

1. Initiatives on active participation of specialists

With our sights set on being the No.1 financial group for human resource development, the Group established its Human Resources Development Policy (TRUST)* in April 2018. Guided by this Policy, we also aim to be the No.1 financial group for human resource participation, where all employees in our diverse workforce can play an active role.



One source of value creation in the SuMi TRUST Group—a financial group specialized in trust banking—is human capital. We aim to form pools of employees and improve their skills so they can leverage their significant expertise and comprehensive capabilities to deliver total solutions to clients.

Financial consultants that possess high-level, specialist skills are one of the pools we have aspirations for. Financial consultants boast a high level of expertise and a wealth of experience; they are professional employees unique to trust banks and are capable of shrewdly managing client assets or proposing prudent asset administration and inheritance services.

Trust banks are characterized by not only deposits and savings, but also their ability to provide comprehensive advice about inheritance, real estate, and other types of assets; financial consultants, in particular, take on the role of consulting with clients in an all-inclusive manner regarding asset administration and inheritance. At SuMi TRUST Bank as of the end of March 2020, there were 276 financial consultants active

throughout Japan.

To earnestly address the issues of our clients in their 100-year lives and embody as best as possible the spirit of being completely client-oriented—one of the values that make up the Group’s Codes of Conduct—our financial consultants do more than just professionally engage in the management and administration of client assets. They are expected to stay in close contact with clients facing wide-ranging issues, offer new value, and demonstrate leadership of the entire organization.

At SuMi TRUST Bank, employees that demonstrate a high level of expertise are certified as Fellows and a framework that reflects their skills in the employment benefits they receive has been introduced. This same framework also applies to financial consultants. SuMi TRUST Bank extends added value to its clients through its financial consultants because they possess not only expertise, but also human qualities.

*Refer to page 95 for more information about the SuMi TRUST Group’s Human Resources Development Policy.

Active participation of specialists



“ Demonstrating significant expertise and human qualities to help solve numerous client issues ”

Satoshi Inaguma

Fellow Supervisor Financial Consultant
Nihonbashi Business Department/Tokyo-Chuo Branch

Q What are your roles as a financial consultant?

A financial consultant plays a central role in meeting the client’s needs for asset administration and succession services. The strength of a financial consultant is being able to respond

singlehandedly to a client’s requests with one-stop, custom-made solutions. To propose the best solutions, the financial consultant, whenever necessary, will work in close cooperation with the businesses of SuMi TRUST Bank—which possesses

significant expertise—and other Group companies, but at the end of the day, the client's sole contact point in the Group is the financial consultant. This is the biggest difference with tax accountants, lawyers, and judicial scriveners. The Group aims to further strengthen its asset administration and inheritance services business in the future. SuMi TRUST Bank is certainly an expert in this field and its financial consultants play a key role in the Group's leading brand of trust. We, as financial consultants, hope to broadly promote our trust services to society through the asset administration and inheritance services business.

Q In what way do you recognize the social issues faced by your clients?

In an age of 100-year life, we are required more than ever before to meet the asset administration and inheritance services needs of our elderly clients. SuMi TRUST Bank boasts an extensive lineup of industry-leading solutions, such as will trusts and the 100-Year Life Solution Trust (also known as the 100-Year Passport), as well as a solid consulting track record, so I think we are well placed to be the “Best Partner” for our clients in this age of 100-year life. The 100-Year Passport is a trust product that incorporates a number of useful features into one package so that clients can feel at ease in their 100-year lives. To counteract the risk of assets freezing at the onset of dementia, the person authorized to handle procedures on behalf of the client can withdraw funds for the payment of medical fees, nursing care expenses, housing costs, tax, and social insurance premiums. We continue to make clever use of such convenient products when proposing solutions to clients in accordance with their needs.

Q Do you have something you always bear in mind as a professional?

Any person incapable of considerably understanding a client's feelings is unlikely to be consulted on important matters by the client, no matter how much business knowledge they might possess. While it is certainly a good idea to be accredited with various licenses to obtain basic knowledge, after actually engaging in financial consultant work, I have come to realize that rather than relying on such knowledge, a degree of sensitivity is needed to empathize with the feelings and pain the client is going through.

As a financial consultant myself, I think altruism is the most important thing. In other words, having a heart to help other people and show compassion. It is important that we must be willing to spare no efforts if it makes the client happy. On a daily basis I think seriously about what I could do to help the client, and having always incorporated those thoughts into my work seems to have naturally brought me a lot of consultation requests from clients.

I also learn a lot from books. If I did not do any reading, the

best I could probably do is only the things based on my few decades of experience. Some people say that the breadth and depth of the world of a single human being is proportionate to how much that person reads. I think reading books enables a person to acquire the intellect and experience of pioneers, great minds, and people of great wisdom from the past and present so they can stay on the right path as a human being and live their life more vigorously.

Q Can you recall an occasion that led to the creation of value for a client?

There is an episode with a client seeking advice about asset inheritance across two generations. The client in question was concerned about a decline in the own decision-making capacity in the future if dementia or some other illness became a factor. I have also learnt that the client would like to move in to a paid nursing home in the future. I therefore proposed to the client the use of the 100-Year Passport as a way of avoiding an asset freeze, introduced them to the Group's affiliated paid nursing home, and made arrangements for one of our Group companies, Sumitomo Mitsui Trust Realty, to appraise the value of the client's home in preparation for sale.

Also, after enquiring about the client's family, I came to understand that the client wanted to leave some assets for both children and grandchildren. Upon hearing this, I performed a trial calculation of how much the client could afford to gift to the grandchildren without impeding their own livelihood and started the process for making a gift.

As part of this process, I suggested the use of life insurance that comes with an annual donation option as a way of reducing the burden of having to enter into a gift contract every year, and I also proposed that the funds gifted to the grandchildren be used to take out life insurance in preparation for the future without being wasted in the near term. On top of this, a will was drawn up so that the intentions of the client would be entrusted and properly conveyed to the client's children.

I felt that drawing on the broad-ranging functions of the Group to offer in-depth advice to the client in an intimate and helpful manner based on their concerns and wishes was what led to the creation of value for the client and their extended family.



2. Initiatives to address digitalization



The remarkable evolution of AI, big data, cloud computing, social media, blockchain, and other types of digital technology is giving rise to new services and businesses thick and fast and significantly changing our everyday lives.

Various industries are seeing outsiders enter the market armed with digital technology, while game changers in mainly retail industries are slashing prices. And the finance sector is no exception—it currently faces competition from FinTech companies.

In the wake of the COVID-19 crisis, alongside the unprec-

edented major changes in society and the business environment—for example, the accelerated uptake of cashless payments, the non-contact, non-face-to-face provision of services, and the rebuilding of client contact points—a paradigm shift is drawing closer by the minute with the potential to further accelerate digitalization and change our mode of life and even the state of our industry.

As we hurtle towards an age of VUCA (volatility, uncertainty, complexity, and ambiguity) characterized mainly by changes in consumption structures and client needs caused by changes in, and diversification of, client sentiment and behavior, we will end up losing the support of our clients and society and follow a path to decline unless we ourselves set about transforming and rebuilding our organization and value chains.

Based on our recognition of this operating environment, we aim to accelerate the pace of digital transformation as the driving force behind the creation of social value that helps solve social issues and the creation of economic value that contributes to the growth of the Group.

Digital strategy in Medium-Term Management Plan — six strategic areas

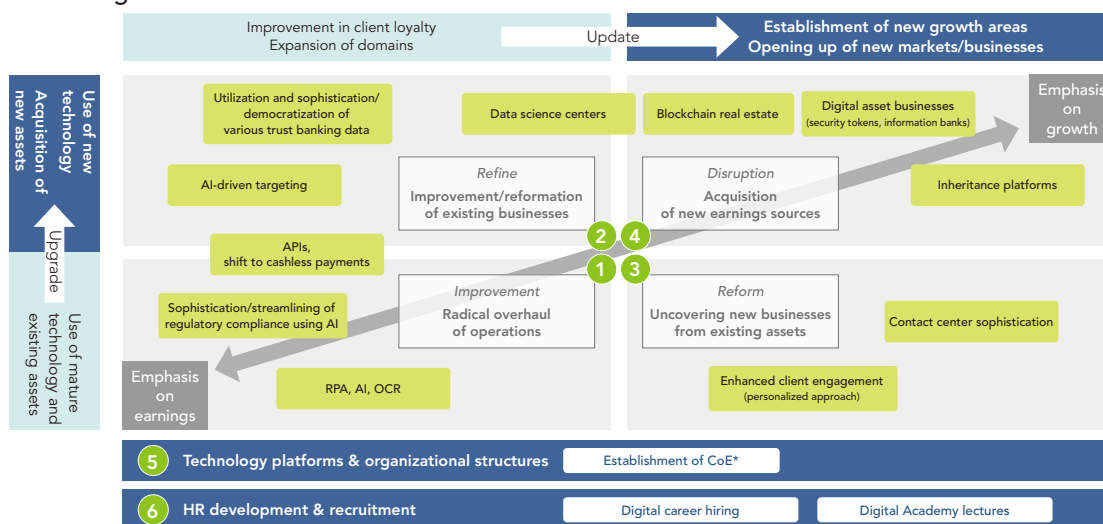
Under the basic policies of strengthening our business portfolio and the sophistication of business quality in our Medium-Term Management Plan commencing in FY2020, we have identified six strategic areas in which we will advance our digital strategy.

The following four areas will be promoted concurrently: (1) **improvement**—utilize mature technology and existing assets to pursue mainly a radical overhaul of operations; (2) **refinement**—brush up existing businesses by utilizing new technology and acquiring new assets; (3) **reform**—redeploy existing

strengths and assets to open up new markets and businesses; and (4) **disruption**—look to establish new growth areas by utilizing new technology.

In order to speedily and agilely drive forward each project in these four areas, we will also need to continue reinforcing our systems. For this reason, we have positioned (5) **technology platforms & organizational structures**, and (6) **HR development & recruitment**, as key strategic areas to be addressed over the medium to long term.

Six strategic areas



*Center of Excellence

Winners of IT Award in the transformation category

SuMi TRUST Bank and Sumitomo Mitsui Trust Systems & Services were joint winners of an award in the transformation category in the 37th Information Technology Awards for 2019, hosted by the Japan Institute of Information Technology.

The IT Awards are presented to corporations and organizations recognized to have made notable efforts to utilize IT in management innovation to achieve outstanding results. The potential award winners are assessed in the following categories: management, customer & business functions, social issue solutions, transformation, and open systems.

SuMi TRUST Bank has automated operations equivalent to 230,000 hours annually with the use of more than 230 robotic process automation (RPA) tools.

A dedicated team of a few dozen employees tasked with developing automation programs worked in close unison with many internal departments to create these software robots. Although

usually difficult to deploy, the team got them running steadily, thereby delivering considerable benefits to the entire Group. The award recognized that the RPA penetration process has the potential to be the standard method of promoting business transformation and is suitable for broader implementation.



Demonstration testing of faster inheritance procedures and automation of inheritance workflow; launch of online will trust service

SuMi TRUST Bank is currently examining various options with the aim of building trust business platforms capable of providing new added value to clients.

Finance sector-wide joint testing to improve services with faster inheritance procedures

Inheritance procedures are likely to be an issue for society in a time of 100-year life, so with the aim of making it easier and faster to complete the inheritance process, we are conducting demonstration tests in collaboration with multiple financial institutions that have endorsed the objectives of the project.

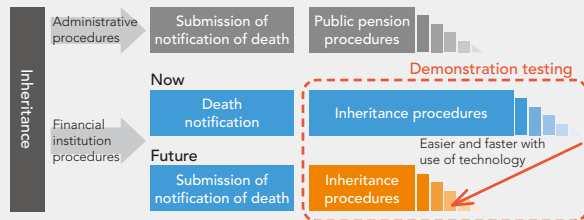
Demonstration testing on automation of inheritance workflow

We are currently utilizing digital technology to test whether we can automate the process of checking the information on a family register in order to confirm heirs for inheritance processing. We have also filed an application for a business model patent as part of this initiative.

Launch of online will trust service

While the smooth transfer of assets is still an issue for society, we are getting closer to an age in which anybody can draw up a will, largely thanks to the easing of will requirements under Japan's Civil Code.

On October 1, 2019 we launched an online will trust service that lets clients easily and conveniently begin the process of acquiring information about will trusts and other services whenever and wherever they wish.



Proof-of-concept construction of trust platform based on UXP information sharing technology

SuMi TRUST Bank is currently considering the construction of a trust platform in collaboration with Cybernetica, one of the leading technology firms in Estonia boasting state-of-the-art security technology.

Cybernetica developed the information sharing technology known as UXP, which was used to expand and develop X-Road, the electronic platform of the Estonian government. SuMi TRUST Bank has its sights set on utilizing this technology in its trust banking platform given the extremely high compatibility with the Group's trust businesses, which currently provide a multitude of products and services to clients in various business domains such as banking, trusts, real estate, pensions, and stock transfer agency services, as well as providing and sharing a wealth of financial and non-financial information for transactions with a wide range of corporate and individual clients.

Owing to our collaboration with Cybernetica, the prime minister

of Estonia, Mr. Jüri Ratas, paid a visit to SuMi TRUST Holdings on February 10, 2020. Following discussions between Japan's prime minister Shinzo Abe and Mr. Ratas on that same day, an official agreement on joint collaboration was signed between the SuMi TRUST Group and Cybernetica.

