

Corporate Governance



As Japan’s only financial group specialized in trust banking, the SuMi TRUST Group is taking steps to strengthen its corporate governance system in line with its business model. As a “company with Three Committees,” in addition to the requirement under the Companies Act for the establishment of statutory committees, we also have in place a Risk Committee and Conflicts of Interest Committee, both of which function as advisory bodies to the Board of Directors. We also strive to further enhance management transparency by appointing an external director as chairman of the Board of Directors.

1. Basic Initiative Policy

In order to adhere to the principles of sound management, based on a high degree of self-discipline with the background of fiduciary spirit, and to establish strong credibility with society, SuMi TRUST Holdings commits itself to enhancing its corporate governance system in line with the following basic philosophy, with the objective of supporting sustainable growth and medium- to long-term enhancement of the enter-

prise value of the SuMi TRUST Group. In addition, the Board of Directors sets out and discloses the SuMi TRUST Group’s Management Principles (“Mission”), Ideal Model (“Vision”), and Codes of Conduct (“Value”) as the anchor for all of our activities, which is shared by all of the directors, officers, and employees of the SuMi TRUST Group.

Basic Philosophy

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure the effectively equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders, including shareholders, clients, employees, business partners, and local communities, and to establish a corporate culture and climate in which it conducts sound business operations based on a high degree of self-discipline.
- In order to establish a basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its Disclosure Policy,

- and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.
- As the financial holding company that assumes the corporate management function of the SuMi TRUST Group, SuMi TRUST Holdings adopted the institutional design of a “company with Three Committees,” and, by separating the execution and supervision of business, shall endeavor to ensure the Board of Directors’ role of effective supervision.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth, as well as the medium- to long-term enhancement of the enterprise value of SuMi TRUST Holdings.

2. Our Views on Corporate Governance

SuMi TRUST Holdings is a financial holding company with many subsidiaries under its Group umbrella, including SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management. Guided by our fiduciary spirit, we aim to leverage our significant expertise and creativity to combine our banking, asset management & administration, and

real estate businesses to deliver total solutions to our clients as their “Best Partner.” In order to fulfill our principles and live up to the expectations of our stakeholders, we make every effort to ensure the soundness and reliability of the Group’s business model, as well as management transparency, and continually strive to enhance the Group’s corporate governance.

3. Board of Directors

(1) Roles of the Board of Directors

The Board of Directors ensures the fairness and transparency of the SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of the SuMi TRUST Group and supervising the overall management of the Group. Thus, with the exception of matters that are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers, and supervises the execution of business by executive officers, etc. Meanwhile, the Board of Directors provides and improves an environment in which external directors may properly supervise the execution of duties by the Board of Directors and the top management, as well as any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc. from the standpoint of stakeholders, in order to support sustainable growth and the medium- to long-term enhancement of the enterprise value of the SuMi TRUST Group. In light of the importance of environmental and social issues related to sustainability, the Board of Directors prescribes a basic policy regarding social responsibility that is to be implemented by each Group company (the "Sustainability Policy"). Under this Sustainability Policy, the Board of Directors enhances awareness among its officers and employees, and promotes positive efforts to resolve these issues while taking its stakeholders into consideration, with the aim of supporting the sustainable growth of society and increasing the enterprise value of the SuMi TRUST Group. Furthermore, the Board of Directors establishes policies regarding the provision of products and services suitable for the true benefit of our clients (the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group"), acts to ensure client comfort and satisfaction by sharing our "client-orientation" policy within the SuMi TRUST Group, and promotes the practice of fiduciary duties in the SuMi TRUST Group by supervising each Group company's commitment to its fiduciary duties.

(2) Composition of the Board of Directors

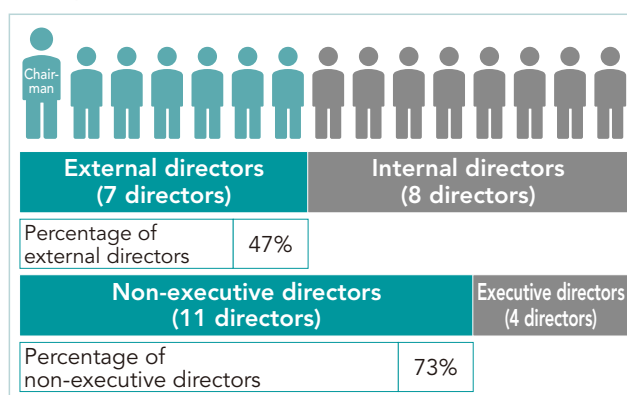
The Board of Directors at SuMi TRUST Holdings requires enough directors considered necessary and appropriate for the Board to demonstrate an effective supervisory function as required of a financial holding company tasked with the corporate management of the Group. In determining the number of directors, due consideration is also given to ensuring diversity and expertise among directors.

In light of the importance of the functions of external directors in corporate governance, as a general rule, at least one-third of the directors on the Board of Directors are independent external directors. The Board of Directors establishes and discloses Independence Standards of Independent Directors.

In determining candidates for directors, SuMi TRUST Holdings takes into consideration, among other factors, a balance between individuals who are capable of exerting strength in the management of specific business fields, and individuals who are suitable for corporate management. SuMi TRUST Holdings

strives to secure a board that is, as a whole, sufficiently balanced and diverse in terms of knowledge, experience, and capability to properly supervise the wide range of business fields in which SuMi TRUST Holdings has dealings, as a trust bank group.

■ Composition of the Board of Directors



- All seven external directors have been registered as independent officers with the relevant financial instruments exchange.
- Breakdown of 15 directors: 14 men, 1 woman
- 16 Board of Directors meetings were convened during the period July 1, 2019 through June 30, 2020. Only on one occasion was one director absent.

(3) External Director Serving as Chairman of the Board of Directors

While a "company with Three Committees" is, in principle, able to delegate important business execution decisions to executive officers, the Board of Directors is required to exercise a greater supervisory function. In light of the role expected of the Board of Directors, SuMi TRUST Holdings has appointed Mr. Isao Matsushita, an external director, as chairman of the Board of Directors.

In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization that assists the chairman in fulfilling his duties, thereby providing information for use in the selection of agendas for Board of Directors meetings, and offering assistance regarding matters such as the clarification of points related to the agendas of Board of Directors meetings.



4. Deliberations by the Board of Directors

We take steps to ensure that the operations of the Board of Directors are focused sharply on key topics of deliberation in its annual schedule, which we formulate as part of the PDCA cycle for the Evaluation of the Board of Directors conducted every year.

In FY2018 the Board of Directors spent a lot of time deliberating governance and risk management for the purpose of

making changes to the institutional design of major subsidiaries, but in FY2019 those changes were completed and therefore the focus of deliberations turned to the formulation of the Medium-Term Management Plan commencing in April 2020. As a result, the Board spent more time deliberating management strategies and monitoring.



■ Topics deliberated on by the Board of Directors in FY2019

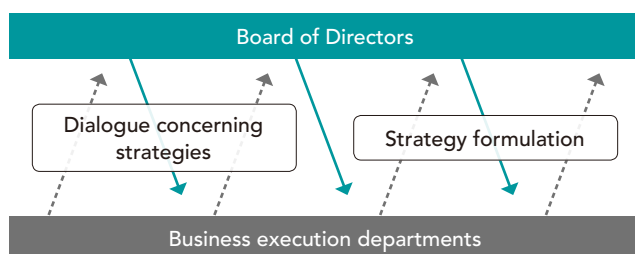
Subject	Topics
Management strategies and monitoring	<ul style="list-style-type: none"> Formulation of Medium-Term Management Plan (business environment assumptions, competitor analysis, plan direction and determination, etc.) Partnership with UBS Group in wealth management business
Governance and risk management	<ul style="list-style-type: none"> Results of evaluation of Board of Directors Transition of Nikko Asset Management to directly owned subsidiary Enhancement of anti-money laundering framework Addressing cyber security risks Impact of, and response to, COVID-19
Finance	<ul style="list-style-type: none"> Examining appropriateness of financial targets for formulation of Medium-Term Management Plan Balance sheet, efficient use of capital
Relationships with stakeholders	<ul style="list-style-type: none"> Dialogue with investors, shareholder measures Status of CS awareness survey Strengthening employee engagement Sustainability policy

5. Formulation Process for Medium-Term Management Plan

As part of the process to formulate the new Medium-Term Management Plan, strategies were developed based on a back-and-forth examination process involving mutual discussions and two-way dialogue between the Board of Directors and business execution departments. Other than Board of Directors meetings, preparatory briefings* were utilized to drive forward methodical discussions in line with the annual deliberation schedule.

*Meetings for the purpose of briefing mainly external directors about agenda items for Board of Directors meetings.

■ Back-and-forth examination process for strategy formulation



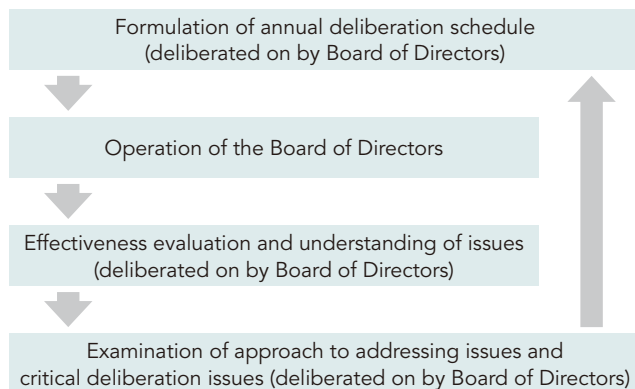
■ Deliberations on Medium-Term Management Plan

April 2019	Schedule for formulating Medium-Term Management Plan
May	Confirmation of management principles and other matters
June	Internal/external environment assumptions, competitor analysis
July	Focus points of Medium-Term Management Plan
September	Review of materiality Examination of Medium-Term Management Plan
October	Formulation of new materiality issues
November	Key points of discussion for Medium-Term Management Plan
December	Direction of Medium-Term Management Plan
January 2020	Particulars of Medium-Term Management Plan (1/2)
February	Particulars of Medium-Term Management Plan (2/2)
March	Policy on organizational changes Formulation of Medium-Term Management Plan

6. Results of the FY2019 Evaluation of the Board of Directors

Every year we perform an evaluation of the Board of Directors in an effort to enhance its effectiveness by considering and adopting measures aimed at improving issues identified in the evaluation and by implementing the PDCA cycle. The key points in the FY2019 evaluation of the Board of Directors are as follows.

■ PDCA Cycle



○ Key Points in the FY2019 Evaluation of the Board of Directors

- (1) 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.
- (2) The third-party organization surveyed and interviewed the directors and self-evaluations were carried out in light of a review performed by the third-party organization.
- (3) 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.

■ FY2019 Implementation Schedule for the Evaluation of the Board of Directors

Month and Year	Evaluation Process
January–February 2020	Directors and executive officers were surveyed by the third-party organization (external consultant) Members of each committee were surveyed
February–March	Directors were interviewed by the third-party organization (external consultant)
May	The Board of Directors deliberated the results of the evaluation of the Board of Directors
June	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

○ Measures to Address FY2018 Issues

Based on the following measures that addressed issues in FY2018, results confirmed in the FY2019 evaluation of the Board of Directors have indicated that progress is being made on improving those issues.

- (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 insights of external directors were fully utilized.
- (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 consultancy firm 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.

○ Results of the FY2019 Evaluation of the Board of Directors and Future Measures

Through the FY2019 evaluation of the Board of Directors, 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 COVID-19 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.

7. Committees

To ensure the effectiveness of corporate governance and further enhance the soundness and reliability of the Group's business model, as well as the transparency of management, we have established the Risk Committee and the Conflicts of Interest Committee as advisory bodies to the Board of Directors to complement the three committees required under the Companies Act, namely, the Nominating Committee, the Compensation Committee, and the Audit Committee. As a financial group specialized in trust banking, the Conflicts of Interest Committee possesses supervisory functions unlike at any other financial group.

Also, every year each committee conducts a self-evaluation in an effort to improve its autonomous management by considering and adopting measures aimed at improving issues identified in the evaluation.

(1) Nominating Committee

The Nominating Committee determines the content of proposals regarding the election and dismissal of directors to be submitted to the General Meeting of Shareholders, receives requests for consultation regarding the election and dismissal of executive officers including the President, as well as the succession plan for the management team from the Board of Directors, and deliberates and makes reports on these matters. It also receives requests for

consultation regarding the election and dismissal of directors from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, and deliberates and makes reports regarding these matters. The Nominating Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Nominating Committee is selected from the pool of committee members who are independent external directors.

(2) Compensation Committee

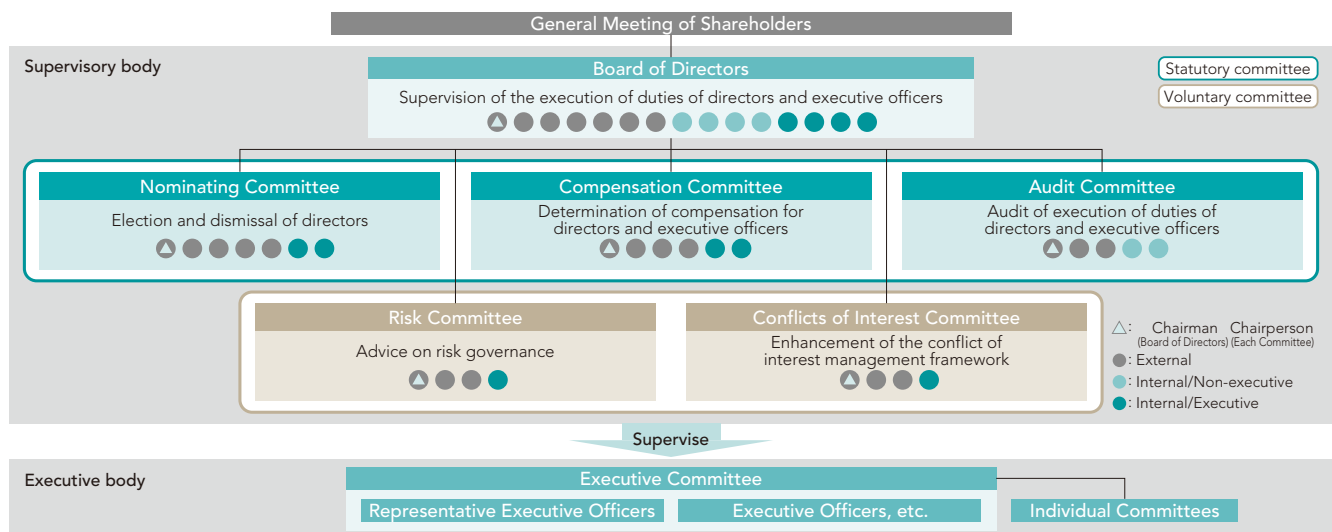
The Compensation Committee prescribes policy regarding decisions on the content of compensation for individual executive officers and directors, and determines the content of compensation for individual executive officers and directors, in accordance with this policy. It receives requests for consultation regarding policies on decisions on the content of compensation for individual directors, etc. from the Board of Directors of SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management, and deliberates and makes reports on these matters. The Compensation Committee consists of three or more directors, and a majority of the members are independent external directors. The chairperson of the Compensation Committee is selected from the pool of committee members who are independent external directors.

■ Meetings of Board of Directors and Committees (July 2019 through June 2020)

	July 2019	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2020	Feb.	Mar.	Apr.	May	June
Board of Directors	●	●	●	●	●●	●	●	●	●●	●	●●	●●
Nominating Committee	●		●	●	●	●	●●	●●	●	●	●●	●
Compensation Committee	●	●		●	●	●	●		●	●	●	●●
Audit Committee	●	●●	●	●	●●	●	●	●	●●	●	●●	●●
Risk Committee	●			●	●	●	●		●		●	
Conflicts of Interest Committee	●				●		●					●

● One meeting ●● Two meetings

■ Corporate Governance System



(3) Audit Committee

The Audit Committee audits the execution of duties by executive officers and directors, and prepares audit reports. It determines the content of proposals regarding the election and dismissal of a financial auditor, and regarding refusals to reappoint a financial auditor that are submitted to the General Meeting of Shareholders.

In order to fulfill its role and responsibilities, the Audit Committee appropriately exercises its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It appropriately utilizes the internal control system of the SuMi TRUST Group, and systematically and efficiently conducts audits by receiving reports from executive officers, directors, and a financial auditor, and through communications with these individuals. The Audit Committee consists of three or more directors who do not concurrently serve as executive officers, and a majority of its members are independent external directors. The chairperson of the Audit Committee is selected from the pool of committee members who are independent external directors.

(4) Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding the SuMi TRUST Group, top risks, and materiality, and (ii) matters concerning the operation of its risk appetite framework, risk management, and monitoring of the effectiveness of the internal control system related to compliance management of the

SuMi TRUST Group, and reviews and reports on their appropriateness. In principle, a majority of the members of the Risk Committee are independent external directors and external experts. The chairperson of the Risk Committee is selected from the pool of committee members who are independent external directors.

(5) Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on (i) matters concerning the validity of the conflict of interest management framework of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of the SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of the SuMi TRUST Group and the action plans, etc. of each Group company, (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and reviews and reports on their appropriateness. In principle, a majority of the members of the Conflicts of Interest Committee are independent external directors and external experts. The chairperson of the Conflicts of Interest Committee is selected from the pool of committee members who are independent external directors or external experts with professional knowledge and expertise in the concerned field.

Activities of each committee (July 2019 through June 2020)	Nominating Committee	Compensation Committee
Audit Committee • Launched organizational audits (audits that leverage the internal control system). Carried out systematic and efficient audits supported by appropriate collaboration with executive officers, directors, the Internal Audit Department, financial auditors, and auditing units of affiliated Group companies.	<ul style="list-style-type: none"> Decided on proposed director candidate for SuMi TRUST Holdings. Deliberated on proposed director candidate for a major subsidiary. Selected next-generation top management candidates based on succession plans and considered improvements to development plans. 	<ul style="list-style-type: none"> Deliberated on compensation for executives, including executives at major subsidiaries. Discussed makeup of monthly compensation, director bonuses, stock compensation, as well as compensation systems taking into account near-term and longer-term incentives. Modified stock compensation system and introduced share delivery trust system.
	Risk Committee <ul style="list-style-type: none"> Deliberated on the "three lines of defense" structure for Group risk governance and risk management in line with the Group's business model. Deliberated on external environment assumptions and top risks. Deliberated on matters concerning the risk appetite framework. 	Conflicts of Interest Committee <ul style="list-style-type: none"> Deliberated on a dynamic conflict of interest management framework taking into account case examples overseas, circumstances at other firms, the COVID-19 crisis, and trends in Japan and abroad. Deliberated on further penetration and implementation of FD and measures aimed at enhancing business quality control capabilities.

Members of Committees (▲: Chairperson, ●: Member (external), ●: Member (internal/non-executive), ●: Member (internal/executive))

			Nominating	Compensation	Audit	Risk	Conflicts of Interest	
External	Directors	Isao Matsushita	▲	●				
		Takeshi Suzuki	●	●		●	●	
		Mikio Araki	●	●		▲		
		Shinichi Saito	●		▲			
		Takashi Yoshida			●			
		Hiroko Kawamoto	●	▲				
		Mitsuhiro Aso			●			
	Experts	Hideki Kanda*						▲
		Haruyuki Toyama*				●		
		Akiko Hosokawa*						●
Internal		Tetsuo Ohkubo	●	●				
		Masaru Hashimoto	●	●				
		Yutaka Nishida				●	●	
		Kuniyuki Shudo			●			
		Kouji Tanaka			●			

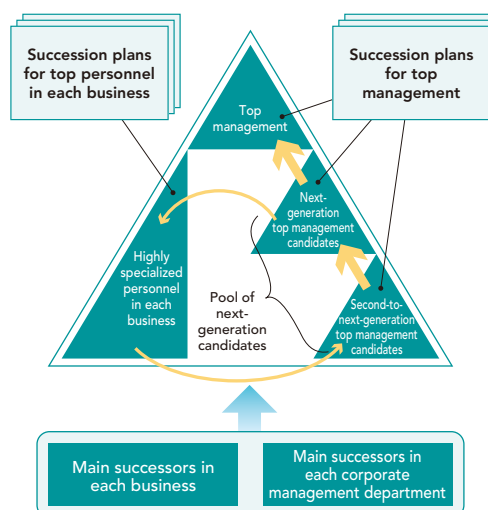
* Mr. Hideki Kanda is an external director of SuMi TRUST Bank. Mr. Haruyuki Toyama and Ms. Akiko Hosokawa are external experts.

8. Succession Plan

In order to realize the sustainable growth of the Group and enhance its enterprise value, the Group has created succession plans for the top management of SuMi TRUST Holdings and its major subsidiaries, SuMi TRUST Bank and Sumitomo Mitsui Trust Asset Management. We have also created management personnel development plans for the personnel that will be responsible for the management of each business and corporate management.

These plans define the ideals and requirements of directors and executive officers, and assist with the management and development of a pool of candidates that meet these ideals and requirements.

The status of the progress of succession plans and management personnel development plans is reported regularly to the Nominating Committee, which reports to the Board of Directors.



9. Compensation System for Directors and Executive Officers

(1) Policy Regarding Decisions on the Content of Compensation

- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and expansion of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, we are building a compensation system with a balance of near-term incentives and medium- to long-term incentives, with rewards based on a comprehensive evaluation that reflects earnings contributions over the medium to long term.
- We accurately assess the roles that directors and executive officers of SuMi TRUST Holdings must perform in corporate management, as well as the results of their efforts, in order for them to adequately discharge their supervisory duties over the

Group companies, and determine individual compensation based on highly transparent, fair, and objective evaluations.

- The Compensation Committee forges deeper collaborations with committees in order to build a higher accountability compensation system, and engages in deliberations with the aim of operating a fair and balanced compensation system.
- Neither internal nor external committee members participate in decisions regarding their own compensation.

(2) Overview of the Compensation System

In principle, compensation is paid with a combination of monthly compensation (comprising fixed compensation and individual performance compensation), bonuses for directors and executive officers (performance-linked bonuses), and stock compensation (share delivery trust).

	Fixed compensation (roughly 40%)		Variable compensation (roughly 60%)		
President	Fixed compensation as a percentage of monthly compensation	Individual performance compensation as a percentage of monthly compensation	Bonus	Stock compensation	Total
	40%	25%	20%	15%	100%
	Fixed compensation (roughly 45%)		Variable compensation (roughly 55%)		
Other than president	Fixed compensation as a percentage of monthly compensation	Individual performance compensation as a percentage of monthly compensation	Bonus	Stock compensation	Total
	45%	25%	20%	10%	100%

(3) Indicators (KPIs) Concerning Performance-Linked Compensation

A system has been introduced to derive total bonus (performance-linked) and stock compensation (share delivery trust) amounts for directors and officers by calculating achievement

rates for the items listed below with reference to KPIs and then multiplying the rates against a base amount.

Near-term / medium-term	Indicators (KPIs) concerning performance-linked compensation	KPI selection reason	Calculation method
■ Bonuses for directors and officers (performance-linked)			
Linked to near-term earnings	(1) Consolidated net business profit	Considered appropriate indicators of the company's business results and capabilities in the fiscal year under review	Calculated based on a weighted average with a 2:1 weighting on the achievement rates for (1) and (2), respectively
	(2) Consolidated net profit attributable to owners of the parent		
■ Stock compensation (share delivery trust)*			
Linked to near-term earnings	(1) Consolidated net business profit	Considered appropriate indicators of the company's business results and capabilities in the fiscal year under review	Calculated based on a weighted average with a 2:1 weighting on the achievement rates for (1) and (2), respectively
	(2) Consolidated net profit attributable to owners of the parent		
Linked to medium-term earnings	(3) Consolidated shareholders' equity and ROE	<ul style="list-style-type: none"> • Key financial indicators and non-financial items in the company's Medium-Term Management Plan and considered appropriate key topics in management strategy • To clarify commitment to management of directors, officers, and executive officers 	<ul style="list-style-type: none"> • Final achievement rate calculated by qualitatively assessing the achievement and progress of (3), (4), and (5), as well as the activities for (6) and (7) and adding the scores to the achievements rates calculated with (1) and (2) above • Achievement rate is capped at 130% (lower limit of 0%) so as to provide an appropriate incentive scheme
	(4) Consolidated common equity tier 1 capital ratio		
	(5) Consolidated overhead ratio (OHR)		
	(6) ESG-related activities and rating agency score, etc.		
	(7) Fiduciary duty and customer satisfaction activities		

*Compensation with the use of a trust scheme. Points are awarded every fiscal year based on the achievement rates for the KPIs above and delivered in the form of shares upon retirement. Malus provisions (reduction/forfeiture prior to share delivery) apply.

10. Changes to the Institutional Design of Group Companies

In order to enhance the SuMi TRUST Group's corporate governance system, three primary Group companies of SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management, have changed from a "company with a Board of Corporate Auditors" to a Company with an Audit and Supervisory Committee.

Furthermore, Nikko Asset Management was made a directly owned subsidiary of SuMi TRUST Holdings (previously directly owned by SuMi TRUST Bank). This move aims to further advance the Group's asset management business and enhance corporate governance, including the appropriate management of conflicts of interest within the Group.

■ Changes to the Institutional Design of Group Companies/ Transfers within the Group

June 2017	SuMi TRUST Holdings became a "company with Three Committees"
October 2018	Sumitomo Mitsui Trust Asset Management became a Company with an Audit and Supervisory Committee
June 2019	SuMi TRUST Bank and Nikko Asset Management became a Company with an Audit and Supervisory Committee
July 2019	Transition of Nikko Asset Management to directly owned subsidiary of SuMi TRUST Holdings

11. External Directors' Meetings

In order to further improve the effectiveness of our corporate governance, we regularly hold external directors' meetings, which are only attended by external directors.

These external directors engage in discussions that are

active and unrestrained, sharing information and awareness from independent and objective positions. These meetings contribute to the greater objectivity and independence of the Board of Directors.