acquisition Rights	July 19, 2013	398	Common stock: 39,800 shares	146,000 yen	5,190 yen	From July 19, 2015 to July 18, 2023
Fourth Series Share Acquisition Rights	August 1, 2014	404	Common stock: 40,400 shares	424,000 yen	1 yen	From August 31, 2014 to July 31, 2044
Fifth Series Share Acquisition Rights	July 31, 2015	327	Common stock: 32,700 shares	544,700 yen	1 yen	From August 31, 2015 to July 30, 2045
Sixth Series Share Acquisition Rights	July 29, 2016	510	Common stock: 51,000 shares	324,600 yen	1 yen	From August 31, 2016 to July 28, 2046
Seventh Series Share Acquisition Rights	July 28, 2017	613	Common Stock: 61,300 shares	387,000 yen	1 yen	From August 31, 2017 to July 27, 2047
Eighth Series Share Acquisition Rights	September 3, 2018	690	Common Stock: 69,000 shares	418,300 yen	1 yen	From September 30, 2018 to September 2, 2048

(1) SuMi TRUST Holdings' Share Acquisition Rights held by SuMi TRUST Holdings' Directors and Executive Officers\*1, as of March 31, 2023

	Number of share acquisition rights	Number and type of shares to be issued for share acquisition rights	Directors and Executive Officers*1	
			Number of holders	Number of share acquisition rights
Third Series Share Acquisition Rights	29	Common stock: 2,900 shares	4	29
Fourth Series Share Acquisition Rights	37	Common stock: 3,700 shares	6	37
Fifth Series Share Acquisition Rights	40	Common stock: 4,000 shares	8	40
Sixth Series Share Acquisition Rights	65	Common stock: 6,500 shares	8	65
Seventh Series Share Acquisition Rights	130	Common stock: 13,000 shares	14	130
Eighth Series Share Acquisition Rights	179	Common stock: 17,900 shares	15	179

(2) Share Acquisitions Rights Granted to Employees in Fiscal Year Under Review

Not applicable.



## 6. Matters regarding Financial Auditor

### (1) Financial Auditor

(million yen)

Name	Compensation, etc. for the fiscal year under review	Other
KPMG AZSA LLC Designated Limited Liability Partner      CPA      Yutaka Terasawa		1. The Audit Committee verified the contents of audit plan, the status of execution of duties, and the basis of determining of estimate of compensation for the financial auditor through obtaining necessary materials and conducting hearing from the financial auditor and financial department of SuMi TRUST Holdings. As a result, the Audit Committee determined that the compensation, etc. of the financial auditor was appropriate and gave consent to it as stipulated in Article 399, Paragraph 1 of the Companies Act. 2. SuMi TRUST Holdings commissions and pays financial auditor for non-audit services, other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act. These services include issuing of a comfort letter (a letter from certified public accounts to underwriters) and others.
Designated Limited Liability Partner      CPA      Tomomi Mase		
Designated Limited Liability Partner      CPA      Yoichi Tanaka		
	98	

(Notes) 1. Amounts less than one million yen are rounded down.

2. The audit agreement between SuMi TRUST Holdings and financial auditor does not distinguish between compensation for audits performed under the Companies Act and compensation for audits performed under the Financial Instruments and Exchange Act and such amounts cannot be separated practically. Accordingly, SuMi TRUST Holdings states the total amount of compensation. Also, the above amount includes compensation for non-audit services of 44 million yen.

3. Total sum of the monetary and other economic benefits (including the above) payable to KPMG AZSA LLC by SuMi TRUST Holdings and its subsidiary companies and corporations is 729 million yen.

### (2) Liability Limitation Agreement

Not applicable.

### (3) Indemnity Agreement

Not applicable.

(4) Other Matters regarding Financial Auditor

a. Policy for Decisions on Dismissal or Non-Reappointment of Financial Auditor

If financial auditor meets the items applicable to the provisions of items of Article 340, Paragraph 1 of the Companies Act, the Audit Committee may dismiss the financial auditor at its own discretion, and report such dismissal with the reasons thereof to the general meeting of shareholders, according to relevant laws and regulations. In addition, SuMi TRUST Holdings may submit a proposal for dismissal or non-reappointment of financial auditor to the general meeting of shareholders, according to the procedure stipulated by the Companies Act and other laws and regulation, if SuMi TRUST Holdings determines it is necessary to do so.

b. Financial Auditor of SuMi TRUST Holdings' Significant Subsidiary Companies and Corporations

Among SuMi TRUST Holdings' significant subsidiary companies and corporations, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited, Sumitomo Mitsui Trust Bank (U.S.A.) Limited are audited by audit corporations (including ones in foreign countries holding a qualification equivalent to the Japanese qualification) other than the financial auditor of SuMi TRUST Holdings.

**7. Basic Policy on the Individuals Who Control Decision Making of Financial and Business Policy of SuMi TRUST Holdings**

Not applicable.

**8. System to Ensure Appropriate Conduct of Operations**

As for the system to ensure appropriate conduct of operations of SuMi TRUST Holdings, the followings are the content of the basic policies on internal control resolved by the Board of Directors and the operational status of system based on the basic policies.

**(1) Compliance Structure**

[Content of the basic policies on internal control]

• To establish the system (including the system for conflict of interest management) to ensure that directors, executive officers\*1\*2 and employees execute their business in compliance with laws and regulations as well as the Articles of Incorporation, the following measures are taken.

1) Basic compliance policies for the SuMi TRUST Group will be established.

2) With respect to important issues pertaining to compliance, resolutions and reports will be undertaken by the Board of Directors based on the reports from the Risk Committee, an advisory body to the Board of Directors.

3) Basic management policy concerning conflicts of interest for the SuMi TRUST Group will be established and a management framework will be developed so that the interests of clients will not be unduly impaired in the SuMi TRUST Group.

4) With respect to important issues pertaining to conflict of interest management, resolutions and reports will be undertaken by the Board of Directors based on the opinions of the Conflicts of Interest Committee, an advisory body to the Board of Directors.

5) Compliance Department, a supervisory unit for compliance, will be set up at the head office. In addition, each department will assign a person of action and a person of authority.

6) A compliance program—a concrete action plan to ensure compliance—will be formulated each fiscal year, and instructions will be passed on to the subsidiaries whose shares are directly held by SuMi TRUST Holdings, etc. for preparing their own plans. The status of these plans—in terms of improvements made and goals achieved—will be monitored and evaluated.

7) A handbook (compliance manual) for directors, executive officers\*1\*2 and employees will be formulated. Opportunities for compliance-oriented education and training will be offered to them on an ongoing basis.

8) Directors, executive officers\*1\*2 and employees must report violations of laws pertaining to SuMi TRUST Holdings' business operation, and a compliance hotline system will be

established to enable directors, executive officers\*1\*2 and employees, etc. to report directly to special contact points both in-house and outside SuMi TRUST Holdings.

9) SuMi TRUST Holdings and its subsidiaries will take a firm stand to prevent dealings with antisocial forces and will maintain no association whatsoever with such elements. A structure, underpinned by close ties with external professionals, particularly the police, will be put in place to promote communication and cooperation among relevant divisions and departments and thereby facilitate an organized response in the event an executive or an employee is approached with an inappropriate request. Under no circumstances will we engage in transactions to benefit persons or organizations that threaten the order and safety of civil society.

10) SuMi TRUST Holdings and its subsidiaries will take a firm stand against money laundering and the funding of terrorism, which are serious threats to sound financial systems, and will comply with relevant laws and regulations.

[Operational status]

SuMi TRUST Holdings has formulated a compliance program to serve as a concrete action plan for realizing the Group's compliance and ensuring a management system for client protection. The program is resolved semiannually at the Board of Directors through the Risk Committee, an advisory body to the Board of Directors. SuMi TRUST Holdings monitors and evaluates the progress and achievement of the program and reports the results thereof to the Board of Directors every quarter. In addition, important issues pertaining to conflict of interest management are reported every quarter to the Board of Directors through the Conflicts of Interest Committee, also an advisory body to the Board of Directors. Furthermore, SuMi TRUST Holdings has provided instructions to its subsidiaries for formulating their compliance programs, monitors and evaluates their progress and achievements every quarter and reports to the Board of Directors. SuMi TRUST Holdings is also working on measures such as the enhancement of the Group's global compliance based on global regulations and global strategies and the implementation of compliance trainings. Moreover, SuMi TRUST Holdings is working to develop a framework for the prevention of mainly money laundering. In addition, a compliance hotline system has been established to enable directors, executive officers, and employees to report directly to certain contacts within and outside SuMi TRUST Holdings.

## **(2) Risk Management Structure**

[Content of the basic policies on internal control]

• The following measures are taken to develop a system including rules on the risk management of potential losses.

- 1) Basic risk management policies for the SuMi TRUST Group will be established.
- 2) With respect to important issues pertaining to risk management, resolution and reports will be undertaken by the Board of Directors based on the reports from the Risk Committee, an advisory body to the Board of Directors.
- 3) The Group will build a Group-wide risk management framework centering on three lines of defense.
- 4) The Risk Management Department, a supervisory unit for risk management, will be set up at the head office, and a risk management unit will be established for each risk category.
- 5) Plans pertaining to risk management for the SuMi TRUST Group will be formulated and instructions will be passed on to the subsidiaries whose shares are directly held by SuMi TRUST Holdings, etc. for preparing their own plans. The status of these plans—in terms of improvements made and goals achieved—will be monitored and evaluated.
- 6) Opportunities for risk management-oriented education and training will be offered to directors, executive officers and employees on an ongoing basis.
- 7) Management activities shall be established in an effort to maintain and carry on normal operating activities of the Group in emergency situation.

[Operational status]

SuMi TRUST Holdings has formulated risk management plans based on the SuMi TRUST Group's basic risk management policies. The plans are resolved at the Board of Directors semiannually through the Risk Committee. SuMi TRUST Holdings monitors and evaluates the progress and achievements of the plan and reports the results thereof to the Board of Directors on a quarterly basis. At the same time, SuMi TRUST Holdings has provided instructions to the subsidiaries for formulating their own risk management plans, monitors and evaluates their progress and achievements and reports to the Board of Directors in every quarter. In addition, SuMi TRUST Holdings has established Risk Appetite Framework (RAF) in order to exercise an appropriate risk management for the achievement of management targets, and its operational status has been monitored by the Board. Moreover, for the purpose of improving the Group's management of key risks and responding to the COVID-19 pandemic, an Emergency Response Unit headed by the Director, President conducts business operations in line with a business continuity plan (BCP) and implements various measures aimed at preventing the spread of infections.

### **(3) Structure for Execution of Duties**

[Content of the basic policies on internal control]

- The following measures are taken to develop a system to ensure that executive officers\*1 (for subsidiaries, the officers in charge of business execution) execute their business efficiently.
  - 1) SuMi TRUST Holdings' Board of Directors will, in principle, delegate decisions on the execution of business to executive officers\*1, except for those matters which are required by law to be decided by the Board of Directors. SuMi TRUST Holdings will establish an Executive Committee consisting of members such as executive officers\*1, and various committees as advisory bodies to the Executive Committee.
  - 2) The Board of Directors will set out the basic items pertaining to SuMi TRUST Holdings' organizational structure and the division of duties, as well as the staff organization and authority granted to directors, executive officers\*1\*2 and employees, to ensure the smooth execution of duties and appropriate conduct of executive officers\*1 (for subsidiaries, the officers in charge of business execution).
  - 3) In-house regulations will be prepared in accordance with relevant legislation, and in the event said legislation is revised or abrogated, required amendments to in-house regulations will be implemented forthwith.

[Operational status]

SuMi TRUST Holdings has delegated the Board of Directors' decision-making regarding business execution to executive officers\*1. Each executive officer\*1 reports the status of execution of duties to the Board of Directors. Also, the Compliance Department provides information on legal amendments to each business department on a regular basis, and establishes, revises or abolishes the in-house regulations according to such amendments timely and appropriately.

### **(4) Ensuring Management Transparency**

[Content of the basic policies on internal control]

- The following measures are taken to develop a system to ensure management transparency.
  - 1) Internal control systems pertaining to financial reporting will be developed to ensure the appropriateness of accounting treatment and reliability of financial reporting, and the effectiveness of the systems will be evaluated.
  - 2) An accounting hotline system will be established as a system for receiving internal and external reports regarding fraud or inappropriate treatment in accounting, internal control pertaining to accounting, and audit matters of the SuMi TRUST Group. Reports will be received by an external law firm, and the office of investigation will be the Audit Committee Office.
  - 3) Management-related information will be managed appropriately and disclosed in a timely, accurate and fair manner.

[Operational Status]

SuMi TRUST Holdings has established an accounting hotline as a point of contact to receive internal and external reports concerning information about domestic and overseas frauds or inappropriateness in internal control, etc. pertaining to accounting of the SuMi TRUST Group.

Evaluation results for the effectiveness of internal control systems pertaining to financial reporting are reported to the Board of Directors on a regular basis. In respect of management-related information of the SuMi TRUST Group, appropriate information disclosure is implemented in accordance with provisions of the Financial Instruments and Exchange Act, the securities listing rules and regulations established by stock exchanges, and in-house regulations.

## **(5) The SuMi TRUST Group Management Structure**

[Content of the basic policies on internal control]

• The following measures are taken to develop a system to ensure appropriate conduct of operations within the SuMi TRUST Group.

- 1) SuMi TRUST Holdings will develop compliance and risk management structures applicable to the entire Group.
- 2) SuMi TRUST Holdings will verify intra-Group transactions of particular significance to the SuMi TRUST Group from the perspectives of risk management, compliance, and consistency with the SuMi TRUST Group's strategic objectives.
- 3) Subsidiaries, etc. will report on the business execution status, the financial status, etc. to SuMi TRUST Holdings on a regular basis.
- 4) SuMi TRUST Holdings will manage appropriateness and efficiency of business operation of subsidiaries, etc. according to their size and characteristics.

[Operational status]

For compliance and risk management applicable to the entire SuMi TRUST Group, the Compliance Department and the Risk Management Department provides instructions for developing plans of each Group company in order for them to be in line with policies of the entire Group. It also monitors the status of management and operation of the entire Group and provides appropriate supervision and instructions, as necessary. In addition, the Corporate Planning Department and the Financial Planning Department receive minutes of the Board of Directors meetings, reports on the status of business execution, and enumeration data needed for consolidated statement, etc. on a regular basis from each Group company, and provide instructions, management and supervision appropriately.

## **(6) Information Storage and Management Structure**

[Content of the basic policies on internal control]

• The following measures are taken to develop an effective system for the storage and management of information associated with the execution of business by directors, executive officers\*1\*2 and employees.

- 1) Minutes, which record progress on agendas and specific points of discussion, will be prepared for the General Meeting of Shareholders, the Board of Directors and Executive Committee meetings and kept with related materials.
- 2) The Board of Directors will set out the basic items pertaining to information storage and management, such as the organizational structure for information management and the classification of management categories, according to importance.

[Operational status]

SuMi TRUST Holdings prepares minutes that record progress on agendas and specific points of discussion at the General Meetings of Shareholders, the Board of Directors and Executive Committee meetings and keeps them with related materials. In addition, a specific implementation plan regarding information security risk management has been resolved at the Board of Directors semiannually, and the status of occurrences of information-related incidents as well as issues,

countermeasures, etc. of information security risk management are reported to the Board of Directors on a quarterly basis.

### **(7) Internal Audit Structure**

[Content of the basic policies on internal control]

• The following measures are taken to develop a system to verify and evaluate the appropriateness and effectiveness of internal management system of the SuMi TRUST Group in terms of compliance, risk management and other aspects.

- 1) Internal auditing units, that are independent from business execution departments and sufficiently capable of fulfilling a restraining function, will be established.
- 2) Internal audit plans and the basic policy on internal audits for the SuMi TRUST Group will be established, and the internal auditing units will conduct audits of each business execution department and, if necessary, of subsidiaries, etc. and point out matters to be improved and make recommendations thereof.
- 3) Results of internal audits and the status of internal audit plans—in terms of progress and goals achieved—will be reported to the Board of Directors and the Audit Committee in a timely and appropriate manner.

[Operational status]

SuMi TRUST Holdings develops internal audit plans based on the basic policy on internal audits of the SuMi TRUST Group. The plans are resolved by the Board of Directors annually after obtaining a pre-approval of the Audit Committee. Results of internal audits, etc. are reported to the Board of Directors and the Audit Committee on a quarterly basis. In addition, internal audit plans of subsidiaries are approved by the Board of Directors. Furthermore, in order to strengthen the Group's internal auditing framework, corporate auditors are concurrently serving as part-time statutory auditors at major subsidiaries and undertaking audits and monitoring centering on key audit topics.

### **(8) Structure for Audit Committee's Audits**

[Content of the basic policies on internal control]

• The following measures are taken to develop a system to ensure effective execution of audits by the Audit Committee.

- 1) Employees, etc. assisting the Audit Committee in its duties
  - (i) The Audit Committee Office will be established to assist the Audit Committee in its execution of duties and an appropriate number of directors, executive officers\*2 or employees, including one office manager, will be assigned therein.
  - (ii) Members of the Audit Committee Office will assist in the duties of the Audit Committee under its orders and instructions.
  - (iii) Personnel matters and handling of the members of the Audit Committee Office will be subject to prior consultations with the Audit Committee.
  - (iv) Executive officers\*1 will make sure members of the Audit Committee Office will not be subject to any unreasonable constraints upon assisting in the duties of the Audit Committee.
- 2) Reporting system to the Audit Committee
  - (i) Directors (excluding directors who are the members of the Audit Committee), executive officers\*1\*2, and employees must report immediately to the Audit Committee if they learn of any facts about possible significant damage to SuMi TRUST Holdings or its subsidiaries, affairs which significantly undermine credibility, material issues or defects in regard to the system or procedures, etc. of internal control, or material facts about violations of laws, regulations, or the Articles of Incorporation.
  - (ii) The Compliance Department must report to the Audit Committee every time it receives reports via the compliance hotline system.
  - (iii) The Internal Audit Department must report to the Audit Committee on a regular basis or when requested with respect to the status of internal audit processes and the results thereof conducted on SuMi TRUST Holdings or its subsidiaries.
  - (iv) Directors (excluding directors who are members of the Audit Committee), executive

officers\*1\*2, and employees must report the status of business execution and any other matters immediately to the Audit Committee if they are requested to do so.

(v) Directors, auditors, executive officers\*2, and employees of subsidiaries, etc. or those who have received a report from any of the aforementioned persons will report to the Audit Committee of SuMi TRUST Holdings immediately upon learning of any of the matters listed in (i) above, on a case-by-case basis for matters listed in (ii) received via a subsidiary's internal reporting system, and immediately when requested to do so by the Audit Committee regarding subsidiary matters listed in (iv).

(vi) The Audit Committee, as necessary, will be able to ask for a report to those persons in (i) through (v) above on the matters described in (i) through (iv) above.

(vii) Unfairly treating a person who reports matters in accordance with (i) through (vi) above on the grounds of making such a report is prohibited, and SuMi TRUST Holdings shall endeavor to make employees aware of this.

3) Other systems to ensure the effectiveness of Audit Committee's audits

(i) Directors, executive officers\*1\*2 and employees will cooperate with the Audit Committee in good faith in the audit activities.

(ii) Audit Committee members who serve on a full-time basis will be selected.

(iii) The Audit Committee members may attend the Board of Directors meetings as well as any other meetings (including the meetings at subsidiaries, etc.) the Audit Committee deems necessary.

(iv) Representative Executive Officers\*1 will exchange views with the Audit Committee on a periodical basis or at the request of the Audit Committee.

(v) The internal auditing units will make a prior consultation with the Audit Committee to obtain an agreement on internal audit plans, and carry out an investigation when instructed by the Audit Committee. Instructions from the Audit Committee to carry out an investigation shall take precedence over instructions from an executive officer\*1 or any other person.

(vi) Representative Executive Officers or the executive officers\*1 in charge of human resources shall consult in advance with the Audit Committee to obtain approval on the appointment and dismissal of executive officers\*1 in charge of internal auditing units, as well as positions of a certain level within internal auditing units.

(vii) Not only the internal auditing units but also other departments involved in internal control such as Financial Planning Department, Risk Management Department, and Compliance Department will promote smooth cooperation with the Audit Committee.

(viii) In order to ensure the effectiveness of audits performed by the Audit Committee across the entire SuMi TRUST Group, when selecting part-time corporate auditors of subsidiaries (including Audit Committee members in a company with Three Committees, and Audit and Supervisory Committee members in a company with an Audit and Supervisory Committee; the same applies below), a proposal of candidates for corporate auditors will be presented to the Audit Committee or each Audit Committee member (excluding candidates from other corporate groups in the case of joint ventures, etc.). The Audit Committee and individual Audit Committee members may express opinions regarding the proposal, as necessary.

(ix) In the event the Audit Committee deems it necessary to establish an external reporting system, the directors, executive officers, and employees shall cooperate on operating such a system.

(x) SuMi TRUST Holdings will disburse expenses necessary for execution of duties of the Audit Committee and its members in order to ensure the effectiveness of audits.

#### [Operational status]

SuMi TRUST Holdings has established an Audit Committee Office and has developed a system for reporting to the Audit Committee. The Audit Committee conducts interviews and exchanges opinions with the President, executive officers\*1, directors/executive officers\*1\*2 in charge of corporate management departments, and corporate auditors or members of audit committees at Group companies. Audit Committee members attend the meetings of the Board of Directors and the Executive Committee as well as any other meetings they deem necessary. In addition, the Audit

Committee appropriately obtains information require to execute their activities effectively, by exchanging information and opinions with the Internal Audit Department via a director/executive officer\*1\*2 in charge of the Internal Audit Department who, in principle, attends the meetings of the Audit Committee as an observer, or by exchanging information and opinions via a report from a financial auditor. When necessary, instructions are issued to the Internal Audit Department.

(Note) Executive officer\*1 is an executive officer prescribed by the Companies Act; executive officer\*2 is an executive officer prescribed in internal policy.

#### **9. Matters regarding Specified Wholly Owned Subsidiary**

(1) Name and address of specified wholly owned subsidiary

SuMi TRUST Bank 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(2) Total book value of shares of the specified wholly owned subsidiary at the end of the fiscal year under review at SuMi TRUST Holdings, its wholly owned subsidiaries, etc.

1,293,014 million yen

(3) Total amount recorded under assets on the non-consolidated balance sheet of SuMi TRUST Holdings for the fiscal year under review

2,128,640 million yen

#### **10. Matters regarding Transactions with the Parent Company, etc.**

Not applicable.

#### **11. Matters regarding Accounting Advisers**

Not applicable.

#### **12. Others**

Policy in the exercise of the authority delegated to the Board of Directors under the provision of the Articles of Incorporation, according to the provisions of Article 459, Paragraph 1 of the Companies Act.

With the purpose to ensure flexible capital policy, SuMi TRUST Holdings is allowed under its Articles of Incorporation to carry out treasury stock acquisition prescribed by Article 459, Paragraph 1, Item 1, of the Companies Act, based on a resolution of the Board of Directors.

Such treasury stock acquisition, however, shall be appropriately decided based on the overall judgment in consideration of the factors including SuMi TRUST Holdings' policy on shareholder return and capital adequacy.

**(Note) Executive officer\*1 is an executive officer prescribed by the Companies Act; executive officer\*2 is an executive officer prescribed in internal policy.**