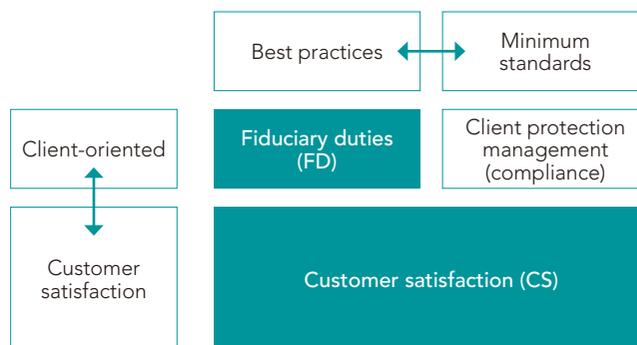


# Client-Oriented Initiatives

## 1. Providing Value to Clients

The SuMi TRUST Group aims to accurately understand the needs of individual and corporate clients, and to provide total solutions that offer a wide range of highly specialized products and services as the best way to address those needs. In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing. The SuMi TRUST Group, as the only independent financial group specializing in trust banking in Japan, will leverage its comprehensive capabilities that combine trust and banking functions, as well as the various trust functions within the Group, under a stringent conflict of interest management framework, with the aim of being the “Best Partner” for providing the greatest value to clients. In addition to the thorough implementation of compliance, including protection of client

information, the Group vigorously and comprehensively pursues best practices, based on customer satisfaction (CS) and fiduciary duties (FD).



## 2. Enhancement of Customer Satisfaction

### Initiatives to Link the “Voice of Customers” to Enhanced Customer Satisfaction

(1) SuMi TRUST Bank receives a large amount of feedback from clients and many requests via our branch offices throughout Japan, as well as its telephone centers and the Group’s website, along with the “Voice of Customers Questionnaires,” which are available at every branch. (2) In order to realize customer satisfaction by utilizing the hundreds of thousands of cases of feedback we receive each year, we use the “CS Voice of Customers Portal,” which is a system to analyze client feedback. We are striving to meet our clients’ needs by making client feedback “visible,” so that we can better “recognize” such needs. (3) Furthermore, regarding opinions and requests received from clients, branches and the head office cooperate to investigate and analyze the causes, and identify problems. Based on the results, we search for measures for improvement, and strive to provide better products and services.



### Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a trust bank, and put together an extensive lineup of unique and sophisticated products and services that are essential to providing total solutions, the SuMi TRUST Group focuses on promoting group-wide initiatives that combine the expertise of each business and Group company, rather than

simply using their strengths and know-how. In this manner, the SuMi TRUST Group is creating a product development system that carries out medium-term, ongoing research activities on themes that would be difficult to categorize within the domains of individual businesses or Group companies.

Specifically, SuMi TRUST Bank has established a product development department in each business, as well as the Business Research and Development Department, and a product development off-site meeting as its product development organization. The product development departments in each business analyze the client needs that have been collected in the course of business, and engage in improvement and development, mainly of products for immediate application, including reviews of existing products and design of new products. In addition, the Business Research and Development Department, which was established as a dedicated unit primarily for the development of trust products, serves as the engine that drives product development and provides development support for each business, while carrying out planning, development, and promotion of medium- to long-term development projects across businesses. Furthermore, the product development offsite meeting has been established as a forum for discussion

among executive officers and general managers, where regular exchanges of opinion are held regarding product development, not only at a practical working level, but also based on management strategy from a medium- to long-term viewpoint.

The SuMi TRUST Group also focuses its efforts on nurturing human resources who are capable of flexible thinking that sustains product development. At SuMi TRUST Bank, product development experience is included in the new employee training curriculum, and human resource development seminars on product development are held twice each year for product development personnel with little experience. At these seminars, groups engage in exhaustive discussions on the topic of new products to satisfy target client needs that are assigned in advance, with the goal of enabling participants to acquire an understanding of breakthrough points and problem-solving methods in product development.

### Technologies to Support Total Solutions

In order to provide total solutions to meet the increasingly complex and sophisticated needs of clients, Digital Transformation Departments have been established at SuMi TRUST Holdings and SuMi TRUST Bank, in order to accelerate research and demonstration experiments for IT utilization. For example, in 2017 we intro-

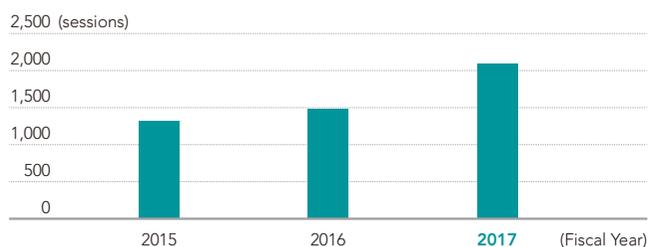
duced a system that registers client transactions directly in a host computer from portable tablet devices, which allows sales staff who are responsible for visiting clients to spend more time on client-oriented consulting. (Please see page 84.)

### Status of Initiatives Aimed at Becoming Our Clients' "Best Partner" and Key Performance Indicators (KPIs)

The SuMi TRUST Group regularly makes public indicators that allow confirmation of the status of initiatives aimed at becoming our clients' "Best Partner." These indicators are revised periodically as we promote and enhance these activities.

#### Initiatives in Connection with Financial Education and Literacy Improvement

##### Number of Seminar Sessions Held



We are making efforts to hold seminars, such as the "Life Planning Seminar on Lifestyle and Money" and the "Inheritance Strategies Seminar," as opportunities to offer clients useful, specialized knowledge in an easy to understand manner.

#### Assisting Clients with Long-term Asset Formation

##### Ratio of Dividend Distribution\* to Balance of Investment Trusts

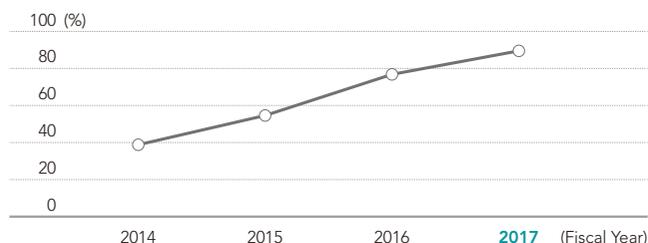


We propose products with low dividend frequency for clients' long-term asset formation needs. As a result, the ratio of dividend distribution to the balance of investment trusts is lower than the market average.

\* Dividend distribution refers to dividends distributed by publicly offered investment trusts for which SuMi TRUST Bank is the sales company. The market average is calculated based on statistics published by The Investment Trusts Association, Japan.

Improvement of Value of Investee Companies

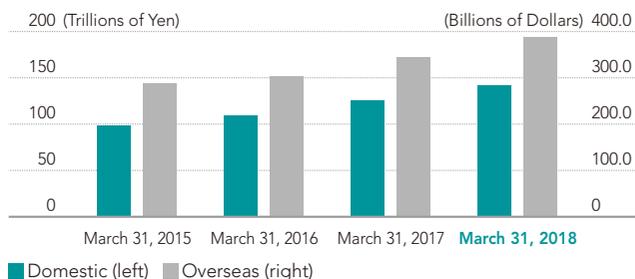
**Ratio of Market Capitalization of Companies where Engagement is Implemented Compared to TOPIX Base Market Capitalization**



We are enhancing our engagement activities (“purposeful dialogue” with investee companies, conducted to encourage improvement of corporate value and the sustainable growth of the investee company), both in terms of quality and quantity.

Group-wide Development of Asset Management and Asset Administration Business

**Group Assets under Custody**



Due to the maintenance and improvement of the solidity and swiftness of our asset administration services, as well as the increasing sophistication of our social infrastructure, including administration and systems, Group assets under custody is on an upward trend, both domestically and overseas.

### 3. Initiatives Related to Fiduciary Duties (FD)

**Practicing Fiduciary Duties**

The aim of the SuMi TRUST Group to be the “Best Partner” for clients is based on our client-oriented spirit. While the SuMi TRUST Group has always striven to be completely client-oriented, with the trust fiduciary spirit ingrained in our DNA, in September 2016, we further enhanced our efforts by establishing and making public our “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group” (hereinafter, the “Policies”). We believe that the prac-

tice of fiduciary duties depends on “significant expertise” that our clients can rely on, “consulting practice” that offers clients optimal options according to their individual needs, and “stringent conflict of interest management.” The SuMi TRUST Group has established an extensive organizational structure from the management level to the working level, and continuously strives to enhance its initiatives in this area.

**Promoting/Supervising Structure of the Group**

	Organization	Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee
	Executive Committee	Conflicts of Interest Management Enhancement Committee
SuMi TRUST Bank	Department in charge	Fiduciary Duties Planning and Promotion Dept.
		Compliance Dept.
Group companies	Group-wide	Fiduciary Duties Discussion Panel

### Conflict of Interest Management Framework

Along with the various products and services provided by the Group, in order to protect the interests of our clients from undue harm, the Group carries out business operations based on the appropriate management of transactions that have possible conflicts of interest, in accordance with our Management Policy Concerning Conflicts of Interest. To accurately carry out conflict of interest management at the group-wide level, we have established a system in which the Compliance Department, which is the department that controls conflict of interest management independently of sales divisions, regularly verifies the effectiveness of conflict of interest management across the Group, under the conflict of interest management officer. The results are reported to the Conflicts of Interest Management Enhancement Committee, the Executive Committee, and the Board of Directors, and improvement and direction are carried out continuously, as needed. In addition, in an effort to enhance the effectiveness of the Group's conflict of interest management framework, the Board of Directors consults the Conflicts of Interest Committee, the majority of which consists of external experts, and receives verification of the appropriateness of the conflict of interest management framework.

Furthermore, SuMi TRUST Bank has established the "Stewardship Activities Advisory Committee" (hereinafter, referred to as the "Advisory Committee") regarding stewardship activities, the majority of which consists of external experts. The Advisory Committee is a body established to make recommendations for various activities, under Japan's Stewardship Code. The Advisory

Committee makes recommendations regarding the establishment, revision, or abolition of the guidelines for the exercise of voting rights, decisions regarding whether to support a proposal not stipulated in these guidelines, the appropriateness of interpretations of these guidelines for individual proposals, and verification and improvement of the decision-making process on the exercise of voting rights on proposals in connection with which conflicts of interest may occur. The Officer in charge of Fiduciary Services Business, who is independent from the executive authority of other operations of SuMi TRUST Bank, assigns maximum value to the recommendations of the Advisory Committee, and makes decisions on various matters. If any recommendations are received from the Advisory Committee, the Officer in charge of Fiduciary Services Business shall immediately implement the necessary corrective and remedial measures. In terms of our exercise of voting rights, the Advisory Committee discloses the numerical standards, etc. of the guidelines in order to enhance the visibility of our judgment. The Advisory Committee also discloses whether we voted for or against each proposal, for each investee company, thereby enhancing the visibility of exercise results. Through these efforts by the Advisory Committee to ensure the objectivity of the involved processes, and to enhance the visibility of both exercise judgment and results, we are raising the transparency of our exercise of voting rights.

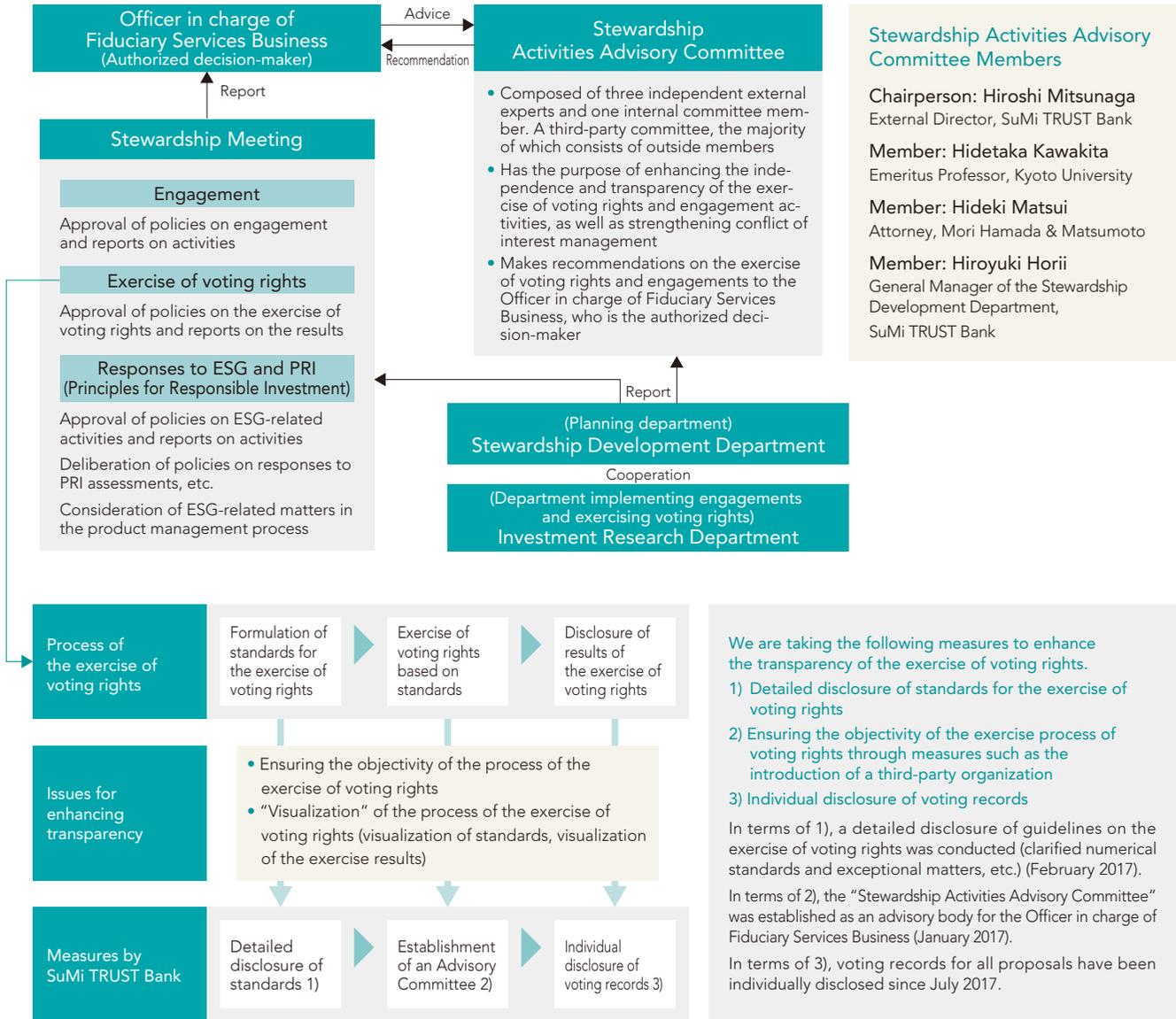
We will establish a similar framework after the split of the asset management function for integration with Sumitomo Mitsui Trust Asset Management (scheduled for October 2018).

### Conflict of Interest Management Framework\*



\* For the roles and responsibilities of each management structure and the main departments, please refer to page 80; for the specific role of the Conflicts of Interest Committee, please refer to pages 56-57.

Stewardship Activities Promotion Framework (as of June 30, 2018)



4. Initiatives for Management of Client Protection, Etc.

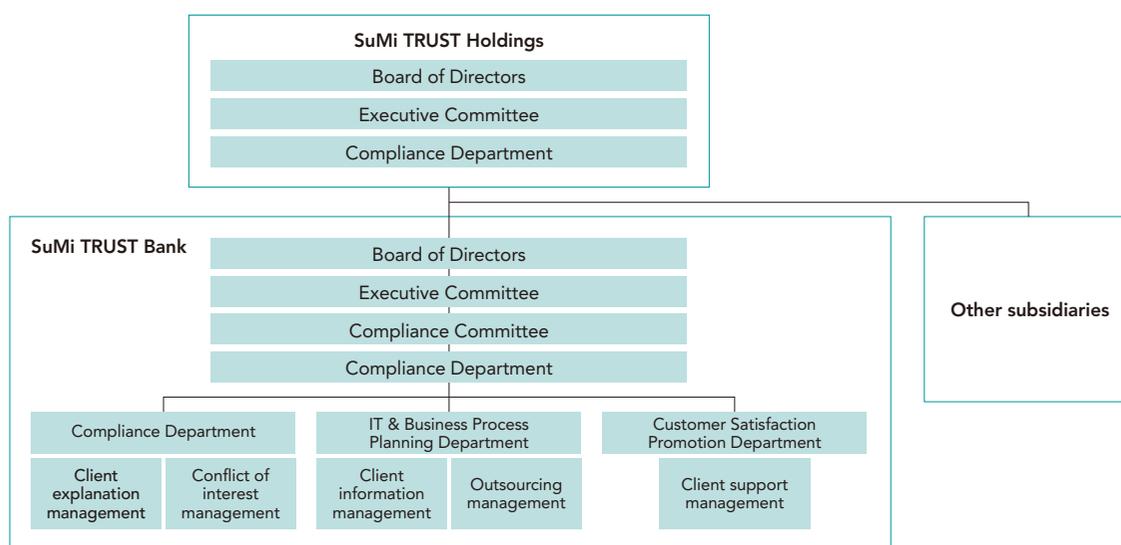
Basic Initiative Policy

Amidst a 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 product mechanisms and risks to clients, and to gain their understanding. It is also increasingly important for financial institutions to 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 that 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. In addition, checking and promotion systems have also been developed, to which the Group complies, carrying out business activities in a

sincere and fair manner. By developing these systems, the Group is promoting various initiatives to appropriately address issues and problems 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. Control departments have been established at each Group company, which are responsible for client protection management. Under this rubric, separate supervisory departments tasked with client explanation management, conflict of interest management, client information manage-

ment, outsourcing management, and client support management have also been established. These supervisory 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. In addition to managing the supervisory departments, the control departments oversee client protection management as a whole, through the preparation of internal company rules, guidance for related departments, and training expansion and improvement.



### Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy 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 within 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 the appropriate use of such information.

At SuMi TRUST Bank, the IT & Business Process Planning Department oversees client information management as a whole, based on information security risk management rules with the aim

of properly maintaining and managing the Group's information assets. The department regularly evaluates the status and effectiveness of client information management execution, and provides regular status reports to the Board of Directors, etc. At branch offices and head office departments, in addition to assigning general managers the responsibility of managing and administering information, SuMi TRUST Bank requires all employees to submit a written affirmation of their duty of confidentiality, so that they clearly recognize the duty they have to keep important information, including personal data they come across while working, confidential.