

Client-Oriented Initiatives

1. Providing Value to Clients

In an era of dramatic environmental change, the needs of both individual and corporate clients to build, manage, and review their assets and plan for succession are becoming increasingly complex, and their needs for trustworthy financial institutions are growing. The SuMi TRUST Group aims to be the “Best Partner” providing the greatest value to individual and corporate clients by accurately understanding their needs and providing total solutions that include a wide range of highly specialized products and services as the best way to address those needs. To this end, as the only independent financial group specialized in trust banking in Japan, along with striving to be completely client-oriented, we have estab-

lished a stringent conflict of interest management framework, which allows us to make effective use of the comprehensive capabilities that combine trust and banking functions, as well as the various trust functions within the Group.

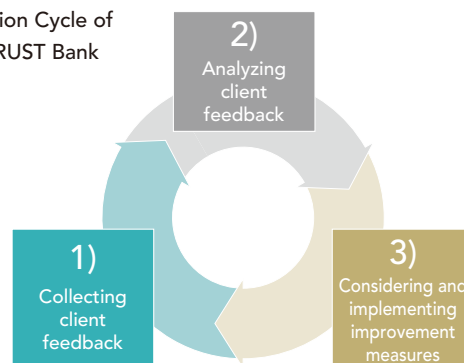
In April 2020, in order to further advance client orientation and customer satisfaction as sources of differentiation, we integrated our Fiduciary Duty (FD) unit (which promotes client-oriented business operations) with our Customer Satisfaction (CS) unit (which strives to improve customer satisfaction), thereby strengthening our efforts to improve our business quality management capabilities.

2. Enhancement of Customer Satisfaction

(1) Initiatives to Link the “Voice of Customers” to Enhanced Customer Satisfaction

1) SuMi TRUST Bank receives a large amount of opinions and requests through its branch offices across Japan, telephone centers, the Group’s website, and various questionnaires. 2) In order to realize customer satisfaction by utilizing the hundreds of thousands of feedback we receive each year, we use the “CS Voice of Customers Portal,” which is a system to analyze client feedback. We are striving to meet our clients’ needs by making client feedback “visible,” so that we can better “recognize” such needs. 3) Furthermore, regarding opinions and requests received from clients, branches and the head office cooperate to investigate and analyze the causes, and identify problems. Based on the results, we search for improvement measures, and strive to provide better products and services.

CS (Customer Satisfaction)
Promotion Cycle of
SuMi TRUST Bank



(2) Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a financial group specialized in trust banking, and put together an extensive lineup of unique and sophisticated products and services that are essential to providing total solutions, the SuMi TRUST Group focuses on promoting group-wide initiatives that combine the expertise of each business and Group company, rather than simply using their strengths and know-how. In this manner, the SuMi TRUST Group is creating a product development system that carries out medium-term, ongoing research activities on themes that would be difficult to categorize within the domains of individual businesses or Group companies.

Specifically, SuMi TRUST Bank has established a product

development department in each business, as well as the Business Research and Development Department, and a product development off-site meeting as its product development organization. The product development departments in each business analyze the client needs that have been collected in the course of business, and engage in improvement and development, mainly of products for immediate application, including reviews of existing products and design of new products. In addition, the Business Research and Development Department, which was established as a dedicated unit primarily for the development of trust products, serves as the engine that drives product development and provides development support for each business, while carrying out plan-

ning, development, and promotion of medium- to long-term development projects across businesses. Furthermore, the product development offsite meeting has been established as a forum for discussion among executive officers and general managers, where regular exchanges of opinion are held regarding product development, not only at a practical working level, but also based on management strategy from a medium- to long-term viewpoint.

The SuMi TRUST Group also focuses its efforts on nurturing human resources who are capable of flexible thinking that

sustains product development. At SuMi TRUST Bank, product development experience is included in the new employee training curriculum, and human resource development seminars on product development are held twice each year for product development personnel with little experience. At these seminars, groups engage in exhaustive discussions on the topic of new products to satisfy target client needs that are assigned in advance, with the goal of enabling participants to acquire an understanding of breakthrough points and problem-solving methods in product development.

(3) Technologies to Support Total Solutions

As digitization progresses at a rapid pace, the SuMi TRUST Group regards digital reform initiatives as one of its most important management strategies.

SuMi TRUST Bank introduced AI assisted automatic forecast analysis to understand the changing client needs due to the advent of the age of 100-year life and make proposals that are more client focused and appropriate. At trust type next generation branches, we provide consultation spaces that

can comfortably accommodate clients together with their family members spanning multiple generations, while actively utilizing digital technologies such as introducing new tablet devices. In this manner, we will transform branches from places to handle procedures to spaces for consultation.

By providing total solutions through the optimal combination of consulting and digital technologies, we will continually strive to provide a client experience that exceeds their expectations.

3. Initiatives Related to Fiduciary Duties (FD)

(1) Practicing Fiduciary Duties

The aim of the SuMi TRUST Group to be the “best partner” for clients is based on our client-oriented spirit. The Group has hitherto endeavored to be completely client-oriented given that a fiduciary spirit is essentially ingrained into our DNA. To this end, since we formulated and released

our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (the “Policies”) in September 2016, we have continued to further strengthen our initiatives by revising the Policies whenever necessary.

■ The Group’s FD Promotion and Supervision System

	Organization		Initiatives	
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> Supervise conflict of interest management for the Group, monitor FD progress 	
	SuMi TRUST Bank	Executive Committee	Conflicts of Interest Management Enhancement Committee	<ul style="list-style-type: none"> Discuss important cases Guide the improvement of relevant departments
		Department in charge	FD/CS Planning and Promotion Dept.	<ul style="list-style-type: none"> Promote FD within the organization
			Compliance Dept.	<ul style="list-style-type: none"> Enhance conflict of interest management
Group companies	Group-wide	Fiduciary Duties Discussion Panel	<ul style="list-style-type: none"> Consult with each company and incorporate discussions into each company’s FD activities 	

Client-Oriented Initiatives

We believe that the practice of fiduciary duties depends on “significant expertise” that our clients can rely on, “consulting practice” that offers clients optimal options according to their individual needs, and “stringent conflict of interest management.” The SuMi TRUST Group has put in place an extensive organizational structure from the management level to the working level, and strives constantly to enhance its initiatives in this area.

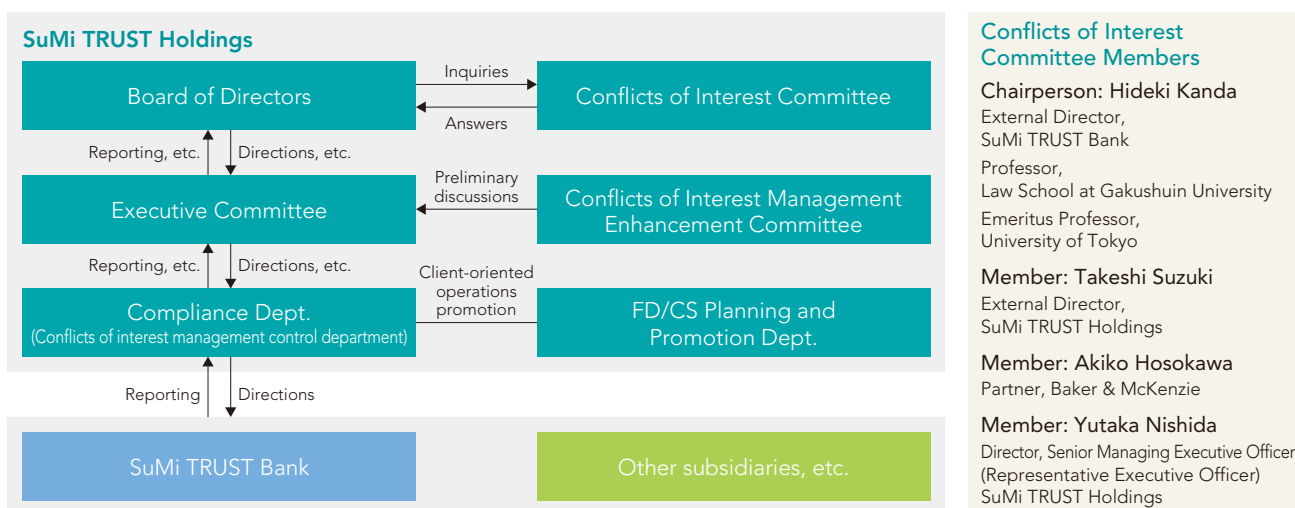
(2) Conflict of Interest Management

With the approval of the Board of Directors, the Group announced the Management Policy Concerning Conflicts of Interest (Outline), in order to protect the interests of our clients from undue harm caused by provision of various services by Group companies and their related parties. The Group identifies and classifies transactions that have possible conflicts of interest in advance and manages such transactions appropriately.

The SuMi TRUST Group makes public indicators that allow confirmation of the status of initiatives and Key Performance Indicators (KPIs) aimed at becoming our clients’ “Best Partner,” in order to communicate the results of these initiatives in a simple manner. These indicators are revised each fiscal year, and include the common KPIs, which are common indicators comparable across investment trust distributors.

Furthermore, we have established a system in which the Compliance Department, which is the department that controls conflict of interest management independently of sales divisions, regularly verifies the effectiveness of conflict of interest management across the Group. The results are regularly reported to the Board of Directors, etc., and improvement and direction are carried out continuously, as needed.

■ Conflict of Interest Management Framework*

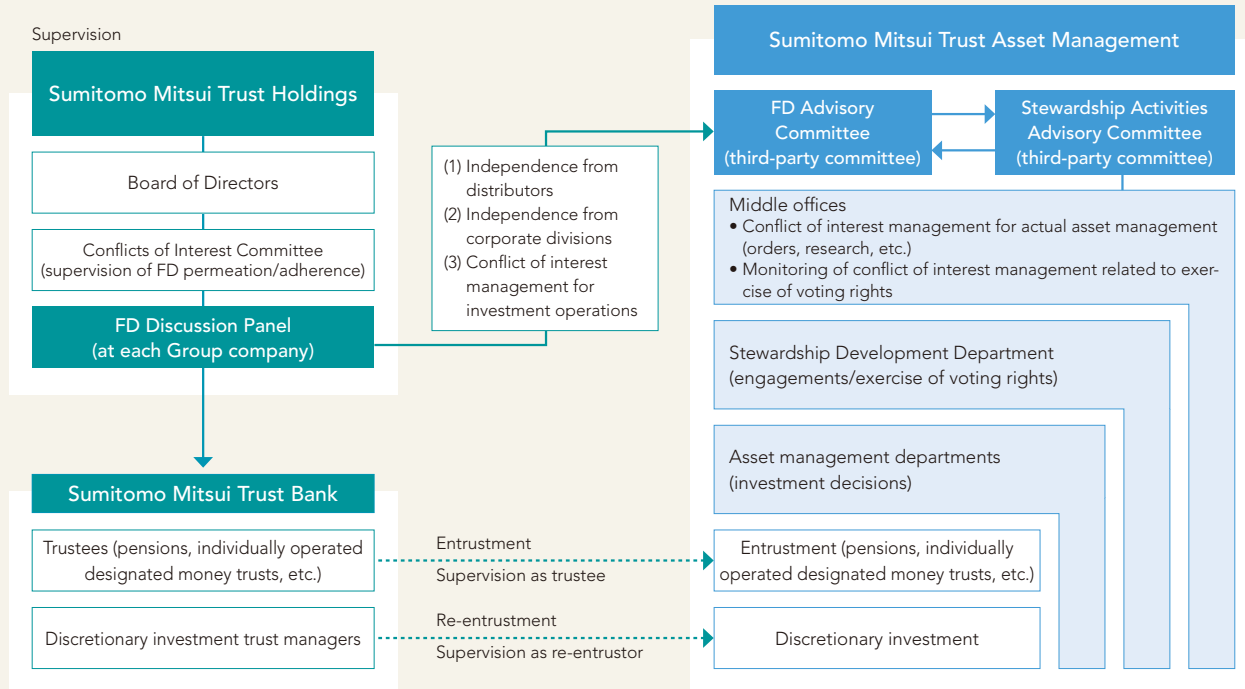


* For the specific role of the Conflicts of Interest Committee, please refer to page 73.

In addition, the Group has established the Conflicts of Interest Committee in an effort to enhance the effectiveness of the Group’s conflict of interest management framework. The majority on the Committee consists of external members. It serves as an advisory body to the Board of Directors and receives verification of the appropriateness of the Group’s conflict of interest management. The summary of agendas of the Committee has continuously been made available for public review.

With respect to our conflict of interest management system for stewardship activities, the Conflicts of Interest Committee has established a Stewardship Services (SS) Working Group composed of third-party members from the external committees of the Group’s asset management companies. The aim is to strengthen information coordination and oversight functions on the Group-level SS activities.

Conflict of Interest Management System for Stewardship Activities



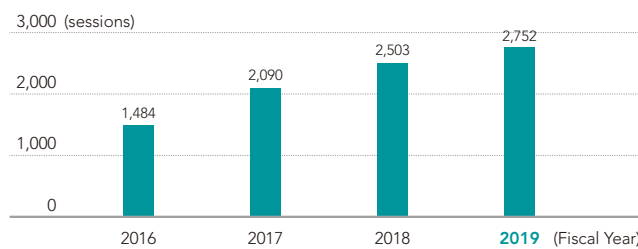
(3) Status of Initiatives Aimed at Becoming Our Clients' "Best Partner" and Key Performance Indicators (KPIs)

The SuMi TRUST Group regularly makes public indicators that allow confirmation of the status of initiatives aimed at becoming our clients' "Best Partner." These indi-

cators are revised periodically as we promote and enhance these activities.

Initiatives in Connection with Financial Education and Literacy Improvement of Clients

Number of Seminar Sessions Held

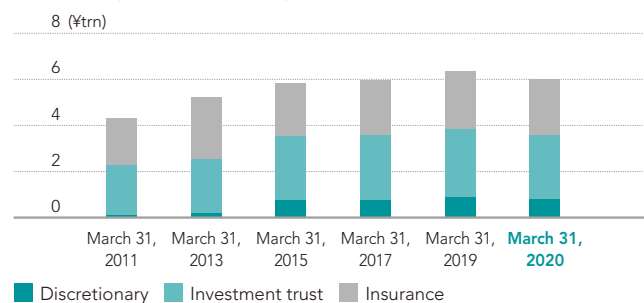


*Number of seminar sessions held for individual clients at SuMi TRUST Bank

We are making efforts to hold seminars, for example our "Asset Management Seminar" and "Inheritance Strategies Seminar," as opportunities to offer clients useful, specialized knowledge in an easy to understand manner.

Offering a Wide Range of Products and Services that Meet the Diverse Needs of Clients

Comprehensive Offerings Drive Growth in Balances of Investment Trusts, Discretionary Investment Management Products, and Insurance

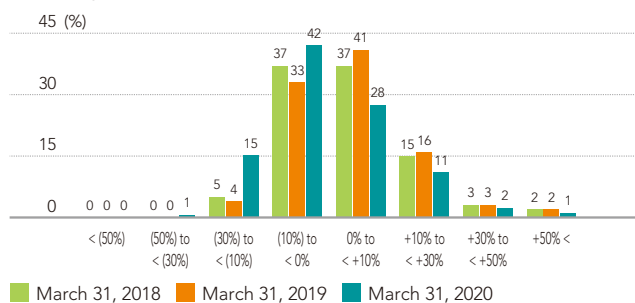


To meet the diverse needs of our clients, SuMi TRUST Bank offers a wide range of high-quality products and services, including investment trusts, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Client-Oriented Initiatives

Improving Investment Returns for Clients

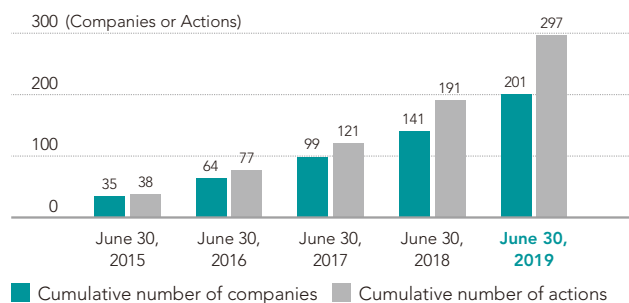
Spread of Clients with Investment Trust Gains/losses, Including Realized Profit and Loss



While investment gains/losses fluctuate depending on market trends and other factors, we make every effort to improve returns and realized profits/losses for our clients. To this end, when proposing investment products to our clients, SuMi TRUST Bank emphasizes the importance of carefully following up on their intentions in light of major life events and changes in the market environment. In this way, we strive to maintain an ongoing dialogue with our clients. The spread of client gains/losses on March 31, 2020 was negatively impacted by the decline in stock prices associated with the COVID-19 pandemic. However, the investment management climate improved with the subsequent recovery of the market, and as of May 31, 2020, the percentage of clients with investment trust gains had risen to 57%.

Enhancing Asset Management

Number of Companies and Number of Cases Where Corporate Action was Taken



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management pursues stewardship activities such as an engagement activity ("purposeful dialogue" with investee companies, conducted to encourage improvement of corporate value and the sustained growth of the investee company) and the exercise of voting rights aimed at medium- to long-term growth in corporate value. Through these activities, we are working to increase our clients' medium- to long-term investment returns. The number of corporate actions has been rising and now totals 297, indicating that engagement activities by Sumitomo Mitsui Trust Asset Management are being accepted by investee companies.

R&I Customer-oriented Investment Trust Sales Company Rating



SuMi TRUST Bank has earned an R&I Customer-oriented Investment Trust Sales Company Rating of "S" for two consecutive years.

The rating is based on R&I's neutral third-party evaluation of banks, securities companies, and other financial enterprises engaged in the sale of investment trusts. The rating assesses their "customer-oriented business operations" and their policies and initiatives in this area. The SuMi TRUST Group will continue to pursue client-oriented initiatives and promote their adherence as we strive to be a "Best Partner" whom our clients entrust with their business for many years to come.

*The "R&I Customer-oriented Investment Trust Sales Company Rating" ("the rating") is not a statement of fact. Rather, it represents R&I's opinions regarding the "customer-oriented business operation" initiatives of companies engaged in the trust investment sales business. Though R&I uses information that it deems to be reliable when carrying out the rating, it does not independently verify the accuracy of this information. Furthermore, R&I, etc. does not guarantee the accuracy or integrity of this information, nor does it endorse the purchase, sale or holding of any specific product nor guarantee the future performance of any such product. All intellectual property rights (copyrights, etc.) and any other rights pertaining to the rating belong to R&I, and any reproduction or republication without permission is prohibited.

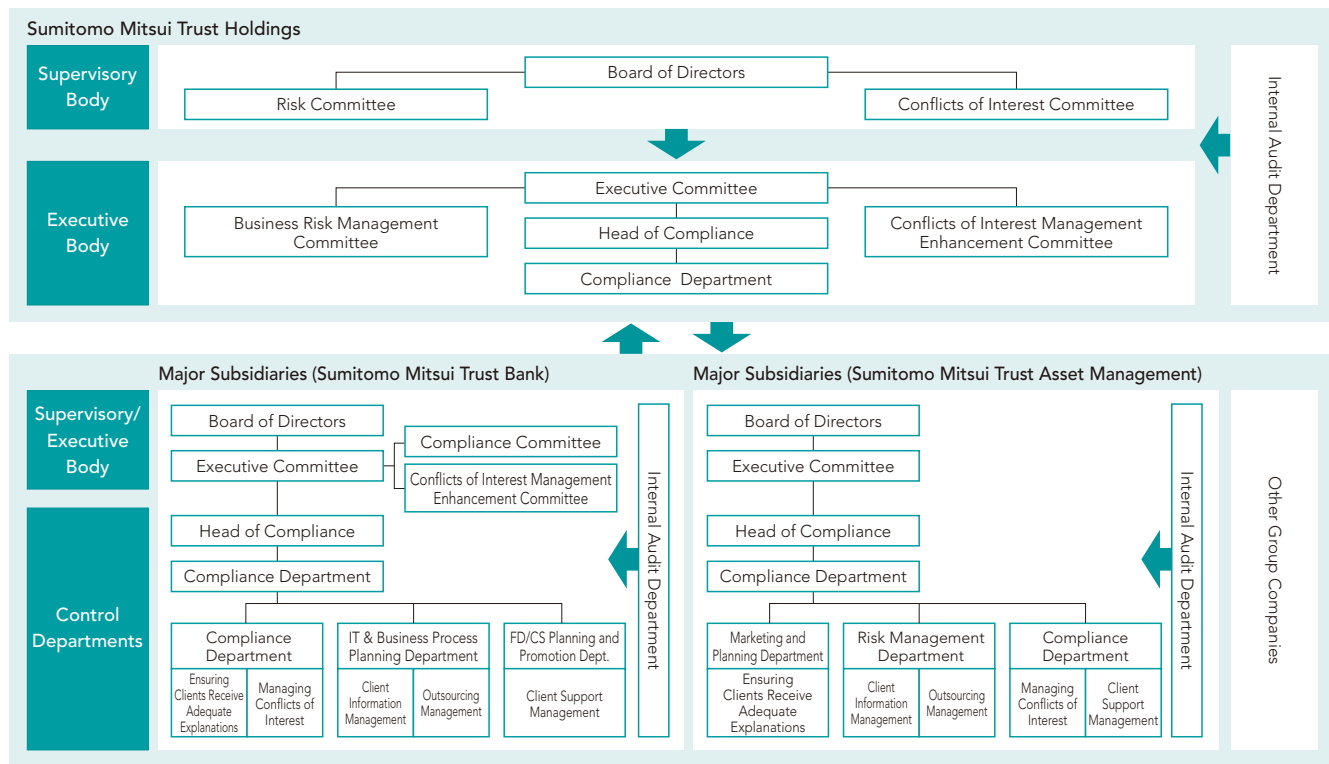
4. Initiatives for Management of Client Protection, Etc.

(1) Basic Initiative Policy

The Group regards client protection as one of its most important management issues. SuMi TRUST Holdings has established a basic policy in its Client Protection Management Rule designed to enhance the Group's client protection and convenience, to enable the Group companies to develop appropriate client protection management systems in accordance with the characteristics of their own operations. Based on the basic policy, each Group company has established the control departments for client protection management and

supervisory departments according to functions. The control departments oversee client protection management as a whole, through the preparation of internal company rules and regular reporting to the Board of Directors and others. Supervisory departments develop frameworks for each function, and ensure appropriateness and sufficiency of each function through guidance for related departments, and training expansion, and improvement.

■ Client Protection Management Framework



(2) Ensuring Clients Receive Adequate Explanations

When providing financial products and services, the SuMi TRUST Group provides appropriate and sufficient explanations and easy-to-understand information so that our clients understand and are assured about the products and services. Specifically, we have created a client protection management framework, such as thoroughly enforcing the suitability rule,* creating a client explanation manual that stipulates appropriate provision of information to clients, etc. and expanding and improving training, based on the solicitation policy regarding provision of financial products and services and the Policies regarding the

Fiduciary Duties of the Sumitomo Mitsui Trust Group.

In particular, we monitor whether appropriate explanations are provided to our clients to ensure their understanding in transactions involving financial products that may pose risk, including investment trusts and life insurance. We revise our solicitation rules, as necessary, to ensure that solicitation and sales activities for financial products are conducted appropriately from the perspective of the clients.

*Rules that prohibit inappropriate solicitation in view of clients' knowledge, experience, financial position, and purpose of transactions.

(3) Client Information Management

The Group has established the Sumitomo Mitsui Trust Group Privacy Policy to securely protect the personal information of its clients for establishing a framework for appropriately managing client information. When using client information jointly within the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related

laws and regulations, so as to ensure the appropriate use of such information.

The SuMi TRUST Group requires all employees to submit a written affirmation of their duty of confidentiality, so that they clearly recognize the duty they have to keep important information, including personal data they come across while working, confidential.