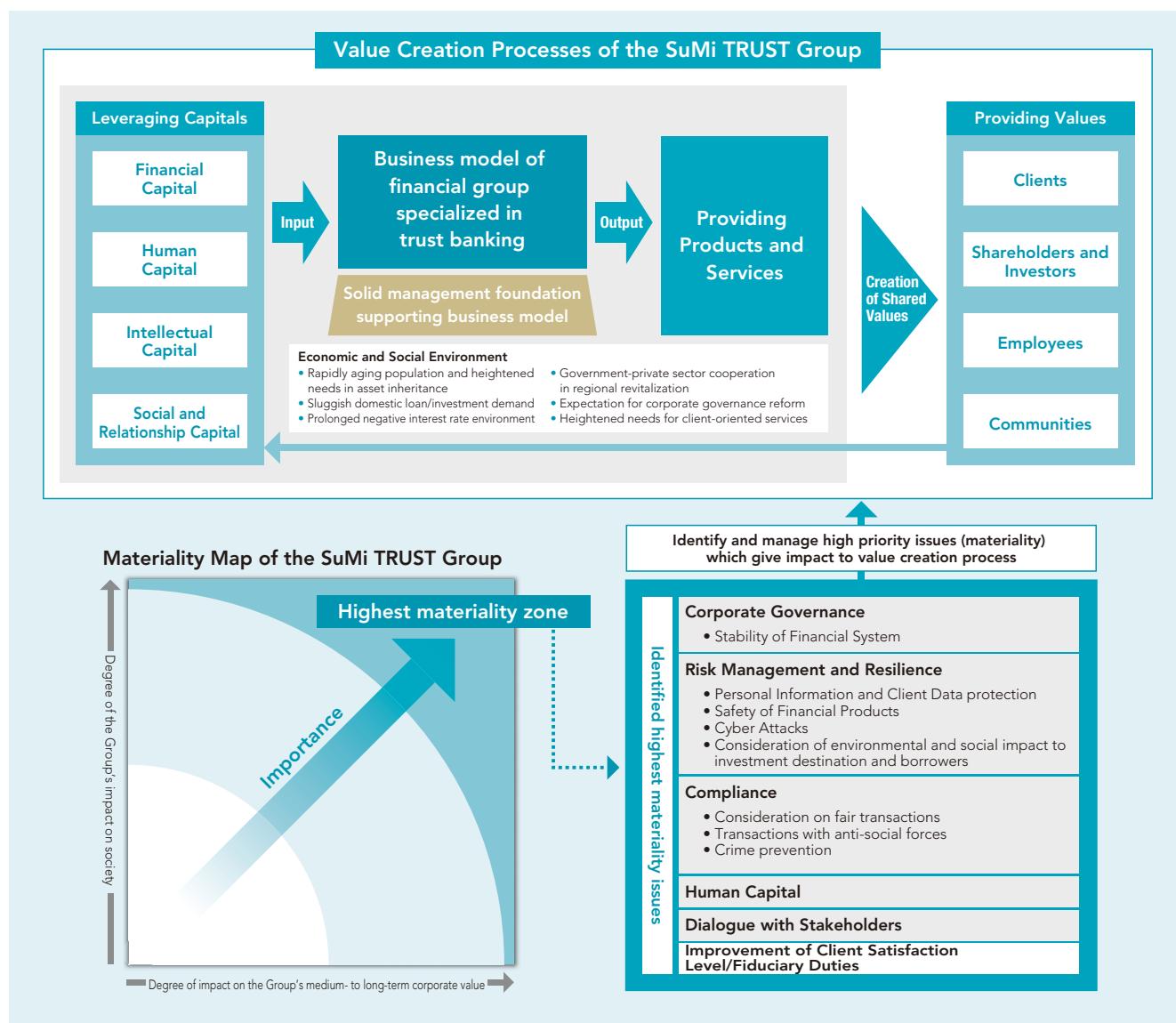


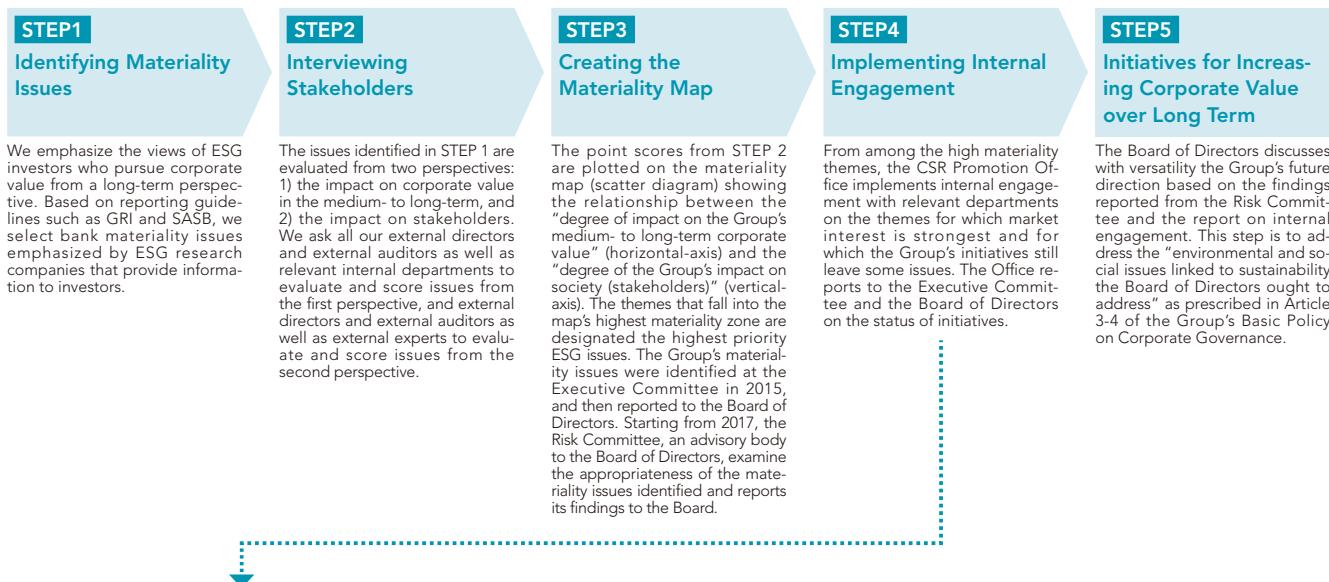
Materiality Management for Creating Shared Value at the SuMi TRUST Group

Materiality (priority issues) refers to events that have a material impact on a company's value creation process. The SuMi TRUST Group promotes materiality management that identifies materiality issues to be addressed as priorities from a medium- to long-term viewpoint and dealt with at the top level of management.

Materiality is identified both in terms of impact on the Group's medium- to long-term corporate value and the Group's impact on society through its relationships with stakeholders. In the process, we consider themes related to our management foundation, such as governance; social themes, such as relationships with employees and the community; and environmental themes that are directly related to resources and energy problems. The Group thus recognizes materiality and environmental, social and governance (ESG) issues as overlapping areas.

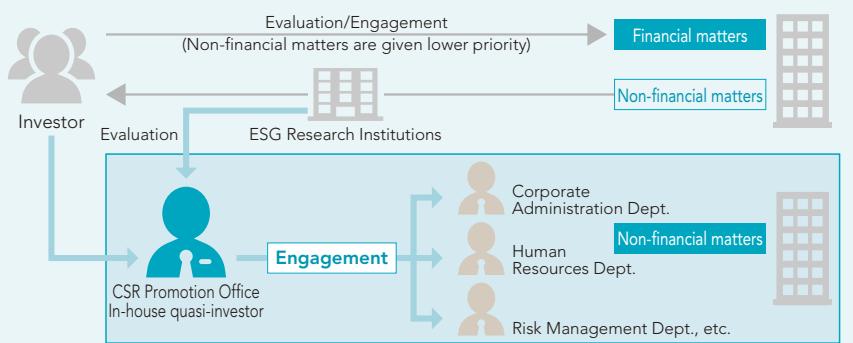


Materiality Identification and Practice



Internal Engagement

In internal engagement, the CSR Promotion Office of the Corporate Planning Department plays the role of "in-house quasi-investor" and engages in dialogue with departments responsible for matters relevant to high materiality issues. This creates an opportunity for departments which have little direct dialogue with external institutional investors and stakeholders to become aware of issues from the investor's perspective and to examine specific measures to address these issues.



Internal Engagement in FY2016-2017

Themes	Target Departments	Engagements in FY2016	Results from Prior FY/Engagement in FY2017
Corporate governance	Corporate Administration Dept., Corporate Secretariat	Relayed that investor interest in governance themes such as the Board composition and director compensation is extremely high, and input data for bolstering governance systems	Provided evaluation results on the Group's governance reforms received from ESG research firms, and relayed what investors see as issues for the Group and recent items of interest among investors
Bolstering human capital, increasing corp. value	Human Resources Dept.	Relayed the growing calls for disclosure on linkages between HR policies and corporate value given elevated investor concern about human capital, and discussed countermeasures for the Group	After engagement, prepared map of linkages between HR policies and corporate value, and started its disclosure (page 115). Continuously discussed on the enhancement of disclosure content on human capital
Overseas anti-bribery	Compliance Dept.	Relayed status of growing investor interest in this theme amid stricter anti-bribery regulations in the US and other nations, and discussed the need to bolster anti-bribery initiatives	After engagement, commenced investigation of anti-bribery measures, including for Japan; conducted risk assessment, set policies, devised prevention program, and commenced operation (page 96)
Climate change	Wholesale Business Planning Dept., Stewardship Development Dept.	Relayed rapidly growing interest among international financial authorities, financial institutions and institutional investors in climate change risks with the conclusion of Paris Agreement, discussed its impacts on our businesses	Shared recognition relating to loan and investment risk relating to fossil fuels; Fiduciary Services Business commenced disclosure of the status of engagement with high CO ₂ emitters in the Stewardship Report
Stewardship report	Stewardship Development Dept.	—	Discussed the need for information disclosure on stewardship activities and ESG initiatives as fiduciary responsibilities to investors; discussed on the preparation of Stewardship Report, reached to its publication
Improving client satisfaction	Customer Satisfaction Promotion Dept.	—	Relayed information such as assessments of ESG evaluation agencies on CS activities, global disclosure trends in banking sector, and the direction for establishing KPI
Long-term environmental goals	Corporate Administration Dept.	—	Discussed on setting long-term targets for CO ₂ emission reductions stemming from the Group's business activities
Integrated report	Relevant departments	—	Discussed non-financial (ESG) information disclosure policies with relevant departments with CSR Promotion Office acting as a coordinator, and factored into Integrated Report