

Client Protection Management

Basic Policy

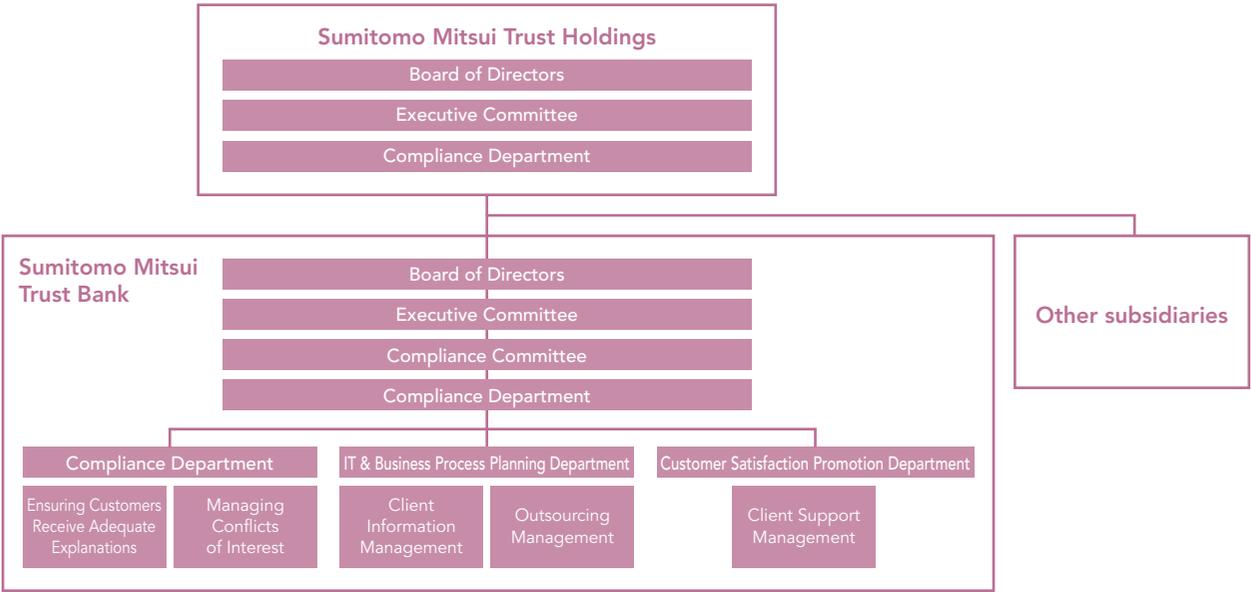
Amid the growing number of financial products with ever more complex mechanisms and unique characteristics, there is a pressing need for financial institutions to properly and fully explain to clients product mechanisms and risks and to gain their understanding. It is also increasingly important that financial institutions appropriately respond to complaints and requests from clients and properly manage client information.

Given these conditions, the Group regards client protection as one of its most important management issues. To respond to the expectations and trust clients place in the Group, SuMi TRUST Holdings has established a basic policy in its Client Protection Management Rules to enable each Group company to enhance client protection and convenience. Checking and promotion systems have also been developed, so the Group complies with these and carries out business activities in a fair and just manner. By developing these systems, the Group is promoting various initiatives to address issues and problem areas, and

enabling appropriate action based on self-discipline.

Group companies develop appropriate client protection management systems in accordance with the characteristics of their own operations, based on the basic policy established by SuMi TRUST Holdings.

At Group companies, there are departments responsible for client protection management. Under this rubric, separate departments tasked with managing conflicts of interest, client information management, outsourcing management, and client support management have also been established. These departments work to ensure the appropriateness and sufficiency of client protection, revise and update important rules as needed, and provide regular status reports to the Board of Directors, etc. Through their preparation of internal company rules, guidance to related departments, and training expansion and improvement, these departments oversee client protection management as a whole as well manage as the supervisory departments.



Ensuring Customers Receive Adequate Explanations

In providing financial products and services to clients, the Group takes into account their knowledge, experience, asset situation, and purpose of transactions, and provides appropriate and adequate explanations to obtain their understanding and consent. Also, we strive to provide easy-to-grasp information to our clients.

At SuMi TRUST Bank, the Compliance Department oversees this field as the department responsible for ensuring

customers receive the information they need based on relevant rules and regulations. Under the ambit of the compliance department, our policy for solicitation and sales of financial products and services, for instance, is available for clients to see at our branches and on our website. We also ensure such actions are appropriately taken from the clients' standpoint by ensuring compliance with the suitability rule* and establishing company regulations through the

compilation of a client manual regarding the provision of adequate explanations, etc., as well as through the thorough training we give to our employees.

In particular, for transactions of products with no guarantee of principal, we conduct monitoring to ascertain

whether adequate explanations have been provided to elderly clients, and we review solicitation rules as required.

*The suitability rule prohibits financial institutions from soliciting clients in ways that are inadequate in light of the client's knowledge, experience, and asset status and the purpose for entering into the financial transaction contract.

Managing Conflicts of Interest*

The Group complies with laws and regulations, etc. so as to avoid unjustly undermining customers' interests as a result of various services provided by group companies and relevant persons and has published the outline of the policy for managing conflicts of interest, which describes "transactions that may constitute conflicts of interest," "methods of managing conflicts of interest" and "systems for managing conflicts of interest." In addition, based on this policy, the Group appropriately manages transactions that may constitute conflicts of interest and properly executes business operations.

In order to properly manage conflicts of interest based on rules for such situations, the Compliance Department at SuMi TRUST Bank has been established as a department

responsible for managing conflicts of interest independent of the sales department. For the whole Group, a system to properly carry out the management of conflicts of interest has been put into place. The Compliance Department examines and evaluates the effectiveness of the Group's management of conflicts of interest on a regular basis in order to make continual improvements. We also provide regular training and education and keep executives and employees informed on such matters.

(see page 73 on measures to enhance the framework for managing conflicts of interest)

*"Conflicts of interest" refers to cases in which the interests of the Group and those of clients or interests among clients contradict each other.

Outsourcing Management

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently. We also verify whether or not outsourced contractors are antisocial in nature before entering into new contracts, and we repeat this verification on a regular basis. The purpose is to prevent transactions with antisocial forces and to eliminate interference from them.

At SuMi TRUST Bank, IT & business process planning departments are responsible for outsourcing management,

and based on rules for outsourcing management, they select contractors suitable to the Group for outsourcing consignments and monitor them. These departments provide regular status reports to the Board of Directors, etc. about the status of outsourcing management.

Moreover, each business designates a department to oversee operations outsourced to contractors and evaluates whether they are performing their assignments properly in accordance with relevant rules and their consignment contracts through confirmations of the status of consigned operations both on an ongoing periodic basis and in response to emerging situations. These departments also monitor contractors when necessary.

Solicitation Policy (Sumitomo Mitsui Trust Bank)

1. Explain the basic policy

Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST Bank) practices its Codes of Conduct ("Value") that calls for "completely client-oriented" service and "strict compliance with applicable laws and regulations," and recommends financial products and services based on this solicitation policy so that clients can decide for themselves what is most appropriate for them.

2. Recommend financial instruments suited to clients

SuMi TRUST Bank recommends financial products and services suited to clients according to their "knowledge," "experiences," "asset situation" and "the purpose of their transactions."

3. Explain the contents of financial products and services in an easy-to-understand manner

SuMi TRUST Bank explains not only the contents and merits of financial products and services we provide but also risks and fees in an appropriate, easy-to-understand manner so that they can be fully understood.

4. Offer appropriate explanations and conduct appropriate solicitations

SuMi TRUST Bank does not make explanations or conduct solicitation activity that may mislead clients, such as communicating false information or providing definitive explanations concerning uncertain matters.

5. Strive to conduct solicitation activity convenient for clients

SuMi TRUST Bank strives to conduct solicitation activity via telephone or visit at a time, place and means convenient for clients.

6. Strive to improve in-house systems

SuMi TRUST Bank strives to improve in-house systems so that we can provide financial products and services suited to clients. SuMi TRUST Bank also strives to acquire accurate knowledge and master ways of providing easy-to-understand explanations.

7. Created a consultation contact point for clients

Client Information Management

The Group has established the Declaration for the Protection of Personal Information as a policy to securely protect the personal information of its clients. Furthermore, the Group manages client information appropriately, and when using client information jointly in the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

At SuMi TRUST Bank, IT & business process planning departments oversee client information management as units tasked with this responsibility based on information

security risk management rules with the aim of properly maintaining and managing the Group's information assets. These departments regularly evaluate the status and effectiveness of client information management execution and provide regular status reports to the Board of Directors, etc. At sales and head office departments, in addition to assigning general managers the responsibility of managing and administering information, general managers require all employees they supervise to submit written affirmation of their duty of confidentiality so all concerned clearly recognize they have a duty to keep important information, including personal data they come across while working, confidential.

Client Support Management

At SuMi TRUST Bank, the Customer Satisfaction (CS) Promotion Department is responsible for client support management. Based on rules for supporting clients, the department quickly responds to inquiries and complaints from clients in a sincere manner, aiming to resolve them with the understanding and consent of clients to the greatest degree possible while also working to assess and analyze the causes of such inquiries and complaints and

making efforts to improve operations. In fiscal year 2016, there were 11,273 complaints.

With regards to complaints etc., there is a reporting system for complaints etc. that collects and manages this information, and management receive periodic reports about the content of complaints. By utilizing our "Voice of Customers Portal" (see page 69), we strive to improve operations to enhance client convenience.

Sumitomo Mitsui Trust Group Privacy Policy

We at the SuMi TRUST Group, in the utmost effort to protect the personal information of our clients and shareholders, have established the following policies, and we declare to abide by this policy.

- 1. Compliance with all Applicable Laws and Regulations, etc.**
The companies in the Group shall comply with the laws pertaining to the protection of personal information, laws concerning the use of numbers to identify a specific individual for public administration procedures (e.g., the "My Numbers Act), and guidelines set forth by government agencies including other standards.
- 2. Appropriate Acquisition**
The companies in the Group shall obtain personal information from clients, specific personal information, etc. only to the extent necessary for our operations and only through proper and legal means.
- 3. Purpose of Use**
The companies in the Group shall notify or announce how the personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by laws and regulations, and shall not use it for any other purpose. With regards to specific personal information, use shall be limited to the scope stipulated in relevant laws and regulations.
- 4. Consignment**
If the companies in the Group consign the handling of the personal information as well as specific personal information, then the consignee shall be properly supervised to promote safe management of personal information.
- 5. Offering to Third Parties**
The companies in the Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client except in cases specified by laws and regulations. However, if the companies in the Group provide a client's personal information consequent to

the succession of business in a merger or otherwise or if it is shared with a specified party set forth separately, then the personal information held for the client may be provided to the third party without obtaining the client's consent.

With regards to specific personal information, we shall not provide this to third parties irrespective of whether the person concerned has or has not consented, apart from cases where it is stipulated by laws concerning the use of numbers to identify a specific individual for public administration procedures.

- 6. Responding to Inquiries from Clients, etc.**
The companies in the Group shall establish the procedures for correcting and disclosing personal information, and any inquiries concerning questions, suggestions or inquiries and corrections of content, etc. related to personal information and specific personal information shall be handled quickly and accurately.
- 7. Safety Measures**
The companies in the Group, in their approach to managing personal information and specific personal information, take appropriate safety measures in terms of their organizations, personnel affairs, and systems to manage personal information so as to prevent leaks etc. and have put into place a framework of responsibility necessary to protect personal information.
- 8. Continuous Improvement**
The companies in the Group continually review and strive to improve the compliance program for protecting personal information. All executives and employees are trained to understand the importance of protecting personal information and to appropriately handle personal information and specific personal information.