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(Appendix)

## **Business Report for the 8th Fiscal Year**

(April 1, 2018 – March 31, 2019)

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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 61 consolidated subsidiary companies and corporations and 30 affiliates accounted for by the equity method.

The definitions of subsidiary companies and corporations and affiliates are based on Article 2, Paragraph 8 of the Banking Act, and Article 4-2 of the Order for Enforcement of the Banking Act.

#### [Economic and Financial Environment]

The economic environment during the fiscal year under review changed significantly from the first half to the second half.

Although overseas economies continued to recover, concerns increased regarding political and geopolitical risks, such as an expansion in the U.S.-China trade dispute and delays in negotiations over the U.K.’s withdrawal from the European Union (EU), and both the European and Chinese economies began to slow from the second half of the fiscal year onward.

In Japan, while the employment situation continued to improve due to maintenance of high levels of corporate earnings and the economy continued along a moderate track toward recovery, a sense of deceleration grew rapidly due to a slowdown in exports and production due mainly to the changes in overseas economies. In the domestic financial market, the yen depreciated as share prices and interest rates rose due to expansion of the U.S. economy. However, from October onward, share prices and interest rates decreased and the yen began to appreciate in value. Going into 2019, although share prices recovered and the Nikkei Stock Average rose to over 21,000 Japanese yen by the end of the period, interest rates continued to decrease, with 10-year government bond yields finishing the fiscal year at a minus.

#### [Developments of Business Activities]

Amid these economic and financial conditions, the SuMi TRUST Group steadily implemented the following four key initiatives in the second year of its midterm management plan “Evolution of The Trust Bank - The Second Foundation -.”

##### (Four key initiatives)

1. Evolution of Total Solutions Business Model
2. Creation of New Businesses and New Operations
3. Acceleration of Digital Strategy
4. Enhancement of Human Resource Development

## 1. Evolution of Total Solutions Business Model

With the aim of being chosen as the “Best Partner” financial group, with whom clients can consult first and foremost regarding their problems and concerns during this turning point in the economic and financial environment, the SuMi TRUST Group pushed forward with efforts to enhance its capabilities to meet the various diversifying and increasingly sophisticated needs of its clients.

For individual clients, before the arrival of the fully-fledged age of 100-year life, and in order to provide worthwhile products and services to persons of all generations with appropriate timing, SuMi TRUST Bank began to handle new insurance products that allow coverages to be rearranged in accordance with life stage changes, and also promoted initiatives such as the introduction of the “Smart Will,” which provides relatively simple inheritance measures at reduced costs. Also, due to an expansion in mortgage loans, which are one of its major products, the loan balance increased by approximately 300.0 billion yen from the end of the previous fiscal year, to 9.1 trillion yen.

Sumitomo Mitsui Trust Club Co., Ltd., which provides the Diners brand, focused on providing a wide range of life-enriching services to its credit card members, including travel, gourmet food, and members-only events. Sumitomo Mitsui Trust Realty Co., Ltd. increased the number of housing brokerage transactions through collaboration with SuMi TRUST Bank and enhancement of its information acquisition capabilities, which utilize the networks of external partners. SBI Sumishin Net Bank, Ltd. worked to provide various loans that make full use of advanced technologies such as AI screening models. In addition, in order to enhance the asset management and administration business of the Group as a whole, SBI Sumishin Net Bank, Ltd. and SuMi TRUST Bank made remittances between them free of charge, and began mutually accepting the opening of accounts.

For corporate clients, in addition to loans, SuMi TRUST Bank provided a wide range of solutions that meet the business challenges of its clients, such as enhancement of corporate governance and reviewing of real estate holdings, pension systems and welfare programs, by combining the various functions held by its businesses. Moreover, in order to enhance support for small and mid-sized corporations that are concerned about business succession, it executed a business and capital alliance agreement with Japan Management Succession Support Co. Ltd., and worked to provide proposals to top management clients. In addition, it also focused on providing financial services geared toward achieving a sustainable society, including implementation of the world’s first “Positive Impact Finance (Unspecified Use of Funds),” which aims to support activities that have positive impacts on the environment, society and the economy.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. worked to expand its lease volume by enhancing its real estate leasing efforts and providing a diverse array of financial functions that utilize wide-ranging business foundations in collaboration with SuMi TRUST Bank. Sumitomo Mitsui Trust Loan & Finance Co., Ltd., while paying attention to changing market conditions, grew its loan balance steadily in collaboration with Group companies, by taking advantage of its unique consulting-based screening model.

For clients such as corporate pensions, public pensions and financial organizations, in a difficult operating environment characterized by prolonged negative interest rate policies, SuMi TRUST Bank increased assets under management and administration by centrally providing a range of services related to asset management and administration, such as alternative investment proposals and foreign bond lending transactions. Moreover, for defined contribution pension plans, it focused on acquiring services for large operational management institutions, and maintained its leading market share. Furthermore, by leveraging various Group functions in banking, trusts and real estate, it promoted alliances with clients such as regional financial institutions, and focused on generating synergies, such as expanding the provision of trust products.

Sumitomo Mitsui Trust Asset Management Co., Ltd. (hereinafter “SuMi TRUST AM”), with the aim of enhancing the independence and transparency of its asset management business, and building the power of its national brand, integrated the asset management business of SuMi TRUST Bank in October 2018, and began afresh as an asset management company with more than 60 trillion yen in assets under management. Together with Nikko Asset Management Co., Ltd. (hereinafter “Nikko AM”), SuMi TRUST AM pushed forward by expanding sales channels and enhancing human resource development, in order to further enrich the Group-wide system for providing high value-added products and services to clients.

In addition, in the asset administration business, in order to realize more stable and higher quality operations, an intermediate holding company, JTC Holdings, Ltd., was also established in October 2018 for the integration of Japan Trustee Services Bank, Ltd. (hereinafter “Japan Trustee Services Bank”) and Mizuho Financial Group’s Trust & Custody Services Bank, Ltd. (hereinafter “Trust & Custody Services Bank”), in order to support the domestic securities settlement infrastructure and promote the development of a system for broadly meeting the needs of clients.

## 2. Creation of New Businesses and New Operations

In order to overcome various headwinds surrounding the current financial industry and to achieve sustainable growth, the SuMi TRUST Group strived to create new businesses and operations on a Group-wide basis, with an eye toward future growth. Specifically, after establishing a specialized organization within the Group for future-oriented challenges, we held contests for the creation of new businesses and selected four projects with great potential for the future, and have moved forward with their commercialization. In addition, in order to proceed steadily with our business model transformation, while acquiring new knowledge and know-how and capturing overseas growth, we invested in growth areas, including digital fields.

## 3. Acceleration of Digital Strategy

As the digitization of society is progressing rapidly, the SuMi TRUST Group has accelerated its digital strategy in a wide range of fields, including the creation of new businesses that are unique to a financial group specialized in trust banking, improving convenience for clients, and advancing system infrastructure.

Specifically, we developed a “Smart Exercise” voting rights exercise service that uses smart phones, and began providing the service with the Ordinary General Meeting of Shareholders held in June 2018. In addition, in September 2018, we opened the “Consulting Plaza Chofu” as our pioneering adoption of “trust type next

generation branch,” which deploys new multifunctional terminals and realizes a paperless environment with an expanded consultation space for clients.

Moreover, using RPA (Robotic Process Automation) rather than people to perform routine tasks, we pushed forward with an increase in operational efficiency by incorporating digital technology, in addition to reducing more than 10,000 hours of mortgage loan back-office work at branches. In addition, we formulated and announced the “Cyber Security Management Declaration,” which defines security measures against cyber attacks, and worked to develop a structure for promoting management-led digitalization.

#### 4. Enhancement of Human Resource Development

Placing human resources as our greatest source of competitiveness, the SuMi TRUST Group enhanced the expertise, comprehensive capabilities and creativity of our employees by enhancing in-house stratified training aimed at young and mid-level employees, and also worked to expand the activity areas of diverse human resources, including an expansion of the appointment of women in management positions. As a result, SuMi TRUST Bank was selected as a winner of “New Diversity Management Selection 100” by the Ministry of Economy, Trade and Industry for the first time, as a company that ties the promotion of diversity to management results.

Furthermore, positioning “work style reforms” and “health improvement management,” which improve productivity and reduce total work hours, as priority issues for achieving the sustainable growth of the SuMi TRUST Group, we prohibited smoking at all locations, in addition to promoting working from home, telecommuting, and taking intervals between work shifts. As a result, the SuMi TRUST Group was recognized by the Ministry of Economy, Trade and Industry as an outstanding enterprise engaging in efforts to advance health and productivity management under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program - White 500,” for the second year in a row.

In addition to the above, we promoted the following efforts to enhance the Group’s management infrastructure.

#### (Promotion of fiduciary duties)

As changes accelerated in the financial and economic environment, the SuMi TRUST Group, in an effort to provide the client-oriented services it had inherited since its inception across all Group companies and businesses, and to further promote fiduciary duties, announced the “Key Performance Indicators (KPIs) concerning Initiatives Aimed at Becoming Our Clients’ ‘Best Partner’,” based on the “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group.” Furthermore, SuMi TRUST AM and Nikko AM established and announced key performance indicators that make it easy to understand risk-return relationships. In order to become a model in the financial industry, the SuMi TRUST Group will continue to strive toward executing and further enhancing its fiduciary duties.

(Promotion of ESG management)

1) Enhancement of corporate governance

The SuMi TRUST Group further strengthened and enhanced its corporate governance. Specifically, SuMi TRUST AM, in line with the new start in October 2018, and in order to enhance governance suitable for Japan's largest asset management company, switched from a "company with corporate auditors" to a "company with an Audit and Supervisory Committee." Moreover, in order to enhance versatility in business execution and strengthen supervisory functions, both SuMi TRUST Bank and Nikko AM are also planning to switch to a "company with an Audit and Supervisory Committee" in June 2019.

2) Sustainability promotion activities

The SuMi TRUST Group promoted sustainability activities, in order to play an active role in building a sustainable society. Specifically, we focused on the development of products and services, positioning climate change issues, natural capital (biodiversity issues), environmentally friendly property, sustainable investment (ESG investment), and the super-aging society as our five major themes. Moreover, we promoted efforts that contribute to regional revitalization through trusts, such as performing basic operations research for the introduction of forest trusts, in collaboration with Nishiawakura village in Okayama Prefecture.

In addition, we issued green bonds to support environmentally friendly projects, and were also the first Japanese banking institution to express its support for the "Principles for Responsible Banking," which are advocated in the United Nations Environment Programme Finance Initiative, and aim to bring banking businesses in line with the Sustainable Development Goals (SDGs), etc.

(Efforts to reinforce the financial base and shareholder returns)

The SuMi TRUST Group made efforts to further reinforce its financial base, and continued to conduct stringent management of credit control, while striving to increase the sophistication of its frameworks for evaluating investees when making investments and for post-investment monitoring. In addition, as a result of systematically proceeding with efforts to reduce the balance of strategic shareholdings aimed at mitigating financial risks, the balance of Japanese listed stocks (the total value of those held by SuMi TRUST Holdings and consolidated subsidiaries) at the end of fiscal year 2018, on an acquisition cost basis, decreased by 31.5 billion yen year-on-year to 598.9 billion yen.

Our shareholder return policy is to enhance returns by performing, as shareholder return measures according to results, repurchase of its own shares that take into consideration a balance with profit growth opportunities and capital efficiency improvements, while maintaining a consolidated dividend payout ratio of approximately 30%. For fiscal year 2018, we have determined dividends per share at 140 yen (30.5% dividend payout ratio), which represents an increase of 10 yen over the previous year, with the total payout ratio amounting to 35.7%, including repurchase of its own shares performed in May and June 2018. Toward the further enhancement of returns, we aim to raise the total payout ratio to approximately 40% in fiscal year 2019.

[Results of Business Activities]

(Consolidated Financial Results for the Fiscal Year 2018)

In the fiscal year under review, net business profit before credit costs increased 11.6 billion yen from the previous fiscal year to 282.2 billion yen. This was mainly attributable to increased net fees and commissions and related profit, etc. of stock transfer agency services business and asset management business subsidiaries, in addition to increased interest related earnings in the international business sector.

Ordinary profit was up 23.7 billion yen from the previous fiscal year to 256.4 billion yen as net gains on stocks increased as a result of promoted reduction of strategic shareholdings while new credit costs were recorded due to downgrading of borrowers.

Net income attributable to owners of the parent increased 19.9 billion yen from the previous fiscal year to 173.8 billion yen owing to tax effects from the introduction of consolidated taxation while impairment loss on subsidiary goodwill was recorded as an extraordinary loss.

(Segment Information)

From the fiscal year under review, the SuMi TRUST Group has changed its reportable segments by service provided to clients, so that management information is disclosed appropriately based on the actual status of its corporate activities.

The reportable segments consist of the following six businesses:

Retail Total Solution Services Business,

Wholesale Financial Services Business (Wholesale Total Solution Services Business and Wholesale Asset Management Business),

Stock Transfer Agency Services Business,

Real Estate Business,

Fiduciary Services Business (including asset management), and

Global Markets Business.

Net business profit before credit costs by segment for the fiscal year under review was: 30.9 billion yen, an increase of 3.9 billion yen year-on-year, for the Retail Total Solution Services Business; 123.4 billion yen, an increase of 6.7 billion yen year-on-year, for the Wholesale Financial Services Business; 18.4 billion yen, an increase of 0.9 billion yen year-on-year, for the Stock Transfer Agency Services Business; 30.1 billion yen, an increase of 0.3 billion yen year-on-year, for the Real Estate Business; 63.0 billion yen, an increase of 3.8 billion yen year-on-year, for the Fiduciary Services Business (including asset management services); and 30.3 billion yen, a decrease of 9.0 billion yen year-on-year, for the Global Markets Business.



[Issues to be Addressed]

Since April 2017, the SuMi TRUST Group has been working on the Group's midterm management plan, "The Second Foundation," under a new Group governance structure, focusing on a three-part reform consisting of "business model transformation," "corporate governance transformation" and "promotion of fiduciary duties." Fiscal year 2019 is the final year of this 3-year plan.

Thus far, we acknowledge that the midterm management plan has generally been progressing steadily. Amid an increased uncertainty of business conditions, and looking beyond these conditions into the future, we intend to proceed by meeting challenges in new growth areas, while working to complete the midterm management plan across the entire Group.

#### 1. Enhancement of Base Earning Capabilities to Support Stable Growth

Currently, downward pressure on earnings has increased in the financial sector in general, due to structural factors such as ongoing excess liquidity and low interest rates on a global basis, and intensifying competition that extends beyond the boundaries of business categories.

In order to achieve sustainable and stable growth even in such an environment, the SuMi TRUST Group will enhance the quality of its consulting business, steadily expand its client base and assets under management, while building the appreciation and trust of its clients, and work to construct a stable revenue base.

Furthermore, we will push forward with the shifting of loan assets into fields that are characterized as high-profit, and in which the SuMi TRUST Group has strengths, and also work to reduce procurement costs and improve profitability across the entire balance sheet.

In addition, we will provide a variety of investment opportunities to our clients through the efforts such as developing competitive investment products, enhancing lineups, and reinforcing our portfolio of supporting human resources, primarily at SuMi TRUST AM and Nikko AM, both of which possess their own unique characteristics. In the asset administration field, we will firm our position as the leading group in this field by steadily pressing forward with the integration of the Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd.

Furthermore, while achieving sustainable growth in Japan, we will further utilize our overseas networks and promote partnership strategies, etc. with foreign financial institutions, in order to respond to the various needs of our globally expanding clients.

#### 2. Future-oriented Growth Investment and Development of Growth Areas

With a focus on enhancing cost efficiency, the SuMi TRUST Group will actively pursue investments in areas such as advanced systems, in order to support future growth from a medium- to long-term perspective.

Specifically, as the digitalization of society progresses rapidly, we will incorporate external technologies and ideas, and push forward with investments in fields that contribute to enhancing client convenience, improving productivity and operational efficiency within the Group, and improving marketing and consulting quality.

Moreover, by accurately assessing the needs of clients that arise due to recent changes in the social and economic environments, we will meet the challenge of developing growth areas through the creation of new

solutions. Specifically, for both individual and corporate clients, we will develop products and services that provide our clients with safety and security, as well as an enriched life and a wide range of choices, by taking full advantage of the various functions possessed by the Group to respond to the various concerns and needs arising from the arrival of “an age of 100-year-life.”

In addition, this year we will continue to hold the future-oriented business contest held for the first time last year, in order to firmly establish an active challenger spirit which will lead to future growth within the Group.

### 3. Implementation of Appropriate Risk Control

Amid increasing uncertainty in the economic and financial environment, the SuMi TRUST Group will develop countermeasures that assume changes in client investor sentiment and in the market, and strive to minimize the impact on business performance even when a risk exists, while making efforts to appropriately manage various risks, including credit risk. Moreover, we will advance the planned reduction of shareholdings and continuously strive to enhance our financial base.

### 4. Sophistication of Management Infrastructure as our Source of Competitiveness

In order to increase the sophistication of our management infrastructure, we will proceed with the following initiatives, which are directed toward the further strengthening of the governance structure and human resources that support the acceleration of our business model transformation.

From the viewpoint of improving corporate value in the medium to long term, we will enhance management versatility, as well as auditing and supervisory functions by transitioning SuMi TRUST Bank and Nikko AM to companies with an Audit and Supervisory Committee, and will also construct a highly transparent asset management system by making Nikko AM a subsidiary whose shares are held directly by the Company.

Regarding thorough fiduciary duties, we will strive to enhance operations that connect client opinions to improvements in products and services, and maintain and improve the trust and support of our clients. Moreover, we will allocate resources from the viewpoint of optimization of the entire Group, such as encouraging personnel exchanges between Group companies and strengthening system investment control, through the enhancement of Group-wide business management functions. We will proceed with an effort to clearly specify the areas to invest and the areas where we reduce costs and improve efficiency.

Regarding human resources, which are the source of the Group’s competitiveness, we will continue to focus on both the development of diversified human resources and the expansion of their active areas, by proactively providing mid-level and young employees with workplaces where they can grow and be active, actively promoting female employees, and the extension of mandatory retirement ages. In addition, in relation to ESG efforts, which we, as a financial group specialized in trust banking, regard as an important core of corporate management, we will promote multifaceted activities, and aim to construct a sustainable society and enhance our corporate value, with an eye toward solving environmental and social issues related to sustainability, including climate change.

In terms of compliance, amid global calls for the construction of strict systems to prevent money laundering

and the funding of terrorism, we will make efforts to construct an appropriate client management framework.

Finally, issues regarding the management, administration and succession of client assets are becoming increasingly complex as society matures, with a declining birthrate and an aging population, etc., and we are aware that expectations for the SuMi TRUST Group to comprehensively solve the needs of clients through measures, such as utilization of trust functions, are continuing to rise.

We will continue to strive to provide high-quality total solutions that are “distinctive of a trust banking group” and “unique to SuMi TRUST Bank,” by leveraging the Group’s diverse functions to gain the further trust and support of our clients as their “Best Partner.” All of our employees and officers will put forth every effort with confidence and pride to achieve an increase in our corporate value.

We would be grateful for your continued understanding and support.

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

### a. Changes in Financial Position and Results of Operations (Consolidated Basis) (100 Millions of Yen)

	FY2015	FY2016	FY2017	FY2018
Ordinary income	11,989	12,612	13,509	14,679
Ordinary profit	2,780	1,963	2,326	2,564
Net income attributable to owners of the parent	1,669	1,214	1,539	1,738
Comprehensive income	593	1,553	2,316	939
Net assets	27,045	27,916	28,723	27,303
Total assets	582,299	654,537	683,567	570,291
Net income per share	Yen 433.30	Yen 317.24	Yen 403.91	Yen 458.91

- (Note) 1. Amounts less than 100 million yen are rounded down  
2. SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effective October 1, 2016. Net income per share of common stock is calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

### b. Changes in Financial Position and Results of Operations (Non-consolidated Basis) (100 Millions of Yen)

	FY2015	FY2016	FY2017	FY2018
Operating income	599	582	573	1,231
Dividends received	547	547	555	1,218
Dividends received from banking subsidiaries	547	546	554	1,217
Dividends received from other subsidiaries	0	0	0	0
Net income	Million Yen 50,503	Million Yen 50,376	Million Yen 49,333	Million Yen 127,717
Net income per share	Yen 131.10	Yen 131.59	Yen 129.40	Yen 337.06
Total assets	18,241	19,681	20,765	22,034
Investments in banking subsidiaries	15,220	15,220	14,860	13,965
Investments in other subsidiaries	86	86	82	510

- (Notes) 1. Amounts less than 100 million yen are rounded down.  
2. SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share effective October 1, 2016. Net income per share of common stock is calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2016.

### (3) Employees of the SuMi TRUST Group

	Retail TS Services Business	Wholesale Financial Services Business	Stock Transfer Agency Services Business	Real Estate Business	Fiduciary Services Business	Global Markets Business	Others
Number of employees in FY2018	5,810	3,441	574	1,466	2,604	282	3,715
Number of employees in FY2017	5,979	3,415	584	1,445	3,578	275	3,416

(Notes) 1. Number of Employees includes overseas hires and excludes contract and temporary staffs.

2. Number of Employees includes SuMi TRUST Holdings employees plus employees of consolidated subsidiary companies and corporations.

3. Retail TS Services Business refers to Retail Total Solution Services Business which provides services to individual clients.

### (4) Principal Offices of the SuMi TRUST Group

#### a. SuMi TRUST Bank

##### • Principal Offices and the Number Thereof

Domestic: 148 offices including Tokyo Business Department, Osaka Business Department, Yokohamaeki-Nishiguchi Branch, Kobe Branch, Nagoya Business Department, Chiba Branch, Urawa Branch (148 offices at the end of the previous fiscal year)

Overseas: New York Branch, London Branch, Singapore Branch, Hong Kong Branch, Shanghai Branch (5 locations at the end of the previous fiscal year)

(Notes) 1. The number of offices includes sub-branches.

2. In addition to above, there were 4 overseas representative offices as of the end of the fiscal year under review (4 locations at the end of the previous fiscal year).

#### b. Principal subsidiary companies and corporations

Businesses	Name of principal companies	Principal offices
Retail Total Solution Services Business	Sumitomo Mitsui Trust Guarantee Co., Ltd.	Head Office (Tokyo) Osaka Branch
	Sumitomo Mitsui Trust Club Co., Ltd.	Head Office (Tokyo) Okinawa Office
Wholesale Financial Services 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)
Fiduciary Services Business	Sumitomo Mitsui Trust Asset Management Co., Ltd.	Head Office (Tokyo)
	Nikko Asset Management Co., Ltd.	Head Office (Tokyo)

c. Bank Agencies of SuMi TRUST Bank

Businesses	Name	Place of the principal office	Principal businesses other than banking agency
Others	SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business

**(5) Capital Investment of the SuMi TRUST Group**

a. Total Amount of Capital Investment

(Millions of Yen)

Company name	Amount
SuMi TRUST Bank	30,080
Sumitomo Mitsui Trust General Service Co., Ltd.	1,771
Others	10,563
Total	42,415

- (Notes) 1. Amounts less than 1 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. The above figures describe the total amount of capital investment for each company, for the reason that our assets are not categorized by business segment.

b. Establishment of Principal Facilities, etc.

(New additions and renovations)

(Millions of Yen)

	Company name	Description	Amount
	SuMi TRUST Bank	New establishment of Consultation Plaza Chofu	147
		New establishment of Onarimon Building	2,652
		Investment in software	20,571

	Sumitomo Mitsui Trust General Service Co., Ltd.	Acquisition of the building where the SuMi TRUST Bank Takatsuki Branch building is located	1,595
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(Notes) 1. Amounts less than 1 million yen are rounded down.

2. The above figures describe the amount of new addition or renovation of principal facilities for each company, for the reason that our assets are not categorized by business segment.

(Disposal and Sales)

Not Applicable.

#### (6) Principal Parent Company and Subsidiaries, etc.

##### a. Parent Company

Not Applicable.

##### b. Subsidiaries

(Consolidated subsidiary companies and corporations)

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	% of SuMi TRUST Holdings voting rights (%)	Other
SuMi TRUST Bank	Chiyoda-ku, Tokyo	Trust business, Banking business	July 28, 1925	342,037	100.00	—
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business, Investment advisory and agency business	November 1, 1986	2,000	100.00	—
Sumitomo Mitsui Trust Research Institute Co., Ltd.	Minato-ku, Tokyo	Survey, Research, Consulting, Investment advisory	July 1, 1988	300	100.00	—
Mutual Fund & Insurance Research Institute	Minato-ku, Tokyo	Survey, Research, Consulting	December 1, 2017	150	88.00	(Note) Please refer to 5.
CMTH Preferred Capital 7 (Cayman) Limited	Grand Cayman, Cayman Island	Finance business	November 28, 2008	41,600	100.00	—
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Minato-ku, Tokyo	Money lending business	January 22, 1992	6,000	100.00 (100.00)	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	Minato-ku, Tokyo	Credit guarantee business	July 10, 1978	301	100.00 (100.00)	—
Sumitomo Mitsui Trust Realty Co., Ltd.	Chiyoda-ku, Tokyo	Real estate brokerage business	January 24, 1986	300	100.00 (100.00)	—

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	% of SuMi TRUST Holdings voting rights (%)	Other
Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management business, Investment advisory	November 7, 2005	300	100.00 (100.00)	—
Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	Chiyoda-ku, Tokyo	Consulting business	November 6, 1989	155	100.00 (100.00)	—
Sumitomo Mitsui Trust Club Co., Ltd.	Chuo-ku, Tokyo	Credit card business	April 2, 1977	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Card Co., Ltd.	Minato-ku, Tokyo	Credit card business	June 24, 1983	100	100.00 (100.00)	—
Sumitomo Mitsui Trust General Service Co., Ltd.	Minato-ku, Tokyo	Real estate rental and management business	April 2, 1988	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Investment Co., Ltd.	Minato-ku, Tokyo	Security investment business	March 22, 2000	100	100.00 (100.00)	—
Tokyo Securities Transfer Agent Co., Ltd.	Chiyoda-ku, Tokyo	Stock transfer agency business	November 1, 1962	50	100.00 (100.00)	
Nikko Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management, Investment advisory	December 1, 1959	17,363	91.93 (91.93)	—
Japan Securities Agents, Ltd.	Chuo-ku, Tokyo	Stock transfer agency business	September 13, 1950	500	85.10 (85.10)	
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	Leasing, Installment purchase services, Credit card business	February 27, 1967	25,584	84.89 (84.89)	
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited	Bangkok, Thailand	Banking business	July 7, 2014	69,600 [THB 20,000m]	100.00 (100.00)	
Sumitomo Mitsui Trust (Ireland) Limited	Dublin, Ireland	Trust business	June 1, 2004	9,447 [€75.87m]	100.00 (100.00)	
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Hoboken, New Jersey, US	Banking, Trust business	May 20, 2002	6,213 [USD56.00 m]	100.00 (100.00)	
Sumitomo Mitsui Trust (Hong Kong) Limited	Hong Kong Special Administrative Region, People's Republic of China	Security business	July 4, 1978	4,992 [USD45.00 m]	100.00 (100.00)	—
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	Howald, Grand Duchy of Luxembourg	Banking, Securities, Trust business	April 22, 1985	3,328 [USD30.00 m]	100.00 (100.00)	—
Sumitomo Mitsui Trust (UK) Limited	London, U.K.	Trust business	March 6, 1986	258 [£ 1.78m]	100.00 (100.00)	—



(Affiliates accounted for by the equity method, etc.)

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	% of SuMi TRUST Holdings voting rights (%)	Other
JTC Holdings, Ltd.	Chuo-ku, Tokyo	Bank holding company	October 1, 2018	500	33.33	(Note) Please refer to 6.
Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	Banking, Trust business	June 20, 2000	51,000	— (—) [100.00]	(Note) Please refer to 6.
Trust & Custody Services Bank, Ltd.	Chuo-ku, Tokyo	Banking, Trust business	January 22, 2001	50,000	— (—) [100.00]	(Note) Please refer to 6.
SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business	June 3, 1986	31,000	50.00 (50.00)	—
Cardif Assurance Vie Japan	Shibuya-ku, Tokyo	Life insurance business	July 3, 2017	20,600	20.00 (20.00)	(Note) Please refer to 7.
Zijin Trust Co., Ltd.	Nanjing, Jiangsu Province, People's Republic of China	Trust business	September 25, 1992	40,400 [CNY2,453 m]	19.98 (19.98)	—
Midwest Railcar Corporation	Edwardsville, Illinois, US	Leasing business	December 31, 1998	52 [USD 470,000]	— (—) [100.00]	—

(Notes) 1. Figures above are rounded down basis.

- Capital denominated in foreign currencies is translated into Japanese yen using the exchange rate prevailing at SuMi TRUST Holdings' balance sheet date.
- Percentage of voting right of subsidiaries, etc. held by SuMi TRUST Holdings is rounded down to 2 decimal places.
- 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".
- Mutual Fund & Insurance Research Institute is included in this table because it began operations on April 1, 2018.
- Following the management integration (joint share transfer) of Japan Trustee Services Bank, Ltd., which was SuMi TRUST Holdings' consolidated subsidiary, with a trust bank specialized in asset administration of Mizuho Financial Group, Inc., JTC Holdings, Ltd., Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. became SuMi TRUST Holdings' affiliates accounted for by the equity method, etc. as of October 1, 2018.
- On April 3, 2018, SuMi TRUST Bank, which is SuMi TRUST Holdings' consolidated subsidiary, acquired shares (20%) of Cardif Assurance Vie Japan from BNP Paribas Cardif, and Cardif Assurance Vie Japan became SuMi TRUST Holdings' affiliate accounted for by the equity method, etc.
- Outline of the significant business collaborations involving SuMi TRUST Holdings' subsidiaries are as follows.

[SuMi TRUST Bank]

- SuMi TRUST Bank has the 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 the 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 the 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) As of the end of March 2019, SuMi TRUST Bank has signed trust agency agreement (\*) with 127 financial institutions, business corporations and foundations, for providing trust services to clients.
- (\*) Trust agency is a collective term for trust agreement agencies under Trust Business Law, and agencies concurrently engaged in trust business under Article 1 of the Law Concerning Financial Institutions' Concurrent Management of Trust Business.

**(7) Major Creditors**

Not Applicable.

**(8) Transfer of Business**

Not Applicable.

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

For the purpose of strengthening the asset management business, which is positioned as a growth area for the SuMi TRUST Group, the asset management function of SuMi TRUST Bank has been split and integrated with Sumitomo Mitsui Trust Asset Management Co., Ltd. ("SuMi TRUST AM").

2. Matters regarding Directors and Executive Officers\*1

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

a. Directors

(As of March 31, 2019)

Name	Position	Responsibility	Significant concurrent positions	Other
Tetsuo Ohkubo	Director	Nominating Committee Member, Compensation Committee Member	Director of SuMi TRUST Bank	
Jiro Araumi	Director		Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Toru Takakura	Director		Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Masaru Hashimoto	Director	Nominating Committee Member, Compensation Committee Member	President (Representative Director) of SuMi TRUST Bank	
Kunitaro Kitamura	Director		Chairman of SuMi TRUST Bank, Director (Outside Director) of FUJIFILM Holdings Corporation	
Hitoshi Tsunekage	Director		Chairman of SuMi TRUST Bank	
Yasuyuki Yagi	Director	Audit Committee Member		
Hiroshi Misawa	Director	Audit Committee Member		
Soichi Shinohara	Director (External Director)	Nominating Committee	President of Kyoto Gakuen University (currently Kyoto	(Note) Please

Name	Position	Responsibility	Significant concurrent positions	Other
		Member, Compensation Committee Member	University of Advanced Science)	refer to 4.
Takeshi Suzuki	Director (External Director)	Nominating Committee Member, Compensation Committee Member, Risk Committee Member, Conflicts of Interest Committee Member	Director (External Director) of AICHI CORPORATION	
Mikio Araki	Director (External Director)	Nominating Committee Member, Compensation Committee Member, Risk Committee Member (Chairperson)	Director and Chairman of Japan Economic Research Institute Inc., Director (External Director) of Kintetsu Group Holdings Co., Ltd., Auditor (External Auditor) of Japan Freight Railway Company	
Isao Matsushita	Director (External Director)	Chairman of the Board of Directors Nominating Committee Member (Chairperson), Compensation Committee Member (Chairperson)	Senior Executive Advisor of JXTG Holdings, Inc., Outside Director of INPEX CORPORATION, Outside Director of Matsumotokiyoshi Holdings Co., Ltd.	

Name	Position	Responsibility	Significant concurrent positions	Other
Shinichi Saito	Director (External Director)	Nominating Committee Member, Audit Committee Member (Chairperson)	Representative Director, Chairman of Japan Industrial Solutions, Ltd., Director (External Director) of Meikoshokai Co., Ltd.	(Note) Please refer to 5.
Takashi Yoshida	Director (External Director)	Audit Committee Member	Certified Public Accountant, Corporate Auditor (External Auditor) of Nippon Seiro Co., Ltd., Director (External Director) of Cosmos Initia Co., Ltd.	(Note) Please refer to 6.
Hiroko Kawamoto	Director (External Director)	Audit Committee Member	Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd., Director (Outside Director) of RENAISSANCE INCORPORATED	

(Notes) 1. Messrs. Soichi Shinohara, Takeshi Suzuki, Mikio Araki, Isao Matsushita, Shinichi Saito, Takashi Yoshida, and Ms. Hiroko Kawamoto are External Directors defined in Article 2, Item 15 of the Companies Act.

2. Messrs. Soichi Shinohara, Takeshi Suzuki, Mikio Araki, Isao Matsushita, Shinichi Saito, Takashi Yoshida, and Ms. Hiroko Kawamoto 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. Yasuyuki Yagi and Mr. Hiroshi Misawa, the non-executive directors, as full-time members of the Audit Committee to secure the effectiveness of audit.

4. Mr. Soichi Shinohara has resigned post as President of Kyoto Gakuen University (currently Kyoto University of Advanced Science) as of March 31, 2019.

5. 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. Mr. Shinichi Saito has resigned post as Director (External Director) of Meikoshokai Co., Ltd. as of April 26, 2019.

6. Mr. Takashi Yoshida 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 as Prescribed by the Companies Act (Executive Officers \*1)

(As of March 31, 2019)

Name	Position	Responsibility	Significant concurrent positions, other	Other
Tetsuo Ohkubo	President (Representative Executive Officer*1)		Director of SuMi TRUST Bank	

Name	Position	Responsibility	Significant concurrent positions, other	Other
Jiro Araumi	Senior Managing Executive Officer*1 (Representative Executive Officer*1)	Asset Management Business Planning Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Toru Takakura	Senior Managing Executive Officer*1 (Representative Executive Officer*1)	Human Resources Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Akihiko Shirayama	Senior Managing Executive Officer*1	Planning and Coordination Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Yoshiaki Koshimura	Senior Managing Executive Officer*1	Planning and Coordination Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Tadashi Nishimura	Senior Managing Executive Officer*1	Financial Planning Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Yutaka Nishida	Senior Managing Executive Officer*1	Risk Management Dept., Compliance Dept., Legal Dept., Fiduciary Duties Planning and Promotion Dept., Fiduciary Risk Management Dept.	Director, Senior Managing Executive Officer of SuMi TRUST Bank	
Yasumi Nose	Managing	IT & Business	Managing Executive Officer of SuMi	(Note)

Name	Position	Responsibility	Significant concurrent positions, other	Other
	Executive Officer*1	Process Planning Dept.	TRUST Bank, President and Director of Sumitomo Mitsui Trust Systems & Services Co., Ltd.	Please refer.
Atsushi Kaibara	Managing Executive Officer*1	Corporate Administration Dept., Corporate Secretariat	Director, Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Akira Yokota	Managing Executive Officer*1	Human Resources Dept.	Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Shigeki Tanaka	Managing Executive Officer*1	Corporate Planning Dept., Corporate Secretariat	Director, Managing Executive Officer of SuMi TRUST Bank	(Note) Please refer.
Hitoshi Sato	Managing Executive Officer*1	IR Dept.	Managing Executive Officer of SuMi TRUST Bank	
Masaru Hashimoto	Executive Officer*1		President (Representative Director) of SuMi TRUST Bank	
Kiyomitsu Asahi	Executive Officer*1	Internal Audit Dept.		

(Note) 1. Messrs. Akihiko Shirayama, Yoshiaki Koshimura, and Tadashi Nishimura have resigned post as Senior Managing Executive Officer\*1, and Messrs. Yasumi Nose, Akira Yokota, and Shigeki Tanaka have resigned post as Managing Executive Officer\*1 as of March 31, 2019. In addition, Mr. Atsushi Kaibara has assumed the position of Senior Managing Executive Officer\*1, Mr. Kazuya Oyama has assumed the position of Managing Executive Officer\*1, and Mr. Junya Ueda has assumed the position of Executive Officer\*1 as of April 1, 2019.

2. Executive officer\*1 is an executive officer prescribed by the Companies Act.

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

### a. Persons Paid, Compensation, etc.

(Millions of Yen)

Classification	Persons paid	Compensation, etc.
Directors	11	241
Executive Officers*1	13	339
Total	24	581

(Notes) 1. The compensation data is on an annual basis with amounts less than 1 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 compensation, etc. include 6 million yen of bonuses paid to directors (including 6 million yen of provision for bonuses) and 42 million yen of bonuses paid to executive officers\*1 (including 42 million yen of provision for bonuses) for the related fiscal year. In addition, the amounts of compensation, etc. include 8 million yen and 37 million yen of provisions for stock options (share acquisition rights) to be allocated to directors and executive officers\*1, respectively.

b. Policy on Decisions on Compensation, etc. for Directors and Executive Officers\*1\*2

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.

- Compensation, etc. for directors (excluding external directors and internal directors serving as Audit Committee members) 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.
- 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.
- 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.
- 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.

Details of the compensation system are as follows.

- Compensation shall in principle be paid in the combination of monthly compensation, bonuses of directors and executive officers\*1\*2 and stock-compensation-type stock options.
- Monthly compensation shall consist of “fixed compensation,” which is a fixed amount according to rank, and “individual performance compensation,” which reflects the qualitative evaluation, including medium- to long-term performance contributions, business activities, and abilities, while laying a basis on the previous year’s evaluations of individual directors and executive officers\*1\*2.
- Of the monthly compensation above, the “individual performance compensation” shall be determined by an evaluation of an individual director/executive officer\*1\*2, and its proportion to the monthly compensation shall be designed so that the individual performance compensation functions sufficiently as an incentive.
- Bonuses of directors and executive officers\*1\*2 shall consist of “corporate performance linked bonus,” whose total amount is determined based on indicators such as consolidated net business profit before credit costs and net income, and “individual performance linked bonus” reflecting the previous year’s achievements of individual directors and executive officers\*1\*2. The proportion of the bonuses of directors and executive officers\*1\*2 to the total compensation shall be designed so that the bonuses of directors and executive officers\*1\*2 function sufficiently as an incentive.
- The number of stock-compensation-type stock options to be granted shall be determined based on the number of options that are granted according to rank, with a modification (addition/subtraction) reflecting the performance evaluations, etc. of individual directors and executive officers\*1\*2. The proportion of the stock-compensation-type stock options to the total compensation shall be designed so that the stock-compensation-type stock options function sufficiently as an incentive.



Details of the performance evaluation mechanism for individual directors and executive officers\*1\*2 are as follows.

- Regarding individual performance evaluations, the draft amounts of compensation for individual directors and executive officers\*1\*2 to be presented to the Compensation Committee shall be deliberated and determined by the Performance Evaluation Committee, which is comprised of the President and related directors and executive officers\*1\*2.
- The persons that are subject to performance evaluations shall be directors and executive officers\*1 of SuMi TRUST Holdings that are subject to the resolutions of the Compensation Committee, as well as executive officers\*2 of SuMi TRUST Holdings and directors and executive officers\*1\*2 of major subsidiaries that are subject to reporting. The compensation items falling under the scope of the evaluations shall be individual performance compensation related to monthly compensation and individual performance linked bonuses related to the bonuses of directors and executive officers\*1\*2.
- Draft individual performance compensation shall be determined, by first considering the performance level of the Group, and then considering the medium- to long-term contributions of individual directors and executive officers\*1\*2 to that performance, as well as their ability levels, in addition to their achievements such as the sizes of role burdens and contributions to the development of human resources.
- For draft individual performance linked bonuses, the total amount of director bonuses shall first be determined by considering the performance level of the Group, the trend of total director bonus amounts over time, the status of dividends to shareholders, and the bonus amounts of course employees. Next, the draft amounts to be allocated to individual directors shall be determined, and then the draft amounts to be allocated to individual executive officers\*1\*2 shall be determined. When determining the amounts to be allocated, evaluations shall be performed, taking into consideration the levels of achievement, sizes of role burdens, and status of activities of individual directors and executive officers\*1\*2.

c. Policy on decisions on the compensation ratio between performance linked compensation and compensation other than performance linked compensation

See “e. Policy on decisions on compensation by position,” below.

d. Indicators (KPI) relating to performance linked compensation, reasons for selection of the indicators, and method for determining amounts to be paid

- For corporate performance linked bonuses of directors and executive officers\*1\*2, consolidated net business profit before credit costs and consolidated net income shall be used as indicators to determine the total amount.
- The reason for selection of these two indicators is that consolidated net business profit before credit costs represents the business results for the current fiscal year, while consolidated net income is a major factor in determining the dividend amount, and these are deemed to be easy to understand for both shareholders and investors.
- Amounts to be paid shall be determined at the Compensation Committee, after considering the amounts paid in the previous fiscal year, based on a weighted average, calculated using a predetermined weight, of the achievement rate of consolidated net business profit before credit costs and the achievement rate of consolidated net income.

e. Policy on decisions on compensation by position

- For the policy on decisions on compensation for the President and for other directors and executive officers\*1\*2 in charge of business execution, see “b. Policy on decisions on compensation for directors and executive officers\*1\*2.”
- For the President, the composition ratios and range of fluctuations in the standard compensation table are set as follows. Such table shall be used as a reference to resolve individual compensation amounts at the Compensation Committee.
  - The composition ratios of fixed compensation and individual performance compensation, among monthly compensation, the bonuses of directors and executive officers\*1\*2, and stock-compensation-type stock options are generally as shown in the table below.
  - Individual performance compensation, among monthly compensation, shall have a range of

fluctuation from 70% to 160% against the standard amount.

- Corporate performance linked bonus, among the bonuses of directors and executive officers\*1\*2, shall be determined on each occasion, and shall reflect corporate performance through the use of consolidated net business profit before credit costs and consolidated net income as indicators. Of the bonuses of directors and executive officers\*1\*2, the bonus to the President shall be composed of corporate performance linked bonus alone, with individual performance linked bonus excluded.
- The number of stock-compensation-type stock options to be granted shall be determined on each occasion, and shall reflect annual performance, the share price, and other business circumstances.

President	Fixed compensation, among monthly compensation	Individual performance compensation, among monthly compensation	Corporate performance linked bonus	Stock-compensation-t ype stock options	Total
	Approx. 40%	Approx. 30%	Approx. 15%	Approx. 15%	100%
	Fixed compensation (approx. 40%)	Variable compensation (approx. 60%)			

- For directors and executive officers\*1\*2 in charge of business execution (excluding the President) of SuMi TRUST Holdings, the composition ratios and range of fluctuations in the standard compensation table are set as follows. Such table shall be used as a reference to resolve individual compensation amounts for directors and executive officers\*1, and to report individual compensation amounts for executive officers\*2 at the Compensation Committee.
- The composition ratios of fixed compensation and individual performance compensation among monthly compensation, corporate performance linked bonus and individual performance linked bonus among the bonuses of directors and executive officers\*1\*2, and stock-compensation-type stock options are generally as shown in the table below.
- Individual performance compensation, among monthly compensation, shall have a range of fluctuation from 70% to 160% against the standard amount.
- Corporate performance linked bonuses shall be determined on each occasion, and shall reflect corporate performance through the use of consolidated net business profit before credit costs and consolidated net income as indicators.
- Individual performance linked bonuses shall be determined according to evaluations that consider both quantitative and qualitative aspects, such as the size of the business under charge, the level of achievement, and the status of activities.
- Directors and executive officers\*1\*2 concurrently serving at SuMi TRUST Bank or SuMi TRUST AM shall be paid an amount of compensation divided according to a predetermined concurrence ratio.

Excluding President	Fixed compensation, among monthly compensation	Individual performance compensation, among monthly compensation	Corporate performance linked bonus	Stock-compensation-t ype stock options	Total
	Approx. 45%	Approx. 30%	Approx. 15%	Approx. 10%	100%
	Fixed compensation (approx. 45%)	Variable compensation (approx. 55%)			

- 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, public levels, and the like, and taking into consideration a level appropriate for internal directors serving as Audit Committee members.
- 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 chairman or member. For an external director serving as chairman 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, the compensation level of its internal directors, public levels, and the like.

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

### (3) Liability Limitation Agreement

Name	Summary of Liability Limitation Agreement
(External Directors) Soichi Shinohara Takeshi Suzuki Mikio Araki Isao Matsushita Shinichi Saito Takashi Yoshida Hiroko Kawamoto	Pursuant to Article 427, Paragraph 1 of the Companies Act, SuMi TRUST Holdings has entered into an agreement with each of 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.

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

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

(As of March 31, 2019)

Name	Concurrent positions and other details
Soichi Shinohara	President of Kyoto Gakuen University (currently Kyoto University of Advanced Science)
Takeshi Suzuki	Director (External Director) of AICHI CORPORATION
Mikio Araki	Director and Chairman of Japan Economic Research Institute Inc., Director (External Director) of Kintetsu Group Holdings Co., Ltd., Auditor (External Auditor) of Japan Freight Railway Company
Isao Matsushita	Senior Executive Advisor of JXTG Holdings, Inc., Outside Director of INPEX CORPORATION, Outside Director of Matsumotokiyoshi Holdings Co., Ltd.
Shinichi Saito	Representative Director, Chairman of Japan Industrial Solutions, Ltd., Director (External Director) of Meikoshokai Co., Ltd.

Name	Concurrent positions and other details
Takashi Yoshida	Certified Public Accountant, Corporate Auditor (External Auditor) of Nippon Seiro Co., Ltd., Director (External Director) of Cosmos Initia Co., Ltd.
Hiroko Kawamoto	Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd., Director (Outside Director) of RENAISSANCE INCORPORATED

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

2. Mr. Soichi Shinohara has resigned post as President of Kyoto Gakuen University (currently Kyoto University of Advanced Science) as of March 31, 2019.

3. Mr. Shinichi Saito has resigned post as Director (External Director) of Meikoshokai Co., Ltd. as of April 26, 2019.

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

Name	Term of office	Attendance at Board of Directors meetings and Audit Committee meetings	Statements and other activities at Board of Directors meetings and Audit Committee meetings
Soichi Shinohara	5 years, 9 months	He attended all 15 Board of Directors meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an expert on international economics and macroeconomics.
Takeshi Suzuki	3 years, 9 months	He attended all 15 Board of Directors meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an experienced corporate executive.
Mikio Araki	3 years, 9 months	He attended all 15 Board of Directors meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an experienced economics and financial professional.
Isao Matsushita	1 year, 9 months	He attended all 15 Board of Directors meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an experienced corporate executive.
Shinichi Saito	5 years, 9 months	He attended all 15 Board of Directors meetings, and all 16 Audit Committee meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an experienced corporate executive and of a financial and accounting expert.
Takashi Yoshida	2 years, 9 months	He attended all 15 Board of Directors meetings, and all 16 Audit Committee meetings held during the fiscal year under review.	He presented his insights from the viewpoint of an experienced financial and accounting expert.
Hiroko Kawamoto	1 year, 9 months	She attended all 15 Board of Directors meetings, and all 16 Audit Committee meetings held during the fiscal year under review.	She presented her insights from the viewpoint of an experienced corporate executive.

- (Notes) 1. Terms of office of less than one month are rounded down.  
2. External Directors and External Auditors periodically attend meetings for the exchange of opinions with Representative Executive Officers\*1 and express their views.  
3. Executive officer\*1 is an executive officer prescribed by the Companies Act.

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

(Millions of 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	113	—

(Note) Amounts less than 1 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, 2019)

##### (1) Number of Shares

Total number of shares authorized to be issued

890,000,000 shares

(Details)

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

390,348,640 shares

(Details)

Common stock

390,348,640 shares

## (2) Number of Shareholders as of March 31, 2019

59,530 persons

Common Stock

59,530 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 (%)
Japan Master Trust Bank of Japan, Ltd. (Trust Account)	(Shares) 23,369,0000	(%) 6.17
Japan Trustee Services Bank, Ltd. (Trust Account)	22,130,200	5.84
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,013,500	2.90
JP MORGAN CHASE BANK 385151	7,902,823	2.08
Japan Trustee Services Bank, Ltd. (Trust Account 5)	7,605,200	2.00
THE BANK OF NEW YORK MELLON 140051	6,924,800	1.82
SSBTC CLIENT OMNIBUS ACCOUNT	6,394,335	1.68



Japan Trustee Services Bank, Ltd. (Trust Account 7)	5,706,300	1.50
STATE STREET BANK WEST CLIENT-TREATY 505234	5,209,003	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 1)	5,073,500	1.34

(Note) Percentage of shares held is calculated by deducting own shares (11,751,722 shares), rounded down to 2 decimal places.

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

The outline of the share acquisition rights issued to directors (excluding directors and external directors who are the members of Audit Committee) 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
First Series Share Acquisition Rights	July 26, 2011	286	Common stock: 28,600 shares	62,000 yen	4,000 yen	From July 26, 2013 to July 25, 2021
Second Series Share Acquisition Rights	July 18, 2012	260	Common stock: 26,000 shares	34,000 yen	4,000 yen	From July 18, 2014 to July 17, 2022
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

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

**(1) SuMi TRUST Holdings' Share Acquisition Rights held by SuMi TRUST Holdings' Directors and Executive Officers\*1, as of March 31, 2019**

	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
First Series Share Acquisition Rights	46	Common stock: 4,600 shares	11	46
Second Series Share Acquisition Rights	56	Common stock: 5,600 shares	12	56
Third Series Share Acquisition Rights	117	Common stock: 11,700 shares	16	117
Fourth Series Share Acquisition Rights	113	Common stock: 11,300 shares	16	113
Fifth Series Share Acquisition Rights	106	Common stock: 10,600 shares	17	106
Sixth Series Share Acquisition Rights	161	Common stock: 16,100 shares	16	161
Seventh Series Share Acquisition Rights	192	Common stock: 19,200 shares	16	192

Eighth Series Share Acquisition Rights	241	Common stock: 24,100 shares	16	241
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(Note) Executive officer\*1 is an executive officer prescribed by the Companies Act.

**(2) SuMi TRUST Holdings' Share Acquisitions Rights Granted to the Employees (Executive Officers\*2), etc. during the Fiscal Year under Review**

	Number of share acquisition rights	Number and type of shares to be issued for share acquisition rights	Employees (executive officers*2)		Officers and employees (executive officers) of the subsidiaries	
			Number of eligible persons	Number of share acquisition rights granted	Number of eligible persons	Number of share acquisition rights granted
Eighth Series Share Acquisition Rights	449	Common stock: 44,900 shares	14	130	40	319

(Note) Executive officer\*2 is an executive officer prescribed in internal policy.

## 6. Matters regarding Financial Auditor

### (1) Financial Auditor

(Millions of Yen)

Name	Compensation, etc. for the fiscal year under review	Other
KPMG AZSALLC Designated Unlimited Liability Partner CPA Toshiya Mori Designated Unlimited Liability Partner CPA Kanako Ogura Designated Unlimited Liability Partner CPA Takashi Fujisawa	119	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.

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

- 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 72 million yen.
- 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 759 million yen.

### (2) Liability Limitation Agreement

Not Applicable.

### (3) 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 (Ireland) Limited, Sumitomo Mitsui Trust Bank (U.S.A.) Limited, Sumitomo Mitsui Trust (Hong Kong) Limited, Sumitomo Mitsui Trust Bank (Luxembourg) S.A., Sumitomo Mitsui Trust (UK) 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 established Risk Committee and Conflicts of Interest Committee as advisory bodies to the Board of Directors, formulated a compliance program to serve as a concrete action plan and realize the Group's compliance and the management system for the client protection. The program is resolved at the Board of Directors through the Risk Committee semiannually. SuMi TRUST Holdings monitors and

evaluates the progress and achievement of the program and reports the results thereof to the Board of Directors in every quarter. In addition, the important issues pertaining to conflict of interest management are reported to the Board of Directors through Conflicts of Interest Committee. Furthermore, SuMi TRUST Holdings has provided instructions to its subsidiaries for formulating their compliance programs, monitors and evaluates their progress and achievements in every quarter and reports to the Board of Directors. SuMi TRUST Holdings is also working on the measures such as the enhancement of the Group's global compliance based on the global regulations and global strategies and the implementation of compliance trainings. Moreover, looking to the fourth round of mutual evaluations of Japan by the Financial Action Task Force (FATF) planned ahead, SuMi TRUST Holdings is working to enhance the Company-wide response framework for money laundering prevention.

## **(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) 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.
- 4) 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.
- 5) Opportunities for risk management-oriented education and training will be offered to directors, executive officers and employees on an ongoing basis.

[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 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. Furthermore, SuMi TRUST Holdings, in consideration of its public role as a financial group, is proceeding with the development of business continuity plans (BCPs) for emergencies such as the occurrence of large-scale disasters.

## **(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. 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 reporting concerning 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 applicable to the entire SuMi TRUST Group, the Compliance 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. For risk management applicable to the entire SuMi TRUST Group, 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 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.

In accordance with the reorganization of the asset management business of the SuMi TRUST Group implemented in October 2018, the business management framework for the asset management subsidiaries in the SuMi TRUST Group has been enhanced, from the viewpoint of strengthening Group governance.

## **(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. In addition, we formulated the Rules on the Cyber Security Management Declaration in February 2019 as our Group policy on cyber security.

## **(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 semiannually 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 on a semiannual basis. Furthermore, “Theme Audit” in which several departments across the Group are audited in parallel on major subjects or themes of the SuMi TRUST Group is implemented.

## **(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 will report the following matters (including those regarding subsidiaries, etc.) to the Audit Committee.

a) 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, material facts about violations of laws, regulations or the Articles of Incorporation, or egregious injustice, etc.

b) Details of reports to the compliance hotline system

c) Status of internal audit processes and the results thereof

d) Status of business execution and any other matters to be reported to the Audit Committee

(ii) Directors, auditors, executive officers and employees of subsidiaries, etc. or those who have received a report from any of the aforementioned persons will report the matters listed in (i) above (excluding c)) to the Audit Committee of SuMi TRUST Holdings.

(iii) The Audit Committee, as necessary, will be able to ask for a report to those persons in (i) or (ii) above on the matters described in (i) or (ii) above.

(iv) It will be prohibited to treat a person who reports matters on the basis of (i) or (ii) above unfairly on the grounds of making the report, and SuMi TRUST Holdings will keep everyone informed about that effect.

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.

(vi) 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.

(vii) 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.

(viii) 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 Audit Committee Office and has developed a system for reporting to the Audit Committee. The Audit Committee conducts interviews and exchanges opinions with President,

executive officers\*1, and directors/executive officers\*1\*2 in charge of corporate management departments, and 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 necessary 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 attend the meetings of the Audit Committee as an observer

(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.**

1,396,515 million yen

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

2,203,492 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.