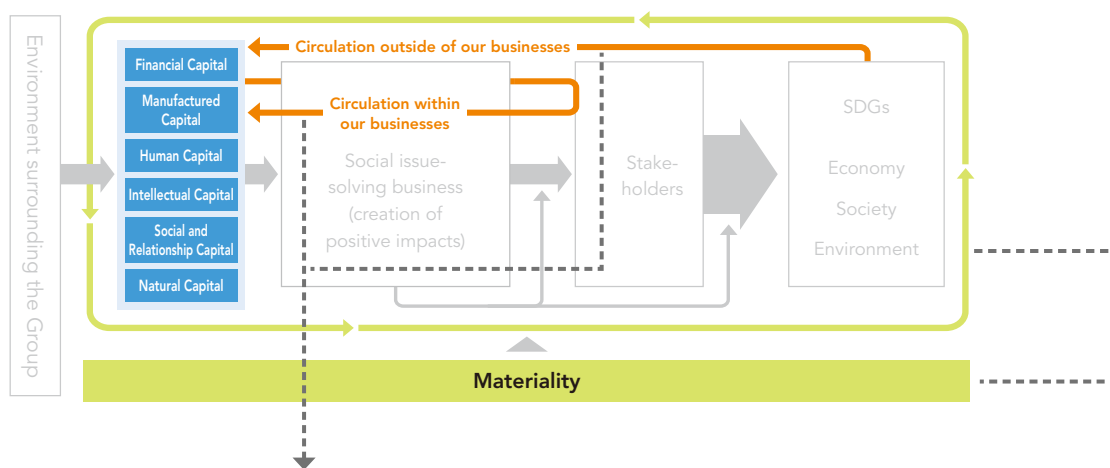


Circulation of Capital and Materiality Management



Circulation of Capital

The capital needed to execute business operations usually consists of cash, equipment, and other tangible assets that appear on financial statements, as well as intangible assets that do not convert so easily into money, like human resources, know-how, and networks. We must inject both financial and non-financial capital into our businesses and establish a mechanism through which our launching pad for growth is enhanced in a sustained manner by the (1) circulation of capital within our businesses, for example, the generation of

profits and development of human resources through business execution, as well as client base expansion, and the (2) circulation of capital outside of our businesses whereby benefits that extend beyond the Group come back to the Group in the long term owing to the internalization of the external economy. The SuMi TRUST Group's value creation process—presented in line with the International Integrated Reporting Framework—is a mechanism that facilitates the circulation of capital through our social problem-solving businesses.

Capital	Three areas of value	SuMi TRUST Group definitions and metrics
Financial	Financial	Capital: 9.7% common equity Tier 1 capital ratio (finalized Basel III standards) Total assets: ¥56trn
	Manufactured	Economy (wealth) Network: 150 offices in Japan, 10 offices overseas (optimally placed network)* SBI Sumishin Net Bank accounts: 3.92mn IT system expenses: ¥46.8bn*
Non-financial	Human	Consolidated employees: 21,658 (diversity & inclusion: 357 female managers (higher than targeted 300))* Employee satisfaction survey: vitality level of 59.1, satisfaction level of 60.4* Employees with certifications: 5,611 registered real estate transaction agents, 43 fellows of the Institute of Actuaries of Japan, 267 financial consultants*
	Intellectual	Total training hours: 5,705; training costs: ¥540mn* Digital Academy classes: 28 (as of June 30, 2020) Future creation activities (employee-driven ideas on new businesses): 267 applications from 499 applicants
	Social and relationship	Society (people) High-quality business platform: assets under management of ¥87trn, assets under custody of ¥224trn (No. 1 for both among domestic financial institutions), total loan balance of ¥29trn (No. 5 among domestic banks), entrusted balance of securitized real estate of ¥18trn (No. 1 among trust banks), 1,613 client companies in stock transfer agency services business and 27.75mn shareholders under administration (No. 1 for both among trust banks) Potential "best partners": 260,000 individual clients and 590 corporate clients* Corporate brand: backed by Mitsui and Sumitomo's combined 400-year history of contributions to society and relationships of trust with clients Sustainability rating: MSCI ESG Rating of AA (No. 1 among domestic banks), FTSE ESG Rating of 4.3 (No. 2)*
	Natural	Environment (earth) Common social capital is shared by all kinds of people and organizations and forms the basis for the existence of the Group itself and its stakeholders. The definition of natural capital according to the International Integrated Reporting Framework is "air, water, land, minerals and forests, biodiversity, and eco-system health."

Data as of March 31, 2020 or FY2019.

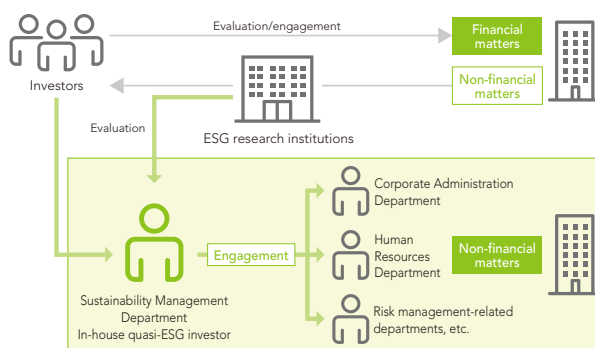
*Asterisk denotes SuMi TRUST Bank only (non-consolidated)

Materiality Management

The circulation of capital is like the circulation of blood. If capital is steadily accumulated in the same way blood flows freely around the body, the ability to generate value will continue to increase in a sustained fashion. With this kind of image in mind, the factors that inhibit the circulation of capital and those that promote it were identified and determined by the Board of Directors as priority issues (materiality) that affect the value creation process over the medium to long term. The departments in charge are usually tasked with managing materiality issues and making that process more sophisticated, but we also employ an internal engagement process as a way of incorporating the viewpoints of stakeholders. More specifically, the Sustainability Management Department engages in dialogue with relevant departments with respect to the non-financial materiality topics in the finance sector that ESG investors are

most interested in and for which the Group's initiatives may face challenges. By doing so, we aim to further improve our initiatives and enhance the disclosure of information.

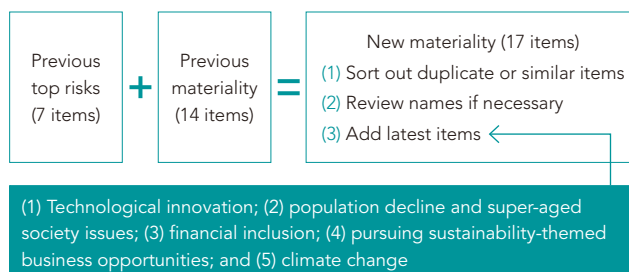
Internal Engagement



Reviewing materiality

In October 2019 we formulated a new materiality list by integrating top risks (see page 102) managed thus far from a financial point of view with the materiality issues managed from a non-financial perspective.

Our policy is to make materiality management more sophisticated so that each type of capital tied to materiality circulates smoothly. In doing so, we aim to achieve balanced creation of both social value and economic value and make certain of sustained growth up ahead.



Main relevant capital	Materiality	Risk	Opportunity	Key measures
All types of capital	Corporate governance	●	●	Framework for enhancing value over the long term
Financial capital	Preserving financial capital	●		Concerns about creditworthiness, deterioration in stock prices and property market
	Acquiring sustained earnings	●		Decline in profits in loan and deposit businesses
	Stability of financial system	●		Avoiding systemic risk
	Risk management and resilience	●		Identifying and managing risk, fostering a risk culture
Manufactured capital	Systems maintenance and combatting cyber attacks	●		Cyber attacks, system development delays
Human capital	Bolstering human resources and developing workplace environments	●	●	Human capital, health of employees
Intellectual capital	Protecting personal information and client data	●		Client information management, personal information protection
	Safety of financial instruments	●		Management of risks inherent in products
	Pursuing sustainability-themed business opportunities		●	Development of social problem-solving products
	Technological (digital) innovation	●	●	Advancing digital technology, preparing for digital disruptions
Social and Relationship capital	Compliance	●		Taking measures against anti-social forces, preventing crime
	Client-orientated approach / fiduciary duty	●	●	Improving customer satisfaction, fair trading practices
	Considering impacts on society and the business environment of companies to whom we extend investments and loans	●		Managing negative impacts from investments and loans
	Financial inclusion		●	Responding to the financially vulnerable, dementia-related problems
	Population decline and super-aged society issues	●	●	Improving the well-being of the elderly
Natural capital	Climate change	●	●	Physical and transitional risks, carbon-free society