

Initiatives for Strengthening Corporate Governance of the Sumitomo Mitsui Trust Group

SuMi TRUST Holdings has established its “Basic Policy on Corporate Governance” (the “Basic Policy”) to further strengthen its corporate governance.

In accordance with the Basic Policy, SuMi TRUST Holdings aims at sustainable growth and medium-to long-term enhancement of corporate value of the SuMi TRUST Group as Japan’s only independent financial group specialized in trust banking.

Outline of Basic Policy on Corporate Governance

(1) Raising the ratio of external directors on the board and increasing the number of external directors

SuMi TRUST Holdings has decided that it will operate in principle with a ratio of independent external directors of at least one third of the members of its board, which executes the management functions for all SuMi TRUST Group’s businesses. In addition, SuMi TRUST Holdings and SuMi TRUST Bank have shifted from the previous structure, where a total of six external officers, two external directors and four external auditors, served both companies, to a structure where three external directors and two external auditors at SuMi TRUST Holdings, and one external director and two external auditors at SuMi TRUST Bank, each serve only at their own company and collaboration with each other.

(2) Establishment and roles of “Nominating and Compensation Committee” and “Audit Committee”

SuMi TRUST Holdings has established a “Nominating and Compensation Committee” and an “Audit Committee” voluntarily as advisory bodies to the Board of Directors. External directors shall in principle make up the majority of both committees. The “Nominating and Compensation Committee” shall advise primarily on matters regarding the nomination of and compensation system of directors and corporate auditors, and the “Audit Committee” shall advise primarily on important matters regarding internal audit plans. With the establishment of two committees, SuMi TRUST Holdings aims to further ensure management transparency and appropriateness of processes when deciding important matters regarding nomination and compensation of directors/corporate auditors and internal audits, among other matters.

Corporate Governance System

