



As a trust bank group, 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 a Risk Committee and Conflicts of Interest Committee in place, 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 Reason for Existence (“Purpose”), 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   |  |
|--|--|
| <ul style="list-style-type: none"> <li>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 effective equal treatment of shareholders.</li> <li>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.</li> <li>In order to establish a basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately articulate its Disclosure Policy, and endeavor to appropriately disclose corporate</li> </ul> | <ul style="list-style-type: none"> <li>information, including non-financial information, and ensure the transparency of its corporate management.</li> <li>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.</li> <li>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.</li> </ul> |

### 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 and asset 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 shall strive 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 officers and other officers. 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 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

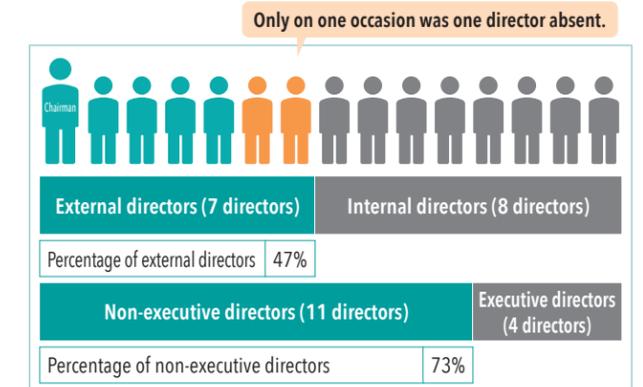
The Board of Directors at SuMi TRUST Holdings has appointed sufficient number of directors considered necessary and appropriate for the Board to demonstrate an effective supervisory function as required of a financial holding company tasked with the management of the Group. In determining the number 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.

Furthermore, in deciding the candidates for directors, SuMi TRUST Holdings looks for individuals who are able to formulate strategies that demonstrate the Group’s strengths and who are able to participate in discussions about management administra-

tion, while striving to ensure a balance and diversity of knowledge, experience and capabilities that is appropriate to properly oversee our wide range of business areas as a trust bank group.

### ■ Composition of the Board of Directors



- All seven external directors have been registered as independent officers with the relevant securities exchange.
- Breakdown of 15 directors: 13 men, 2 women
- 18 Board of Directors meetings were convened during the period July 1, 2020 through June 30, 2021.

### (3) Chairman of the Board of Directors (External Director)

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.

### External Directors’ Meeting

To further improve the effectiveness of corporate governance, external directors’ meetings, which are attended exclusively by external directors, are held regularly.

These meetings, at which external directors engage in active and unrestrained discussions and share information and awareness from independent and objective positions, help foster a relationship of trust among the external directors and strengthen the supervisory function of the Board of Directors.

At the external directors’ meetings held in FY2020, taking the results of the Evaluation of the Board of Directors and other factors into account, the external directors discussed, among other matters, operational improvements and topics for future discussion at the Board of Directors meeting, and then offered recommendations to the executive.

## 4. Deliberations by the Board of Directors

The Board of Directors is subject to rigorous management based on its annual schedule, which is formulated as part of the PDCA cycle for the Evaluation of the Board of Directors conducted every year, and deliberations are conducted in response to changes in the environment inside and outside the company.

FY2020 marked the transition from the formulation phase of the Medium-Term Management Plan to the phase of monitoring its progress, and as a result the relative amount of deliberation time spent on "Management strategies and monitoring"

decreased compared to FY2019. On the other hand, the relative amount of deliberation time spent on "Governance" and "Risk management" increased in FY2020 after the occurrence of serious incidents, which stimulated deeper deliberations on topics such as improving our business operational quality (which is the source of the SuMi TRUST Group's strengths), the new policy on strategic shareholdings, and the policy on dialogue with corporate clients. The point of these deliberations was to strengthen the relationship of trust with clients and society.



### Topics deliberated on by the Board of Directors in FY2020

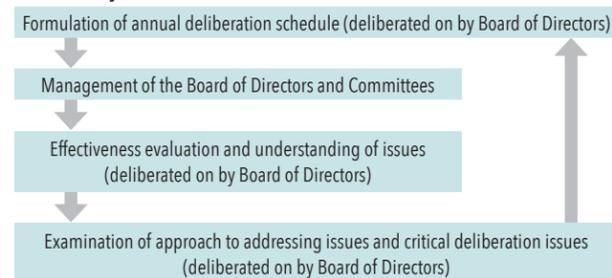
| Subject                              | Topics   |
|--------------------------------------|--|
| Management strategies and monitoring | <ul style="list-style-type: none"> <li>Monitoring progress of Medium-Term Management Plan</li> <li>Topics relevant to development of annual management plan (coping with the new normal, the Group's vision under the new management, etc.)</li> </ul> |
| Governance                           | <ul style="list-style-type: none"> <li>Selection of President based on succession plan</li> <li>Enhancement of compensation system for directors and executive officers</li> </ul>   |
| Risk management                      | <ul style="list-style-type: none"> <li>Improvement and upgrading of our business operational quality in light of serious incidents</li> <li>Conduct risk management framework</li> </ul>   |
| Finance                              | <ul style="list-style-type: none"> <li>Changes to shareholder return policy</li> </ul>   |
| Relationships with stakeholders      | <ul style="list-style-type: none"> <li>Climate change response and disclosure (TCFD, etc.)</li> <li>Dialogue with investors, shareholder measures</li> </ul>   |

## 5. Results of the FY2020 Evaluation of the Board of Directors

SuMi TRUST Holdings conducts an annual evaluation of the effectiveness of the Board of Directors as a whole (the "Evaluation of the Board of Directors"), and reviews and implements remedial measures for the challenges it recognizes, thereby ensuring a PDCA cycle to improve the effectiveness of the Board of Directors' oversight.

In the Evaluation of the Board of Directors for FY2020, we confirmed that certain improvements have been implemented with respect to the issues that were raised in FY2019. We also

### PDCA Cycle



confirmed that the content of the deliberations has been enhanced and the supervisory function has been strengthened as a result of the Board of Directors and each committee being operated with an awareness of its objectives, and that a certain level of effectiveness had been ensured.

On the other hand, through the Evaluation of the Board of Directors, SuMi TRUST Holdings identified the following three challenges as requiring improvement and enhancement by the Board of Directors and each committee, and is working continuously to address these issues.

- (1) Improving discussions concerning important themes and medium- to long-term management issues and strategies set out in the Medium-Term Management Plan.
- (2) Further improvement and validation of the effectiveness of the internal control system and governance on a Group-wide basis
- (3) Enhancement of dialogue with executives regarding the Board of Directors' recognition of issues and acceleration of responses to the issues

For more information, see the link below.  
 URL: [https://www.smth.jp/english/-/media/th/english/about\\_us/management/governance/evaluation\\_E200629.pdf](https://www.smth.jp/english/-/media/th/english/about_us/management/governance/evaluation_E200629.pdf)

## 6. Exercise of Supervisory Functions Related to Strategic Shareholdings

### (1) Status of Deliberations at the Board of Directors

The SuMi TRUST Group's Board of Directors has long recognized the reduction of strategic shareholdings as a material management issue and has strengthened its monitoring of the issue. The Board receives regular reports from the business execution departments on the status of the Group's reduction of strategic shareholdings and incorporates perspectives from outside the Company while deliberating on the issue.

In FY2020, the Board of Directors and the business execution departments continued to deliberate on the issues listed in the table below based on a reciprocal examination process involving mutual discussions and two-way dialogue.

Outside of the Board of Directors meetings, preparatory briefings\* were utilized to drive the discussions forward.

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

| Date          | Topic of Deliberation   |
|---------------|---|
| May 2020      | • Status of strategic shareholdings   |
| November 2020 | • Status of strategic shareholdings<br>• Changes in the environment surrounding strategic shareholdings   |
| January 2021  | • Direction of policy to reduce strategic shareholdings<br>• Hedging policy against risk of market value fluctuations of strategic shareholdings    |
| February 2021 | • Direction of policy to reduce strategic shareholdings   |
| March 2021    | • Policy to reduce strategic shareholdings  |
| April 2021    | • Disclosure of policy to reduce strategic shareholdings  |
| May 2021      | • Status of handling of strategic shareholdings<br>• Enhancements to the system for the exercise of voting rights                                   |
| June 2021     | • Status of handling of strategic shareholdings<br>• Amending Basic Policy on Corporate Governance in relation to policy on strategic shareholdings |

the exercise of voting rights, the Board of Directors came to the conclusion that non-routine measures were necessary.

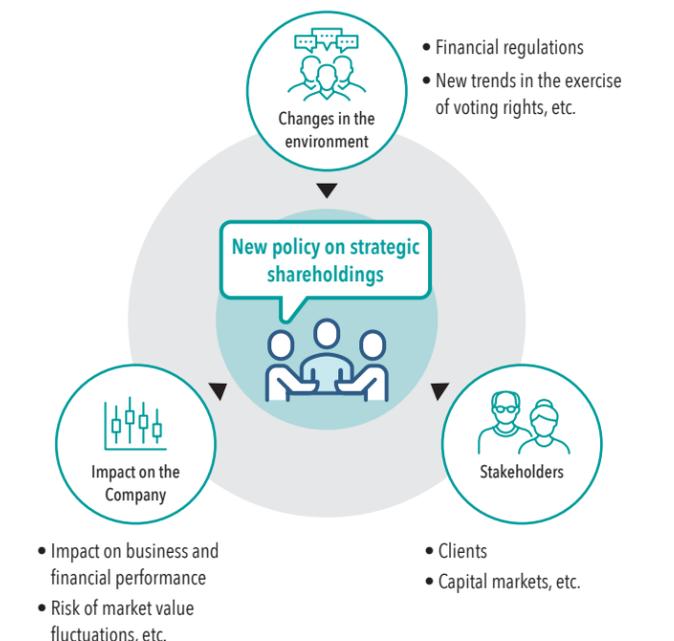
### 2) New policy on strategic shareholdings

Based on this recognition, the Board of Directors deliberated on a new policy on strategic shareholdings aimed at contributing to the further development of capital markets and the virtuous circles of funds, assets, and capital. The new policy incorporates a variety of considerations from different perspectives, including how to hold shares in a manner consistent with our social responsibility as Japan's largest trust bank group providing asset management and asset administration services, how to respond to the needs of corporate clients of whom the SuMi TRUST Group is a strategic shareholder, how to manage the impact of the reduction in holdings on the Group's business and financial results, and how to manage the risk of market value fluctuations associated with the strategic shareholdings.

As a result of these deliberations, the Board of Directors resolved to change its existing policy on strategic shareholdings to the policy that, in principle, the Group shall not hold any "strategic shareholdings as a conventional stable shareholder," and to clearly state this policy in the Group's Basic Policy on Corporate Governance.

Going forward, in accordance with the Basic Policy, the Board of Directors will closely supervise the Group's progress on the reduction of strategic shareholdings as well as its ability to offer solutions that sustainably increase enterprise value and solve problems through extensive dialogue with our clients.

### Deliberations at the Board of Directors



### (2) Main Points of Discussion at the Board of Directors

As a trust bank group with a diverse range of stakeholders, the SuMi TRUST Group is committed to creating a virtuous circulation from increased enterprise value leading to an increase in household savings, assets and capital. In this context, the Board of Directors has redoubled its commitment to deepening its deliberations with respect to the Group's strategic shareholdings, and on the following issues in particular.

#### 1) Recognition of the current situation in light of changes in the environment surrounding strategic shareholdings

With respect to strategic shareholdings, the Group has been aware of the issue of the size of its exposure in comparison to its shareholders' equity and the risk of market value fluctuations, and has been taking measures to address these issues. However, as a result of deliberations on the current situation of the Group in light of changes in the external environment, including the impact of financial regulations such as Basel III and trends at other companies that provide advice on

## 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.

### (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 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 reports regarding these matters.

### (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 reports on these matters.

### (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 appropriate-

ly 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.

### (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.

### (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 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.

### Meetings of Board of Directors and Committees (July 2020 through June 2021)

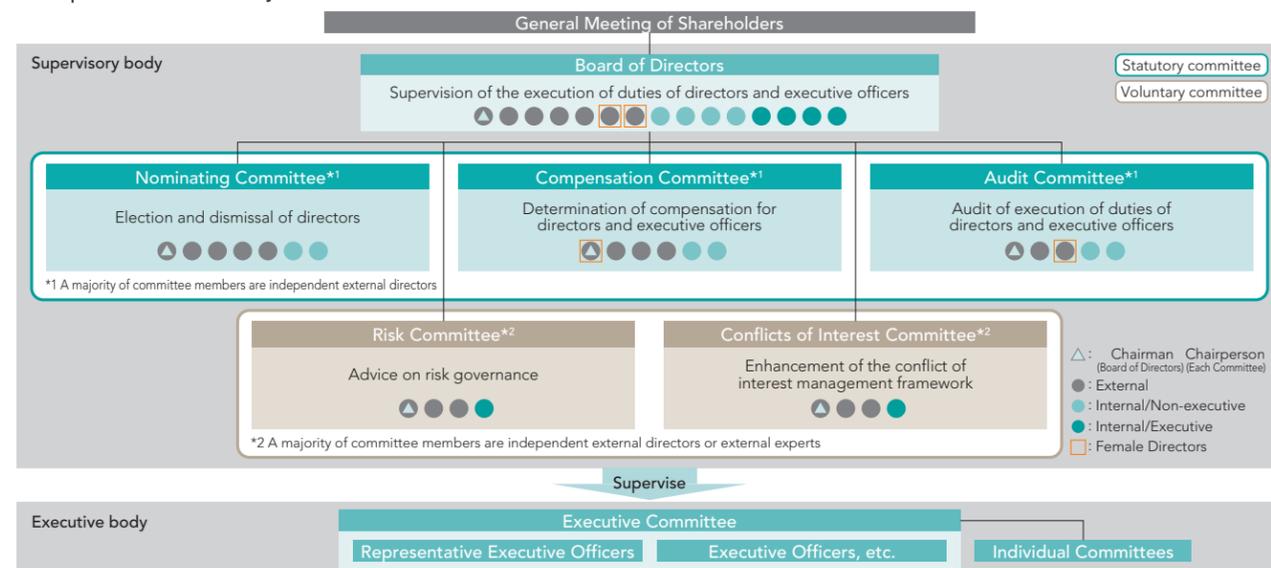
|                                 | July 2020 | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. 2021 | Feb. | Mar. | Apr. | May | June |
|---------------------------------|-----------|------|-------|------|------|------|-----------|------|------|------|-----|------|
| Board of Directors              | ●         | ●    | ●     | ●    | ●●   | ●●   | ●●        | ●●   | ●●   | ●    | ●●  | ●●   |
| Nominating Committee            | ●         | ●    | ●●    | ●●   | ●    | ●●   | ●●        | ●●   | ●    | ●    | ●●  | ●●   |
| Compensation Committee          | ●         |      |       | ●    |      | ●    |           | ●●   | ●    | ●    | ●●  | ●●   |
| Audit Committee                 | ●         | ●    | ●     | ●    | ●●   | ●    | ●         | ●    | ●●   | ●    | ●●  | ●●   |
| Risk Committee                  | ●         |      | ●     |      |      | ●    | ●         |      | ●    |      | ●   |      |
| Conflicts of Interest Committee | ●         | ●    | ●     |      |      | ●    | ●         |      |      |      |     | ●    |

● One meeting ●● Two meetings ●●● Three meetings

### Committee self-evaluations

- 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.
- The results of each committee's self-evaluation are reported to the Board of Directors for deliberation (in April).

### Corporate Governance System



|                                 | Main matters for deliberation in FY2020*1   | Matters for consultation posed by the Board of Directors in FY2021*2*3   |
|---------------------------------|---|--|
| Nominating Committee            | <ul style="list-style-type: none"> <li>Proposed candidates for directors of the Company and its major subsidiaries</li> <li>Selection of President based on succession plan</li> </ul>  | Further refinement of succession plan and processes  |
| Compensation Committee          | <ul style="list-style-type: none"> <li>Compensation for directors and executive officers</li> <li>Executive compensation systems at the Company and major subsidiaries, such as partial revision of the stock compensation system for executives</li> </ul>               | Verification and continuous review of the effectiveness of the compensation system   |
| Audit Committee                 | Key audit items including the progress of the Medium-Term Management Plan and the status of the establishment and operation of a group-wide risk management system based on three lines of defense.   | <ul style="list-style-type: none"> <li>Monitoring of the progress of the Medium-Term Management Plan</li> <li>Status of efforts to enhance Group governance</li> </ul>   |
| Risk Committee                  | <ul style="list-style-type: none"> <li>Status of assumptions about the surrounding business environment and top risks</li> <li>Risk appetite framework</li> <li>Fostering a culture awareness to risk and measures to disseminate it</li> </ul>                           | <ul style="list-style-type: none"> <li>Enterprise risk management based on materiality</li> <li>Extent of uptake and spread of a risk culture</li> </ul>   |
| Conflicts of Interest Committee | <ul style="list-style-type: none"> <li>Status of implementation of client-oriented business operations, including focus on consulting</li> <li>Improvement of service quality management</li> <li>Improvement of risk management related to the trust business</li> </ul> | <ul style="list-style-type: none"> <li>Risk management based on the characteristics of a trust bank group</li> <li>Pursuit of the clients' best interests</li> <li>System for managing conflicts of interest related to the expansion of the Group and its businesses</li> </ul> |

\*1 July 2020 through June 2021 \*2 July 2021 through June 2022 \*3 For the Audit Committee, audit instructions from the Board of Directors

### Members of Committees

(△: Chairperson, ●: Member (external), ●: Member (internal/non-executive), ●: Member (internal/executive), □: Female Directors (internal/executive))

|                |                   |                  | Nominating | Compensation | Audit | Risk | Conflicts of Interest |
|----------------|-------------------|------------------|------------|--------------|-------|------|-----------------------|
| External       | Directors         | Isao Matsushita  | △          | ●            |       |      |                       |
|                |                   | Shinichi Saito   | ●          |              | △     |      |                       |
|                |                   | Hiroko Kawamoto  | ●          | □            |       |      |                       |
|                |                   | Mitsuhiro Aso    |            |              | ●     |      |                       |
|                |                   | Nobuaki Katoh    | ●          | ●            |       |      |                       |
|                |                   | Masanori Yanagi  | ●          | ●            |       |      |                       |
|                | Experts           | Kaoru Kashima    |            |              | □     |      |                       |
|                |                   | Hideki Kanda*    |            |              |       |      | △                     |
|                |                   | Kenji Fujii      |            |              |       | △    |                       |
|                |                   | Takeshi Suzuki   |            |              |       |      | ●                     |
| Internal       | Directors         | Mikio Araki      |            |              |       | ●    |                       |
|                |                   | Haruyuki Toyama  |            |              |       | ●    |                       |
|                |                   | Akiko Hosokawa   |            |              |       |      | ●                     |
|                |                   | Tetsuo Ohkubo    | ●          | ●            |       |      |                       |
|                | Executive Officer | Masaru Hashimoto | ●          | ●            |       |      |                       |
| Kuniyuki Shudo |                   |                  |            | ●            |       |      |                       |
| Kouji Tanaka   |                   |                  |            | ●            |       |      |                       |
|                | Yasuyuki Suzuki   |                  |            |              | ●     | ●    |                       |

\* Mr. Hideki Kanda is an external director of SuMi TRUST Bank.

## 8. Compensation System for Directors and Executive Officers / Succession Plan

### (1) Policy Regarding Decisions on the Content of Compensation

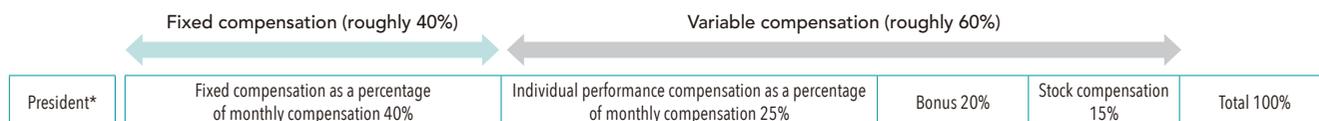
- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and enhancement of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, 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 framework 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 compensation system that is accountable, 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).



\* For executives other than the President, the fixed compensation as a percentage of monthly compensation is about 45%, the individual performance compensation as a percentage of monthly compensation is about 25%, the bonus is about 20%, and the stock compensation is about 10%.

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

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

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

| Near-term/medium-term  | Indicators (KPIs) concerning performance-linked compensation     |                 | KPI selection reason |  | Calculation method  |
|--|--|-----------------|----------------------|--|---|
|  | Target*1   | Actual*1        |                      |  |   |
| <b>Bonuses for directors and officers (performance-linked)</b> |  |                 |                      |  |   |
| Linked to near-term earnings                                   | (1) Consolidated net business profit                             | 260 bn yen      | 294.7 bn yen         | Considered the KPIs at left to be 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 | 140 bn yen      | 142.1 bn yen         |  |   |
| <b>Stock compensation (share delivery trust)*2</b>             |  |                 |                      |  |   |
| Linked to near-term earnings                                   | (1) Consolidated net business profit                             | 260 bn yen      | 294.7 bn yen         | Considered the KPIs at left to be 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 | 140 bn yen      | 142.1 bn yen         |  |   |
| Linked to medium-term earnings                                 | (3) Consolidated shareholders' equity and ROE                    | Around 7%       | 5.41%                | <ul style="list-style-type: none"> <li>• Considered them as appropriate KPIs for they are key financial indicators and non-financial items in the company's Medium-Term Management Plan and key topics in management strategy</li> <li>• To clarify commitment to management of directors, officers, and executive officers</li> </ul> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Achievement rate is capped at 130% (lower limit of 0%) so as to provide an appropriate incentive scheme</li> </ul> |
|  | (4) Consolidated common equity tier 1 capital ratio              | Mid-10% range   | 9.4%                 |  |   |
|  | (5) Consolidated overhead ratio (OHR)                            | Lower 60% range | 60.1%                |  |   |
|  | (6) ESG-related activities and rating agency score, etc.         | -               | -                    |  |   |
|  | (7) Fiduciary duty and customer satisfaction activities          | -               | -                    |  |   |

\*1 (1) and (2) are the results for 2020 against the forecast announced in 2020 (reviewed in November), (3) or (5) is the actual result for 2020 against the target for 2020 set in the Medium-Term Management Plan.

\*2 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 (reduction/forfeiture prior to share delivery) and clawback (return after share delivery) provisions apply.

### (4) 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 who 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 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.