

June 29, 2020

Sumitomo Mitsui Trust Holdings, Inc.

Results (Outline) of the Evaluation of the Board of Directors in Fiscal Year 2019

Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”) conducts annual evaluation of the effectiveness of the Board of Directors (the “Evaluation of the Board of Directors”), and reviews and implements remedial measures for the challenges derived therefrom, whereby a PDCA cycle is activated for improving the effectiveness of the Board of Directors.

In the Evaluation of the Board of Directors in fiscal year 2019, SuMi TRUST Holdings conducted a self-assessment based on a review by a new external consultant. The third-party organization leading the evaluation was changed from last fiscal year so that the Board of Directors could be examined from a different perspective and so new issues could be identified. As with the previous fiscal year, assessments were conducted from multiple angles; namely, self-evaluation by the Board of Directors, the Board of Directors’ evaluation of each committee, each committee’s self-evaluation, and executive officers’ evaluations of the Board of Directors. Upon conducting surveys mainly on questionnaires and interviews with directors while obtaining advice and support from external consultants, SuMi TRUST Holdings was able to confirm a certain level of effectiveness for the Board of Directors and each committee, while recognizing the new challenges.

[Implementation timeline of the Evaluation of the Board of Directors]

Month/Year	Evaluation Process
January to February 2020	Directors and executive officers were surveyed by the third-party organization (external consultant). Members of each committee were surveyed.
February to March 2020	Directors were interviewed by the third-party organization (external consultant).
May 2020	The Board of Directors deliberated the results of the evaluation of the Board of Directors.
June 2020	Areas of greater focus for future deliberations were discussed by the Board of Directors. Annual deliberation schedule for the Board of Directors and each committee was formulated.

1. Evaluation Process

In the Evaluation of the Board of Directors in fiscal year 2019, SuMi TRUST Holdings conducted the evaluation of the effectiveness of the Board of Directors and each committee as follows, upon conducting questionnaires and interviews, and keeping in mind the results of the “Third-party Evaluation” conducted by external consultant.

Bodies to be evaluated	The Board of Directors The Nominating Committee, the Compensation Committee, the Audit Committee, the Risk Committee, and the Conflicts of Interest Committee	
Respondents	Directors and executive officers Members of each committee	
Method of inquiry	1) Questionnaires to directors, executive officers, and members of each committee (evaluation via five-grade multiple choice, along with narrative writing) 2) Interviews with directors by external consultant	
Evaluation items	1) Eleven items concerning operation of the Board of Directors	
	2) Eight items concerning the demonstration of supervisory functions of the Board of Directors	
	3) Four items concerning the relationship between supervision and execution within the Board of Directors	
	4) Six items concerning the demonstration of functions of each committee, and the following items concerning self-evaluation of each committee	
	Nominating Committee	11 items
	Compensation Committee	11 items
	Audit Committee	24 items
Risk Committee	10 items	
Conflicts of Interest Committee	10 items	
5) One item concerning themes for deep deliberation at the Board of Directors		
*Executive officers evaluated twelve items among 1) through 4) of the evaluation items concerning the Board of Directors.		

2. Results of the Evaluation, etc.

(1) Measures to address the challenges recognized through the Evaluation of the Board of Directors in fiscal year 2018

Major measures implemented during fiscal year 2019, in addressing the challenges recognized through the Evaluation of the Board of Directors in fiscal year 2018, were as follows.

- 1) Improving discussions concerning medium- to long-term management issues and strategies, including the formulation of the new Medium-Term Management Plan
 - When the new Medium-Term Management Plan was being formulated, systematic discussions in

line with the annual deliberation schedule took place and both the Board of Directors and business execution departments mutually examined and deliberated issues and strategies through back-and-forth discussions.

- After going back to the management principles of the Group, medium- to long-term management issues and strategies were mainly discussed by the Board of Directors and during other preparatory briefings (*). The insight of external directors were fully utilized.

(*) Preparatory briefing set to explain proposals to external directors prior to the Board of Directors

2) Strengthening monitoring to enhance Group governance

- Discussions aimed at improving the Group's corporate governance continued to take place. For example, changes were made to the institutional design of key Group companies, while in-house changes were also made.
- Future issues were identified through the monitoring of internal control systems and the risk governance framework and further discussions focused on making improvements with an emphasis on a "three lines of defense" model.

3) Improving the framework that underpins the operation of the Board of Directors

- With the goal of improving the PDCA cycle for evaluating the Board of Directors, a new external consultant was appointed as the third-party organization to lead the evaluation so that the Board of Directors could be examined from a different perspective and new issues could be identified
- The monitoring of how business is executed in response to key opinions of the Board of Directors was strengthened. In particular, discussions were afforded more focus thanks to the visualization of agenda items requiring deliberation.
- An annual deliberation schedule was drawn up based on the issues identified in the effectiveness evaluations performed on each committee and the self-sustaining PDCA cycles in each committee became more sophisticated mainly owing to more active discussions and improved operations.

Based on the above measures, results confirmed in the fiscal year 2019 evaluation of the Board of Directors have indicated that progress is being made on improving those issues.

(2) Results of the evaluation of the Board of Directors in fiscal year 2019 and future measures

Through the evaluation of the Board of Directors in fiscal year 2019, SuMi TRUST Holdings concluded that the Board of Directors and each committee had been operated with a sense of their own purpose, in an effort to invigorate deliberation and enhance objectivity and transparency, and that they had maintained a certain level of effectiveness.

On the other hand, through the evaluation of the Board of Directors, SuMi TRUST Holdings identified the following three issues as requiring improvement and enhancement by the Board of Directors and each committee, and is working continuously to address them.

- 1) Supervision of and advice on the progress of the medium-term management plan in light of the impact of the coronavirus pandemic.

- 2) Improvements to internal control systems and operations at Group companies.
- 3) Further improvements to the appropriate operations of the Board of Directors, reflecting the supervision and execution roles expected of it.

In its pursuit of sustainable growth and the medium- to long-term enhancement of enterprise value, SuMi TRUST Holdings is committed to further enhancing the effectiveness of the Board of Directors and each committee, by continuously implementing the PDCA cycle through the evaluation of the Board of Directors.

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