

Development of New Products and Services Supporting Total Solutions and New Product Examination/Management Systems

(1) Basic Stance on the Development of New Products and Services

In its Medium-Term Management Plan for FY2020-2022, the Group defined its reason for existence (“Purpose”) as “To create new value with the power of trusts and let prosperous future for our clients and society bloom.” Trusts have a long history of developing and offering trust products to solve the problems of the times. With our Purpose in mind, we will continue to focus on developing products that contribute to our clients and society.

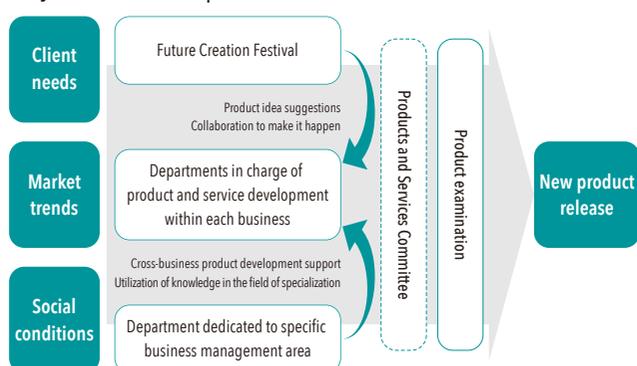
(2) System for the Development of New Products and Services

The Group pursues the development of new products and services that take advantage of its expertise and comprehensive capabilities as a trust banking group. SuMi TRUST Bank has the ability to develop new products and services within its businesses, and applies its business-specific expertise to the development of new products and services based on client needs and market trends.

We have established departments dedicated to specific areas of business management, including a Business Research and Development Department, Regional Revitalization Planning and Promotion Department, Digital Transformation Department, and Sustainability Management Department, and assigned them responsibility for research and development in their respective areas, namely trust and related areas, regional co-creation, digital transformation, and sustainability. We have also built a system to develop and support new products and services across businesses.

In addition, we have established a Products and Services Committee as a meeting body where executives and others can discuss the development of new products and services. These meetings are held on a regular basis to share issues where breakthroughs are required in the development process and to share measures to be taken to drive development forward from the perspective of medium- to long-term management strategies that go beyond the practical working level.

■ System for Development of New Products and Services



(3) “Future Creation Festival” Where Employees Propose New Products and Services

Since FY2018, the Group has held its Future Creation Festival (“Future Festival”).

The Future Festival is an in-house business plan contest that

aims to create the future of the Group with ideas originating from employees. All Group employees are eligible to enter. The goal is to discover a variety of new and unexpected ideas, regardless of the area of the business plan. In the final round, applicants are given the opportunity to present their proposals directly to the judges, who are executives and external experts. Applicants selected in the final selection are given the green light to try to commercialize the product or service they proposed.

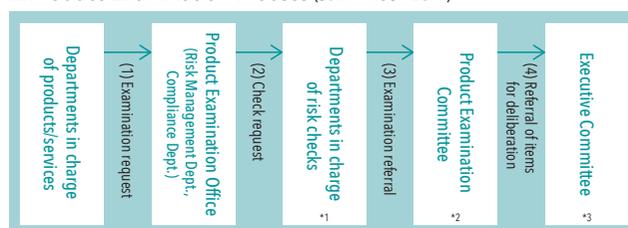
The third Future Festival will be held in FY2020. The festival has become a major event, with a total of 670 entries submitted in the previous two years. Among these was our “solitary trust” product, released in December 2019 as the first product originating from the Future Festival.

(4) New Product and Service Examination System and Post-Introduction Management System

When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system. In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

For products and services that have been examined by the Product Examination Committee, after they are introduced, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective. Regular monitoring is also carried out from the viewpoint of providing clients with appropriate explanations for products and services that are expected to be affected due to changes in the environment and so on, regardless of whether or not they have been deliberated by the Product Examination Committee. The results of these verifications are reported to the Product Examination Committee, and in the event that a situation arises that differs from the assumptions at the time of review, we discuss how to address and report the details to the officers in charge of the Risk Management Department and the Compliance Department.

■ Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.

*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.