



SUMITOMO MITSUI TRUST HOLDINGS



2022

INTEGRATED REPORT

—ANNUAL REPORT—

Year ended March 31, 2022

Reason for Existence (“Purpose”)

Creating new value with the power of trusts and let prosperous future for our clients and society bloom



Management Principles (“Mission”)

- (I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
- (II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society.
- (III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- (IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model (“Vision”)

—Towards “The Trust Bank”—

Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct (“Value”)

In order to pursue the Management Principles of the Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented —Truthfulness and Loyalty—	Contribution to Society —Dedication and Development—	Realization of Organizational Capability —Trust and Creativity—	Establishment of Individuality —Self-help and Self-discipline—
Strict Compliance with Applicable Laws and Regulations		Resolute Stance against Antisocial Forces	

Sumitomo Mitsui Trust Holdings Integrated Report 2022

Editorial Policy

Sumitomo Mitsui Trust Group has published this integrated report so that investors and other stakeholders could understand the Group’s initiatives.

This report provides information about how we are squarely addressing social issues to create new value for our clients and society in keeping with our purpose to “create new value with the power of trusts and let prosperous future for our clients and society bloom.” In applying our editorial approach, we strive to improve and expand not just financial information but also non-financial information such as business models and ESG factors, referencing the integrated reporting framework issued by the International Integrated Reporting Council (IIRC). We also disclose information appropriately, in accordance with our disclosure policy. For more detailed financial data or ESG information, please refer to the Financial Data Section, our Sustainability Report, or visit our website.

Reporting Coverage

Reporting period:
From April 2021 to March 2022 (Partially including the information after April 1, 2022)

Scope of reporting:
The Sumitomo Mitsui Trust Group; including Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, and other subsidiaries and affiliated companies

Theme 1

What is our Purpose?

- 4 Top Message
- 10 Value Creation Story
- 18 Medium-Term Management Plan (FY2020–2022)
- 21 Our Initiatives to Reduce Strategic Shareholdings
- 22 Virtuous Circulation

Theme 2

How do we create new value?

- 26 Message from Head of Finance and Treasury
- 30 Financial Highlights
- 31 Non-financial Highlights
- 32 Business Strategy
 - 34 Initiatives for Individual Clients
 - 38 Initiatives for Corporate Clients
 - 44 Initiatives for Investor Clients
 - 48 Asset Management Business — Top Message
- 50 Initiatives for Digital
- 52 Human Resources Strategy
- 61 Human Rights
- 62 Employee Interview
- 66 With the Development of Trusts
- 68 Special Interview — Pioneering the future with the power of trusts
- 71 Financial Inclusion

72 Sustainability

85 Financial Inclusion —Providing financial literacy education to high school students—

Theme 3

How do we support value creation?

- 88 Corporate Governance
- 96 Our Board of Directors and Executive Officers
- 98 Risk Management
- 106 Compliance
- 108 Conduct Risk Management
- 109 Enhance and Sophisticate Operational Quality
- 110 Compliance with International Financial Regulations
- 111 Internal Auditing
- 112 Development of New Products and Services Supporting Total Solutions
- 113 Client-Oriented Initiatives
- 118 Initiatives for Financial Facilitation
- 119 Communication with Shareholders and Investors
- 120 Group Information
- 122 External Evaluation of SuMi TRUST Group
- 124 Financial Data
- 126 Corporate Information



1 Theme

 三井住友信託銀行
SUMITOMO MITSUI TRUST BANK

 三井住友信託銀行

What is our Purpose?

The headquarters of Sumitomo Mitsui Trust Holdings, Inc.
Tokyo Business Department of Sumitomo Mitsui Trust Bank, Limited

Tackling social issues head-on with the power of trusts and creating new value for clients and society

As we strive towards realization of a sustainable society and growth for SuMi TRUST Group, we shall continue to deliver comprehensive services with the power of trusts together with our business partners and employees possessing significant expertise in various fields.

Celebrating 100 years of trusts

This year marks ① 100 years since the enactment of Japan's Trust Act and Trust Business Act in 1922. The footsteps of SuMi TRUST Group are the embodiment of the history of trusts. The foundation of the Group was formed in 1924 with the establishment of The Mitsui Trust Company, Limited, as Japan's first trust company pursuant to the Trust Business Act and followed by the founding of Sumitomo Trust Co., Ltd. in 1925. As an example, during the period of high economic growth in the post-war years, we supported Japan's growth mainly with loan trusts to meet the capital investment needs of heavy manufacturing industries. Since the 1960s we have assisted the comfortable livelihoods of company workers after retirement as ② a fiduciary of pension trusts by providing a triad of corporate pension plan design, asset management and asset administration services.

Our efforts to squarely resolve the challenges faced by clients and society in different periods in history and leveraging ③ the functions of trusts to establish a track record of providing solutions is what characterizes SuMi TRUST Group. The founding spirit of trusts—our conviction to solve various social issues with a completely client-oriented mindset and contribute to Japan's development—is reflected in ④ the Group's "Purpose" that defines our reason for existence.

The world is currently on the verge of a major turning point. The occurrence of abnormal weather, increasingly intense natural disasters and other factors are driving heightened interest in environmental conservation. As a result, carbon neutrality and biodiversity initiatives continue to gain momentum. We are also seeing an increase in factors that are destabilizing society, such as the COVID-19 pandemic, a widening income disparity and the trajectory of Japan's super-aged society. Despite the emergence of such issues that threaten people's safe and prosperous living and the continuity of business activity, technology that eliminates the restrictions of time and place is rapidly evolving and the opportunity to offer real-time services of an even higher quality is now within reach.

Since our Group's establishment, we have accurately gauged and addressed societal trends and

① See page 66

② See page 70

③ See page 10

④ See page 10
Reason for Existence ("Purpose"): Creating new value with the power of trusts and let prosperous future for our clients and society bloom



Toru Takakura

Director, President
Sumitomo Mitsui Trust
Holdings, Inc.

offered value that is of benefit to clients and society. We have accumulated many years of unequivocal experience and achievements, as well as the aspirations inherited from our predecessors together with an enterprising spirit. Given the current business environment, we believe now is the opportune time for the Group to demonstrate its capability as a provider of trust functions to realize a safe and secure society. The Group's vision is to provide solutions to social issues, in addition to facilitating a circulation of funds, assets and capital, fairly distribute the economic benefits of our efforts and leave a legacy of prosperity for future generations. Going forward, the creation of value by the Group will improve the well-being of clients and society, and lead to a sense of pride and motivation among employees. Propelled by this virtuous circulation, we will look to shape the next 100 years of trusts.

Review of second year of Medium-Term Management Plan and key topics in FY2022

In FY2021, the second year of our Medium-Term Management Plan, the impact on earnings from the spread of COVID-19 was a cause for concern, but the performances of client businesses such as real estate and investment management consulting, along with the asset management business, were brisk. Businesses unique to a trust bank group grew strongly, driving net business profit before credit costs to its highest level since the management integration in 2011. In fact, compared to the time of the integration, **5** the changes in our earnings structure are now clearly visible and we feel increasingly confident that we have acquired the capacity to attain our targets in the final year of the plan.

As for strategic shareholdings, we have adopted a policy, in principle, of not holding strategic shares as a conventional stable shareholder. With the understanding of our business partners, we shall continue to steadily reduce our strategic shareholdings.

We are also focused on returns to our shareholders. As a result of sustained and stable improvements in profitability and efforts aimed at accumulating capital, we have raised the dividend per share to ¥170, a twofold increase from ¥85 over the last 10 years up through FY2021. For FY2022, we forecast a dividend per share of ¥200, which is predicated on our dividend payout ratio target of around 40% as stated in the Medium-Term Management Plan.

Taking these factors into consideration, for FY2022—the final year of the Medium-Term Management Plan—we have decided to focus on the following three key topics from the perspective of having the Group itself propel and lead a virtuous circulation of funds, assets and capital at a time when social infrastructure and industrial structures are undergoing fundamental changes.

- (1) Strengthening our business portfolio to accelerate a virtuous circulation of funds
- (2) Promoting strategic investments in pursuit of sustainable growth
- (3) Enhancing and improving service quality to gain the confidence of our clients

(1) Strengthening our business portfolio to accelerate a virtuous circulation of funds

We have hitherto developed a business portfolio by drawing on our strength of being able to provide new value through the integration of wide-ranging functions that each Group company possesses. In recent years, we have extended our know-how of asset management and asset administration honed in the corporate pension business to regional financial institution clients, the asset formation generation, and high net-worth individuals. We have seen growth in domains outside of our traditional banking operations and our **6** broad array of businesses have expanded as we possess numerous points of contact with economic entities such as individuals, corporations, investors.

5 See page 27

6 See page 22

The many different touchpoints we have with economic entities, in particular, is one of the Group's biggest strengths. The smooth circulation of funds, assets and capital between economic entities means that economic activity at the point of contact is also invigorated.

The Group is also focusing its attention on the age of 100-year life and other similar societal issues as a business domain in which we seek to foster further virtuous circulation through balanced creation of both social value and economic value. The long-term management and utilization of assets is imperative if one is to lead a more fulfilling, long life of 100 years. However, the reality is that there are risks specific to longevity, such as concerns about dementia and housing options, which may discourage some people to utilize asset management services. By combining the unique functions in the Group and offering them in the shape of services to individual clients, we believe we can further harness the liberal and flexible product design aspects of trusts to minimize the aforementioned risks. For instance, by providing our clients with consulting proposals on healthy and comfortable living and offering financial support, we can extend the economic life-span of their financial resources and contribute to the attainment of a fulfilling "second life." In this way, we will aim to achieve a virtuous circulation of funds by developing an environment in which our clients can rest assured knowing that the fruits of their long-term investments can be utilized effectively over the course of their long life and inherited by the next generation.



Virtuous circulation of funds, assets and capital, and accelerating the use of capital to drive sustainable growth of the Group

(2) Promoting strategic investments in pursuit of sustainable growth

We intend to make efficient and effective use of capital with the objectives of helping to solve the medium- to long-term issues faced by our clients and society and ensuring the Group's own sustainable growth.

Enormous amount of investment is needed to solve social issues and create a prosperous future. For instance, it is said that achieving carbon neutrality by 2050 will cost the entire world more than **7** 10 quadrillion yen. We see this as an opportunity for SuMi TRUST Group and will actively invest in fields that contribute to the reduction of greenhouse gases and fields dedicated to **8** regenerating forests and ecosystems. Starting with the active injection of our own risk capital, we will look to evoke a favorable response from various stakeholders and strive to create opportunities and fund circulation mechanisms for corporate clients and investors facing investment challenges.

Furnishing our businesses with innovative technology-driven functions is also indispensable to create and expand new opportunities and markets. Specifically, digital transformation (DX) that allows for unfettered connections between economic entities is a crucial function enabling us to make rapid

7 Estimate of the Glasgow Financial Alliance for Net Zero (GFANZ)

8 See page 82

progress regarding the speed and scale of the Group's business. We will work on improving our services and expanding the number of clients who can access them mainly through [9 the consolidation and analysis of data](#) accumulated in various business domains.

[9 See page 51](#)

In addition, we will proceed with the building of a network designed to accelerate the virtuous circulation of funds in Japan and overseas. Globally, we will collaborate with distinguished overseas partners to expand investment instruments and opportunities in the asset management business. Domestically, we will actively participate in the building of [10 regional economic ecosystems](#) in partnership with regional financial institutions and corporations including startups.

[10 See page 46](#)

(3) Enhancing and improving service quality to gain the confidence of our clients

The Group believes that "operational quality" in sales and administrative business to be the source of value provided to stakeholders. Up until now we had concentrated heavily on developing frameworks for human resource allocation and IT investment with the aim of risk prevention, but going forward, we will also strive to raise the level of our products and services so they meet the needs of the times. We will also promote initiatives that contribute to productivity improvements such as analysis of feedback from clients and society, and the standardization and centralization of work flow by utilizing DX.

The attainment of a sustainable society is gaining recognition as a management issue for corporations and we are cognizant of the mounting expectations placed on us as a trust bank group primarily engaged in the business of providing value that benefits clients and society based on our fiduciary spirit from the time of our founding. By maintaining an optimal balance between risk and quality, we will aim to gain a competitive advantage and continue to respond to the expectations and confidence placed in our Group by clients and society.

Investing in human capital in pursuit of expertise and diversity

Social issues are growing increasingly complex and there are numerous situations in which expert knowledge of a specific field alone is not enough to deliver a solution. For example, epidemiologists are working together with experts in the fields of IT, digital technology, and economics to fight



the COVID-19 pandemic by pooling their wide-ranging specialist knowledge. In SuMi TRUST Group too, we intend to further energize our corporate culture of creating value across the entire Group by having highly specialized employees working in a broad range of businesses make the most of their respective competencies and spur each other on to greater heights.

In the ESG area, in recent years we have been bolstering [11 our ranks of doctoral-level science and engineering experts](#) with knowledge of emerging technologies. By engaging in dialogue with corporate and investor clients, they are working to grasp their needs from an advanced scientific point of view, thereby playing a pivotal role in promoting the deployment of innovative technology in society.

[11 See page 73](#)

In the area of IT and digital technology, we are hiring [12 specialists](#), but we also intend to broaden our reach to personnel that can utilize knowledge and skills with a view to develop future businesses. We would like to offer the benefits of our human capital investment to our employees and society as a whole, providing learning and practical opportunities to continually improve the skills that will be applicable outside of the organization and in variety of situations.

[12 See page 58](#)

On top of that, we will continue to respect the individuality of everyone in our diverse workforce and promote diversity and inclusion so that each and every employee in the Group can reach their full potential. As a part of this initiative, to promote the active participation of women, SuMi TRUST Bank set itself a KPI target of increasing its ratio of female employees in management positions (section managers, team leaders, and above) to at least 20% by the end of March 2025 and affirmed its intentions of endorsing [13 "Here We Go Year 2030 30%"](#) project. We have also launched [14 the Support Executive Program](#) that aims to nurture female candidates of general managers in the future. Also, in April 2022 [15 two female executive officers](#) were appointed at SuMi TRUST Holdings.

[13 See page 55](#)

[14 See page 56](#)

[15 See page 96](#)

In conclusion

Investing for the future is absolutely essential if we are to pass on a prosperous society to the next generation. I believe it is the Group's social mission to lead the way in investing for the future, generate strong momentum in a virtuous circulation that resonate with clients from which all stakeholders can reap the benefits of their investments.

Of the many social issues, there is a pressing need for Japan to align with carbon neutrality. We intend to emphasize investment and [16 environmental education](#), share social issues with Japanese investors, encourage investment and strive to achieve a prosperous future for Japan.

[16 See page 84](#)

I sincerely appreciate your continued support and understanding.

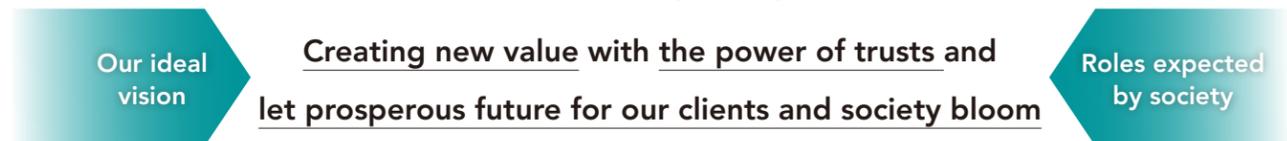
July 2022

Director, President
Sumitomo Mitsui Trust Holdings, Inc.

Jou Takakura

SuMi TRUST Group has defined our "Purpose" "To create new value with the power of trusts and let prosperous future for our clients and society bloom." We have also placed at the core of management the notion of balanced creation of both social value and economic value. This "Purpose" reflects our awareness of the Group's mission to build, as a partner of our clients, a society that is even more capable of coping with change and to also achieve growth for ourselves in a sustained manner by helping solve social issues.

SuMi TRUST Group's "Purpose"



Achieving our "Purpose" with the power of trusts

The "power of trusts" mentioned in our purpose is a wide-ranging concept—it refers to the numerous functions of our trust schemes, our significant expertise and comprehensive capabilities, and even the basic principle of fiduciary duty.

Ability conversion function
Leveraging our high level of expertise to manage and administer assets
 By taking advantage of our extensive expertise in managing and administering the valuable assets entrusted to us, our trusts deliver high added value to our clients.

Asset conversion function
Flexible alteration of asset composition and quantity
 By converting assets held in trust to trust beneficiary rights, even assets that essentially are indivisible, or property of substantial value, can be divided into smaller units for distribution, thus facilitating the smooth circulations of funds, assets and capital.

Time conversion function
Transcending time to ensure client wishes are fulfilled in the future
 In order to assist our clients to realize and enjoy a prosperous future, our trusts have a function to manage and safeguard assets for extended period of time. Under certain scenarios, trust assets and the accompanying wishes of clients can be passed on to the next generation.

New value created through business

Businesses that harness the power of trusts to solve social issues

Value provided to stakeholders (three economic entities)

SuMi TRUST Group draws on its wide array of trust functions to deliver high value-added products and services to clients based on the keyword of "circulation" to address the social issues that confront individuals, corporations, and investors.

—Social issues to actively address—

- Individuals**: Asset administration and asset formation in Japan's aging society
- Corporations**: Sustained growth of the Japanese economy and corporations (addressing both financial and non-financial issues)
- Investors**: Diverse range of investment opportunities and development of the investment chain

Three key strategic areas for creating new value

With a view to the kind of society and vision for the Group we hope to achieve by 2030, we identified the following three key strategic areas for value creation to encourage a virtuous circulation:(1) the age of 100-year life; (2) ESG management (carbon neutrality); and (3) networking (regional economic ecosystems and global investment chains).

Social issues are growing increasingly challenging and complex, it will be much harder to solve longstanding social issues solely with our inherent managerial resources and client base. We will therefore look to team up with various stakeholders, build platforms, and generate new markets and opportunities. And to achieve these goals, we will need to strengthen investment in human resource capital and manufactured capital.

Blooming of a bright future

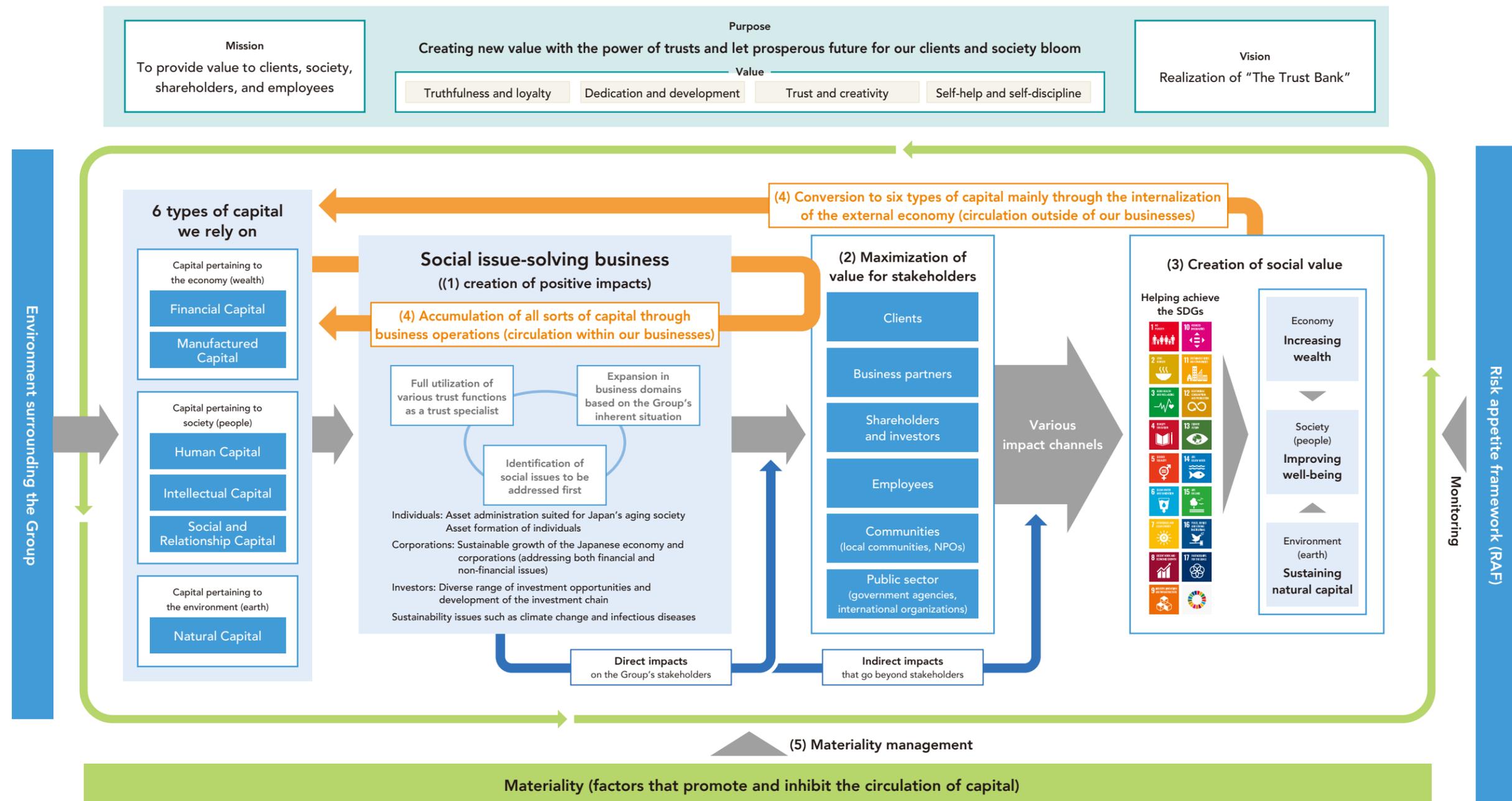


Prosperity and happiness for all = Improvements in well-being

Process for the balanced creation of both social value and economic value

To achieve the balanced creation of both social value and economic value, we need to organically combine the process of creating positive impact while maximizing stakeholder value based on our "Purpose" with the process of sustainably strengthening our own financial and non-financial management foundation (six types of capital). Additionally, we must establish a system to appropriately manage these processes at the management level. We call this system the "value creation process."

SuMi TRUST Group has identified high-priority issues (materiality) that affect our value creation process over the medium-to-long term, and we have classified them into three categories: (1) impact materiality—issues that are conducive to the generation of social value from social issue-solving business; (2) governance and management foundation materiality—issues that have an impact on the core elements of our value creation; and (3) financial materiality—issues that directly affect our financial performance. We implement materiality management so as to appropriately control the impacts of these issues within the constructs of a risk appetite framework (RAF). See page 16 for more details.

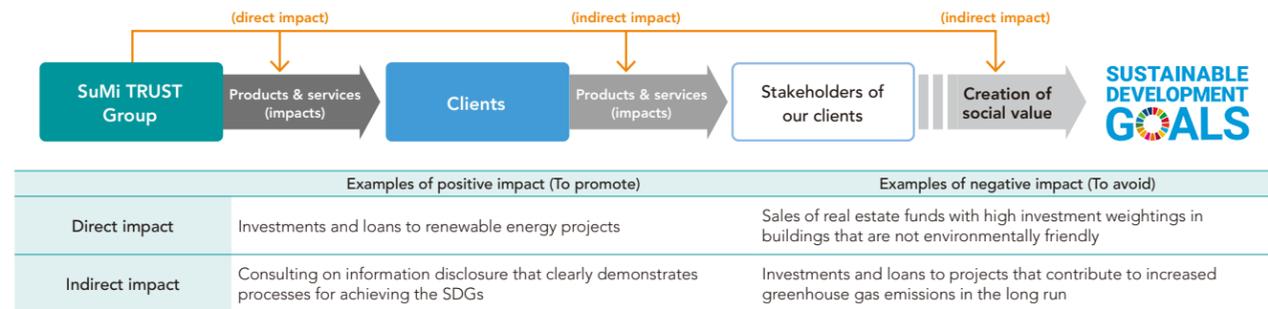


(1) Creation of Positive Impacts

The balanced creation of both social value and economic value has been placed at the very core of our management philosophy in our Medium-Term Management Plan. In some cases, social value is created by our Group's corporate activities, but in many cases, it is created through the chain of effects from one stakeholder to the next. Our Group's social issue-solving business consists of activities that contribute to the realization of SDGs and ultimately create positive impacts

and minimize negative impacts on the economy (Prosperity), society (People), and the environment (Planet).

With a view to the kind of society we hope to achieve by the year 2030, we have identified three key strategic areas to encourage a virtuous circulation. Through the creation of positive impacts in the Group's many businesses, we intend to actively contribute to the realization of such a society.

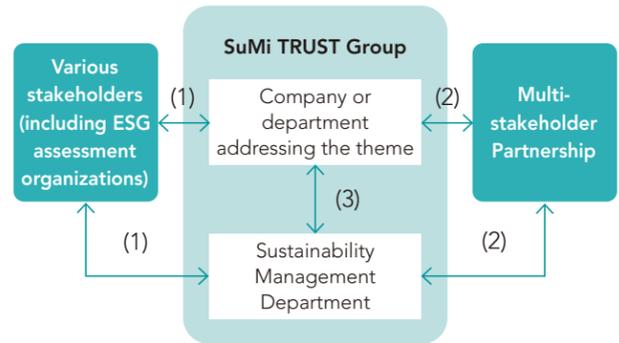
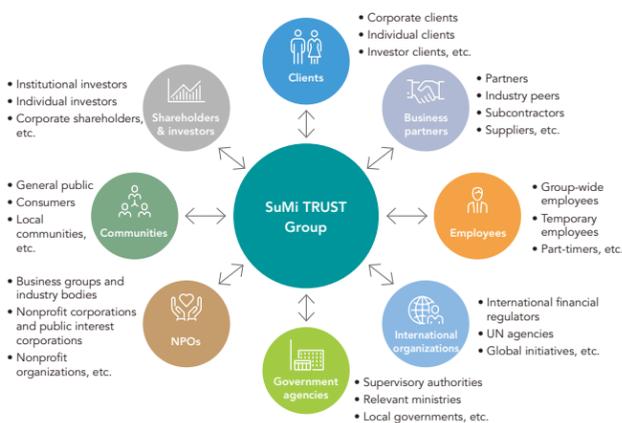


(2) Stakeholders of the Group

SuMi TRUST Group lists clients, society, shareholders, and employees as stakeholders in its Management Principles ("Mission"), and has declared that it will respect dialogue and play an active role in building a sustainable society.

The Group's stakeholder engagement is divided into three approaches: (1) direct engagement by relevant affiliates/relevant departments (in the case of SuMi TRUST Bank) according to the theme, (2) direct participation in multi-stakeholder

partnerships by relevant affiliates/relevant departments, and (3) internal engagement by the Sustainability Management Department with relevant affiliates/relevant departments based on its own dialogue with stakeholders and information gathered from ESG assessment organizations. These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.



(3) Positive Impacts Designed to Create Social Value

The Sustainable Development Goals (SDGs) are a collection of 17 goals intended to be achieved by the year 2030. In developing the SDGs, the United Nations identified the most pressing social issues the international community faces in terms of economy, society, and the environment. The creation of social value is one initiative contributing to the achievement of many of the SDGs, whilst setting off a chain reaction of positive impacts among multiple stakeholders.

With a view to the kind of society and vision for the Group we hope to achieve by the year 2030, this fiscal year we identified three key strategic areas to encourage a virtuous circulation: (1) age of 100-year life; (2) ESG management; and (3) networking. Initiatives in these areas will lead to greater economic, social, and environmental value. We will propel various initiatives with the aim of maximizing social value—the sum total of these three values.

(1) Age of 100-year life	<ul style="list-style-type: none"> Providing support to address asset management issues in Japan's aging society, such as dementia and the elderly who live alone Supporting the asset formation efforts of the working generation and contributing to growth in personal financial assets
(2) ESG management (carbon neutrality)	<ul style="list-style-type: none"> Implementing sustainable finance initiatives to facilitate the transition to a society with net-zero carbon emissions
(3) Networking (regional economic ecosystems and global investment chains)	<ul style="list-style-type: none"> Addressing issues in the community bearing in mind the adoption of renewable energy and regional revitalization Providing efficient and high value-added services for a broad range of investment processes and supporting the development of investment chains

(4) Circulation of Capital

The capital needed to execute business operations usually consists of cash, equipment, and other tangible assets that appear on financial statements, as well as intangible assets that do not convert so easily into money, like human resources, know-how, and networks. We must inject both financial and non-financial capital into our businesses and establish a mechanism through which our launching pad for growth is enhanced in a sustained manner by the (1) circulation of capital within our businesses, for example, the generation of profits and development of human resources through business execution, as well as

client base expansion, and the (2) circulation of capital outside of our businesses whereby benefits that extend beyond the Group recirculates to the Group in the long term due to the internalization of the external economy. The framework demonstrated by SuMi TRUST Group to circulate capital through social issue-solving businesses is part of our unique value creation process. It is a platform for incorporating so-called integrated thinking* into corporate management.

* The consideration of management from a medium- to long-term perspective utilizing all financial and non-financial capitals that depend on, and are affected by, the business model of the company

Capital	Three areas of value	SuMi TRUST Group definitions and metrics (March 31, 2022 or FY2021 results)
Financial	Financial	Capital: 9.9% common equity Tier 1 capital ratio (finalized Basel III standards) Total assets: ¥64 trn
	Manufactured	Network: 150 offices in Japan, 10 offices overseas (optimally placed network)* SBI Sumishin Net Bank accounts: 5.35 mn IT system expenses: ¥43.9 bn*
Non-financial	Human	Consolidated employees: 22,024 Diversity & Inclusion: 13.0% weighting of women in section manager or higher positions* Employee satisfaction survey: vitality level of 60.5, satisfaction level of 63.1* Employees with certifications*: 6,370 registered real estate transaction agents, 43 fellows of the Institute of Actuaries of Japan, 246 financial consultants
	Intellectual	Total training hours of 6,680 at a cost of ¥540 million for 14,050 training participants (including 188 specially selected/nominated training participants)*
	Social and relationship	High-quality business platform: assets under management of ¥127 trn (No. 1 domestic financial institution), assets under custody of ¥248 trn (No. 1 domestic financial institution), total loan balance of ¥30 trn (No. 5 among domestic banks), entrusted balance of securitized real estate of ¥22 trn (No. 1 among trust banks), 1,690 client companies in stock transfer agency services business, and 32.13 mn shareholders under administration (No. 1 for both among trust banks) Potential "best partners": 280,000 individual clients and 643 corporate clients* (see page 20) Corporate brand: backed by Mitsui and Sumitomo's combined 400-year history of contributions to society and relationships of trust with clients Sustainability rating: MSCI ESG Rating of AA (No. 1 among domestic banks), FTSE ESG Rating of 3.8 (No. 1 among domestic banks)
	Natural	Natural capital is common social capital shared by all kinds of people and organizations and forms the basis for the existence of the Group itself and its stakeholders. The definition of natural capital according to the International Integrated Reporting Framework is "air, water, land, minerals and forests, biodiversity, and eco-system health."

* Asterisk denotes SuMi TRUST Bank only (non-consolidated)

(5) Materiality Management

Materiality Identification Process

We consider materiality to be an event that has a significant impact on the process of improving the ability to generate value sustainably through the accumulation of financial and non-financial capital and to be comprised of factors that either inhibit (bad cholesterol) or promote (good cholesterol) the circulation of capital. As part of a materiality review in FY2019, we placed seven top risks selected as financial risk events that have a significant impact on management alongside the original 14 items of materiality and sorted out those that overlapped or were very similar. We changed the names of some as required and then added five new ones, including climate change and financial inclusion. That gave us a total of 17 items, as shown in the table below.

Three Materiality Categories

Then in FY2020 we incorporated the unified concept of materiality outlined in some of the leading international standards (GRI, VRF (SASB+IIRC), CDP, CDSB) for information disclosure and classified our materiality into three categories. We categorized the Group's materiality as either "impact materiality" (the positive or negative impacts our corporate

activities have on the economy, society, and the environment), "governance and management foundation materiality" (the issues that impact the core elements of our value creation), or "financial materiality" (the issues that directly affect financial performance).

All issues were discussed by the Executive Committee, advisory committees, and the management team before being approved by the Board of Directors.

Management of Materiality

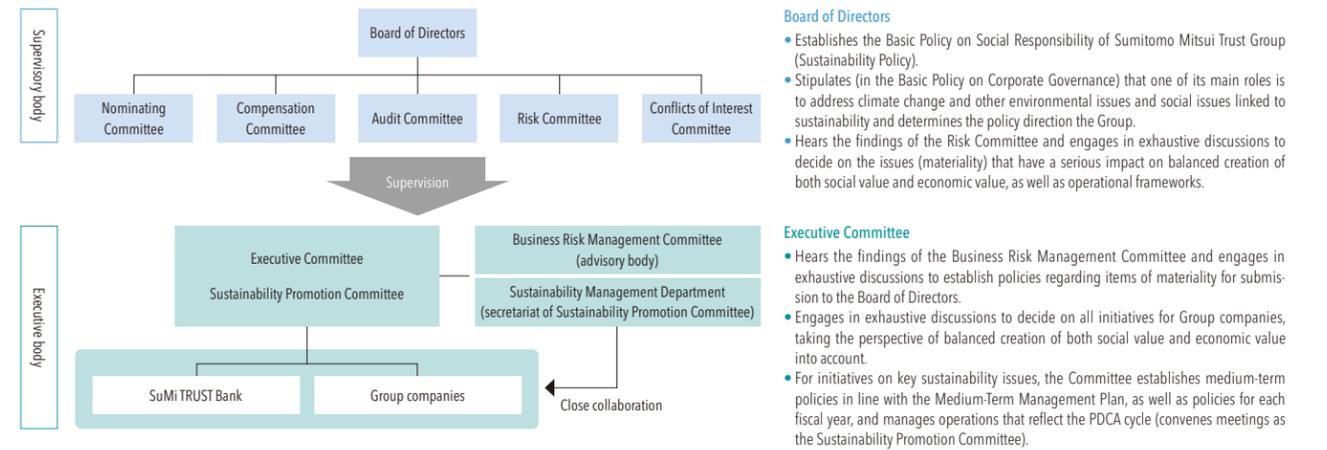
In order to incorporate the views of stakeholders into our materiality management, we have adopted the internal engagement mechanism described below. The details and results of that engagement process are reported to the Board of Directors. Furthermore, the Risk Committee responds to questions from the Board about matters concerning materiality, deliberates on the appropriateness and other aspects of such matters from a professional point of view, and then reports its findings to the Board. We undertake reviews of materiality as deemed necessary based on a "dynamic materiality" approach, which posits that changes in social conditions and values are also affecting corporate value.

Type	Materiality	Risk	Opportunity	Main relevant capital
Impact Materiality	Pursuing sustainability-themed business opportunities		●	Intellectual capital
	Considering impacts on society and the business environment of companies to whom we extend investments and loans	●		Social and Relationship capital
	Financial inclusion		●	Social and Relationship capital
	Population decline and super-aged society issues	●	●	Social and Relationship capital
	Climate change	●	●	Natural capital
Management Foundation Materiality	Technological (digital) innovation	●	●	Intellectual capital
	Corporate governance	●	●	All capital
	Risk management and resilience	●		Financial capital
	Systems maintenance and combating cyber attacks	●		Manufactured capital
	Bolstering human resources and developing workplace environments	●	●	Human capital
	Protecting personal information and client data	●		Intellectual capital
	Safety of financial instruments	●		Intellectual capital
	Compliance	●		Social and Relationship capital
	Client-orientated approach / fiduciary duty	●	●	Social and Relationship capital
	Stability of financial system	●		Financial capital
Financial Materiality	Preserving financial capital	●		Financial capital
	Acquiring sustained earnings	●		Financial capital

Governance System

The Board of Directors has established a Sustainability Policy, based on which the Executive Committee discusses and decides on various measures for promoting sustainability. The Board of Directors assumes a supervisory role in this process.

The Executive Committee convenes Sustainability



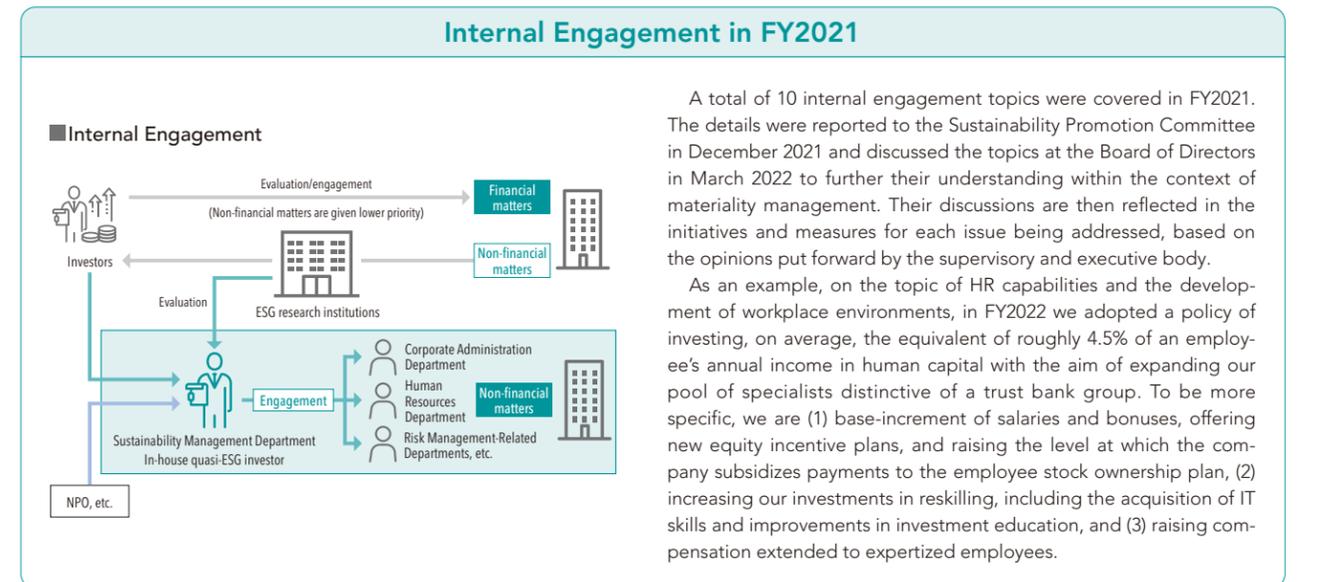
Internal Engagement

Our Sustainability Management Department engages in investor-like dialogue with relevant departments with respect to non-financial materiality items in the finance sector that ESG investors are most interested in and for which the Group's initiatives may face challenges in order to improve our approaches and enhance information disclosure. Starting in FY2021 we have decided to have the Sustainability Management Department engage with the officers in charge of the relevant departments in a bid to speed up measures

Promotion Committee meetings to discuss initiatives pertaining to important sustainability issues with the Sustainability Management Department acting as secretariat of those meetings. The Executive Committee engages in exhaustive discussions to decide on sustainability initiatives for Group companies, taking the perspective of balancing the creation of both social and economic value into account.

and ensure that all officers have an understanding of the issues at hand.

We refer to this initiative as internal engagement, and its importance as a check and balance function based on an external perspective on day-to-day operations, different from the supervisory function of the Board of Directors from a management perspective, has been increasing over the years. The annual plan for internal engagement, results of initiatives, and progress of improvements are reported to the Board of Directors.



Medium-Term Management Plan (FY2020–2022)

We have aligned the three-year period of our Medium-Term Management Plan—which commenced in FY2020—as a time to reinforce our business platform with the aim of achieving continuous and stable growth of SuMi TRUST Group.

We intend to take the business model transformation that we have thus far pursued to the next level, and as we bear in mind our reason for existence ("Purpose"), we will tackle social issues faced by all economic entities, whether they be individuals, corporations, or investors, in an effort to realize sustainable and stable growth for the Group.

Reason for existence ("Purpose")

Creating new value with the power of trusts and let prosperous future for clients and society bloom



Asset administration suited for Japan's aging society and asset formation of individuals



Corporate

Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)

Themes to be addressed proactively as social issues



Investor

Diverse range of investment opportunities and development of the investment chain

Basic policies

Under our Medium-Term Management Plan that commenced in FY2020, we aim to bolster our initiatives on further improving the sustainable and stable growth by anchoring the management of the Group to three basic policies.

Balanced creation of both social value and economic value

Generating positive impacts geared towards solving social issues

Three basic policies

(1) Strengthening our business portfolio (reinforcing foundation for sustainable and stable growth)

Strengthen the business foundation

- Commitment towards solving clients' issues
- Expansion of client base

Establish new growth areas

- Innovation through crossing and merging of different business domains
- Strengthen our solution offering capability suited to current social issues

Promote strategic resource mix

- Expenses control/reduction, pursue efficiency through utilization of capital
- Optimal allocation of management resources

(2) Capital strategy (Efficient use of the balance sheet and capital)

Improve balance sheet efficiency

Balanced capital adequacy and efficiency

Bolster shareholder return through dividends

(3) Sophistication of business operational quality (ability to create new businesses and improve existing businesses)

Service quality that maximizes client value

Strengthen group governance

Prudent risk management

Nurture human resources capable of creating added value

Unified and integrated operation of materiality management and business strategies

(sophistication of management systems = improved functionality of value creation process)

Numerical targets and main KPIs

	FY2020 result	FY2021 result	Target at announcement of Medium-Term Management Plan	Current FY2022 forecast	Medium- to long-term target
Net business profit	¥294.7 bn	¥346.0 bn	¥290.0 bn	¥310.0 bn	
Net income	¥142.1 bn	¥169.0 bn	¥190.0 bn	¥190.0 bn	
OHR (Overhead ratio)	60.1%	57.1%	Lower 60% range	Lower 60% range	Upper 50% range
Common Equity Tier 1 capital ratio *1	9.4%	9.9%	Mid-10% range	Lower 10% range	Stably maintain in 10% range
Return on equity	5.41%	6.25%	Around 7%	Around 7%	Around 9%
Fee income ratio	52.9%	54.0%	Upper 50% range	Mid-50% range	Stably maintain above 60%
Dividend payout ratio	39.5%	37.7%	Around 40%	Around 40%	
Client base	FY2020 result	FY2021 result	Target at announcement of Medium-Term Management Plan	Current FY2022 target	Medium- to long-term target
Individuals	270,000	280,000	290,000	290,000	To increase the number of clients with whom we have a strong relationship, as a result of which the client chooses us as their "Best Partner"*2 over the long term, as a precursor, to increase the number of "Pre-Best Partner" client base
Corporations	620 companies	643 companies	690 companies	690 companies	

*1 Based on finalized Basel III standards
 *2 How our clients view SuMi TRUST Group

Our Initiatives to Reduce Strategic Shareholdings

Demonstration of Board supervisory function regarding strategic shareholdings

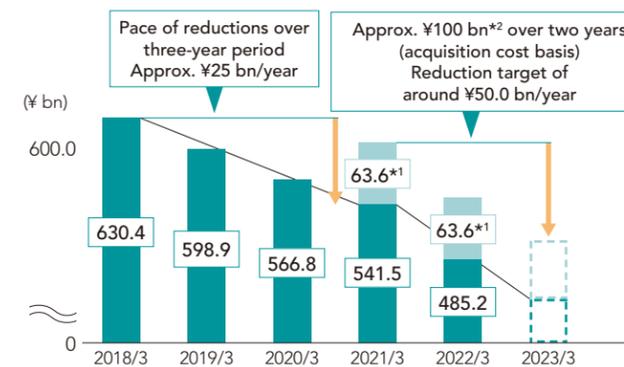
With a view to holding shares in a way that is consistent with our responsibility to society as one of Japan's largest a trust bank group providing asset management and asset administration services, responding to requests from corporate clients in which the Group holds strategic shareholdings, improving capital efficiency, and creating a virtuous circulation from increased enterprise value leading to increase in household savings, assets and capital, we decided, based on the outcome of discussions by the Board of Directors, to adopt a policy of holding, in principle, no strategic shareholdings as a conventional stable shareholder. In June 2021 we made clear mention of this policy in the Group's Basic Policy on Corporate Governance.

In keeping with that basic policy, the Board of Directors will continue to discuss the reduction of strategic shareholdings based on reports received from business execution departments and strengthen its monitoring of the issue taking into account the perspectives of stakeholders in an effort to closely supervise the Group's progress on reducing strategic shareholdings, as well as our ability to offer solutions that enhance corporate value in a sustained manner and solve problems for clients through dialogue.

Reduction of strategic shareholdings

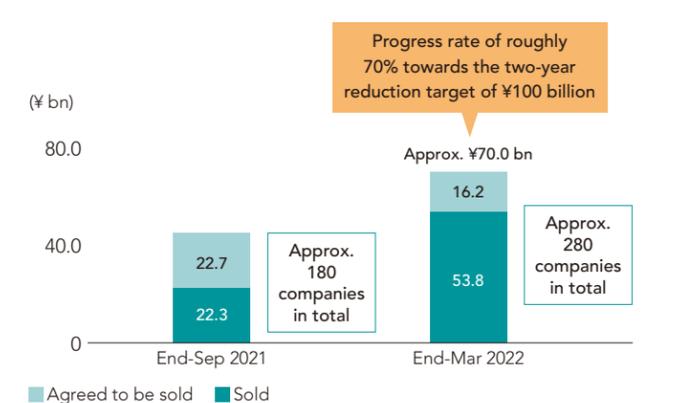
In FY2021 we made progress on reducing our strategic shareholdings by ¥53.8 billion on an acquisition cost basis, or approximately ¥70.0 billion when including the amount agreed to be sold. This represents a progress rate of roughly 70% towards the two-year reduction target of ¥100 billion.

Balance of strategic shareholdings (acquisition cost of Japan-listed stocks)



*1 Acquisition cost increased by ¥63.6 billion due to the repurchases of strategic shareholdings owing to the improvement of hedge position costs.
 *2 For stocks whose acquisition cost increased in FY2020, acquisition costs prior to the increase are applied as the basis.

Amount sold and agreed to be sold (acquisition cost of Japan-listed stocks)



Establishment of voting rights guidelines for strategic shareholdings (Japan-listed stocks)

Even during the interim period in which we will continue to hold strategic shareholdings, we shall not hold any "strategic shareholdings as a conventional stable shareholder" and instead engage with issuing client companies and act as a responsible institutional investor. The voting rights guidelines for strategic shareholdings (Japan-listed stocks) that were established in November 2021 were adopted by a resolution of the General Meeting of Shareholders in June 2022.

Policy on exercising voting rights for strategic shareholdings

SuMi TRUST Holdings and SuMi TRUST Bank aim to enhance the medium- to long-term enterprise value of corporate clients that issue strategic shareholdings (hereinafter "issuing companies") and will therefore exercise voting rights for shares held whilst also taking into account the improvement in medium- to long- term value for SuMi TRUST Group's shareholders, depositors, and other various stakeholders.

Through sufficient dialogue with issuing companies, we will take into consideration the business environment and other factors that each issuing company faces and exercise voting rights while respecting its management identity and course of action.

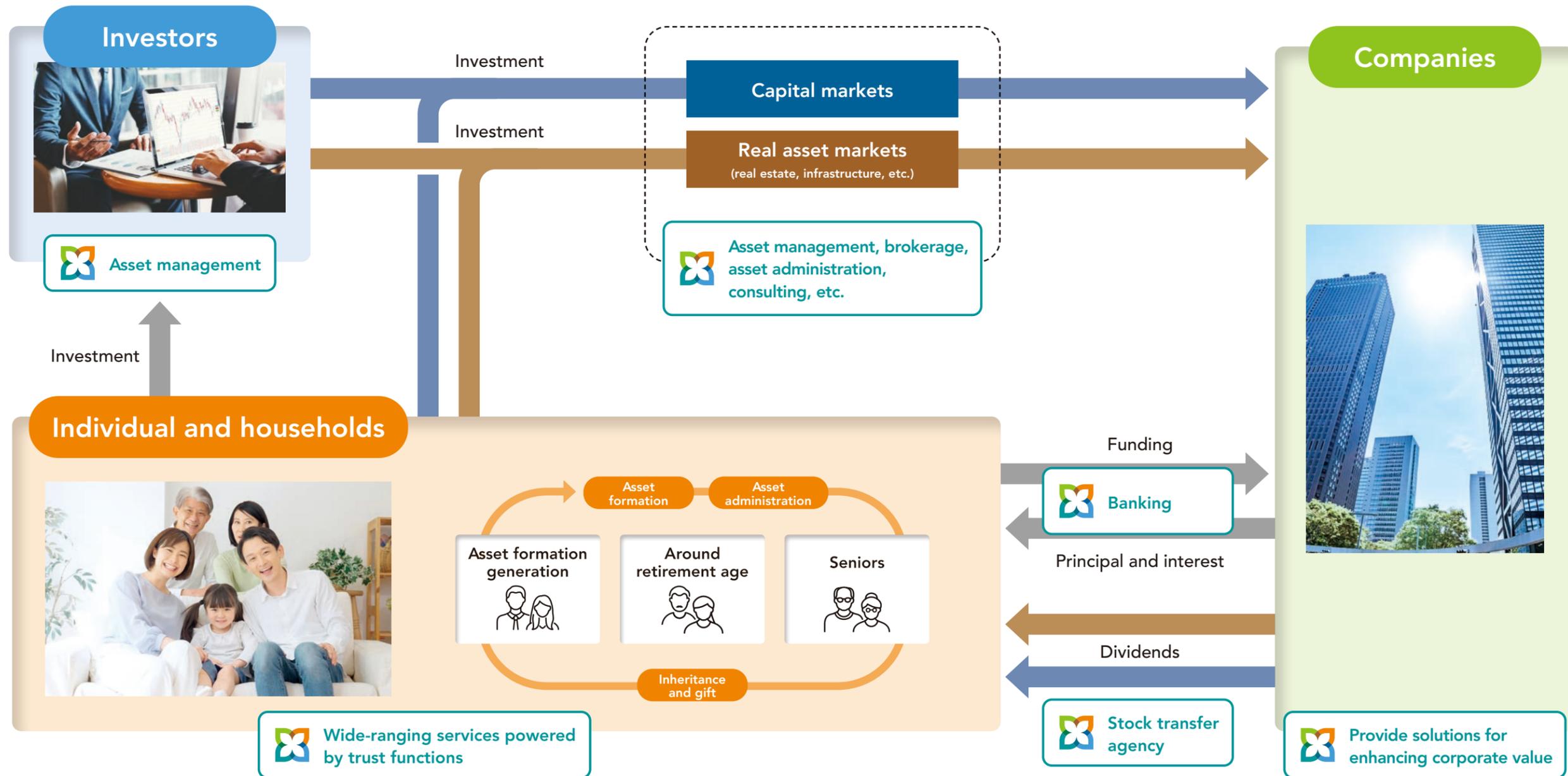
In exercising voting rights, we will make our decision to vote for, or against by each agenda item based on the separately established guidelines for the exercise of voting rights as well as take into account the following perspectives.

- (1) Our decisions will take heed of not only ostensible or formal criteria, but also the characteristics of the issuing company and the attributes peculiar to its industry and business operating environment.
- (2) Our decisions will be based on not only the given fiscal year, but also longer time span and future outlook.
- (3) Our decisions will account for not just financial data, but also non-financial factors, such as corporate governance and how the issuing company creates social value.

If there is a possibility of a conflict of interest in the exercise of voting rights for strategic shareholdings, we will take appropriate action in accordance with our separately established Management Policy Concerning Conflicts of Interest.

Growth through a virtuous circulation of funds, assets and capital

By leveraging the various points of contact we have with each economic entity, SuMi TRUST Group will strive to provide added value to clients, creating new markets, and generating demand by promoting a virtuous circulation of funds, assets and capital.



2 Theme

How do we create new value?

Message from Head of Finance and Treasury

Financial Capital



Nobuaki Yamaguchi

Senior Managing Executive Officer
Head of Finance and Treasury
Sumitomo Mitsui Trust Holdings

The business environment surrounding the Group is increasingly uncertain amid rapid changes, such as inflation due to rising resource prices and changes in monetary and fiscal policies in many countries. In response to these changes, adequate preparation for risk from both short- and medium- to long-term perspectives is essential. Meanwhile, major trends such as the arrival of the age of 100-year life and the growing momentum towards ESG have solidified. For the Group, which has various contact points with individual, corporate, and investor clients in the market and offering a variety of

functions, this represents an opportunity to create social value and economic value through a virtuous circulation of funds, assets and capital. As a trust bank group that is close to its clients and providing a variety of financial and trust-related functions in a safe and secure manner, proper control of capital and on-going investments in financial and non-financial areas, such as human capital, are becoming more important. We are focused on optimizing our financial stability and profitability and shall strive to develop and execute capital policies that maximize value for each stakeholder.

		FY2020 results	FY2021 results	Change from previous year	FY2022 Forecast
	(¥ bn)				
Profit indicators	Net business profit	294.7	346.0	+51.3	310.0
	Net income attributable to owners of the parent	142.1	169.0	+26.8	190.0
Profitability indicators	Fee income ratio	52.9%	54.0%	+1.1%	Mid-50% range
	OHR	60.1%	57.1%	(3.0)%	Lower 60% range
Financial indicators	Return on equity*1	5.41%	6.25%	+0.84%	Approx. 7%
	Common equity tier 1 capital ratio*2	9.4%	9.9%	+0.5%	Lower 10% range

*1 [Net income attributable to owners of the parent / (FY-start total equity + FY-end total equity) + 2] x 100

*2 Based on finalized Basel III standards

Financial results

Summary of FY2021 Financial Results

Looking back at our performance in FY2021, the second year of our Medium-Term Management Plan, despite increasing uncertainties, we are confident that we have made steady progress, supported by our high-quality client base and diverse business foundation. Net business profit reached the target of ¥290 billion for the final year of the Medium-Term Management Plan ahead of schedule, its highest point since the management integration of the Group. Through the acceleration of the trust banking businesses as set forth in the Medium-Term Management Plan, our fundamental "earnings power" has definitely improved. Initially, at the time of management integration, the Group

depended on its banking business for the majority of its revenues, but since then, the Group's earnings structure has undergone significant changes as income from trust-related businesses with stable recurring revenue, such as asset management, asset administration, and real estate, have more than doubled over the past decade.

Net income attributable to owners of the parent increased from the previous fiscal year, even after robust preparation for various risks regarding total credit cost, net gains on stocks, and other net non-recurring profit items, and we believe it is on track towards the target for the final year of the Medium-Term Management Plan.

Net Business Profit

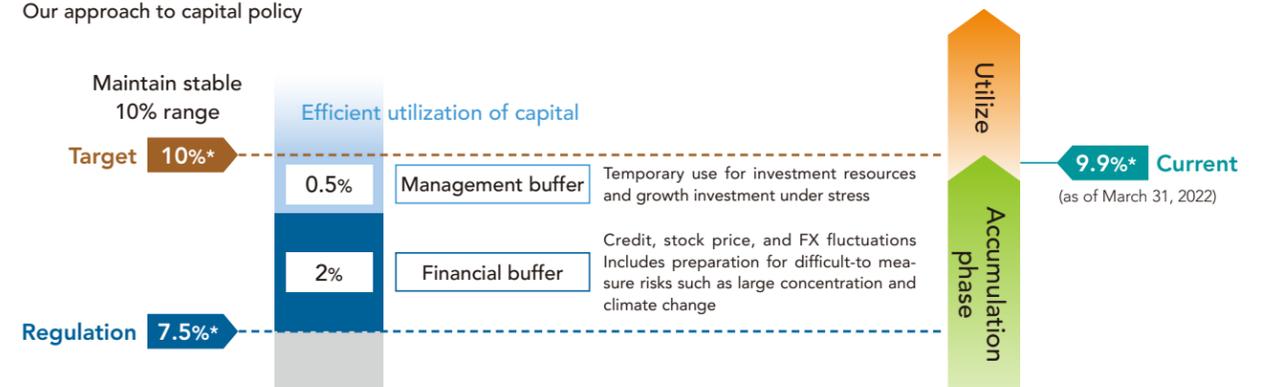


Initiatives for FY2022

In FY2022, the final year of the current Medium-Term Management Plan, as in the previous years, we shall execute our initiatives to improve ROE by promoting our capital-light profit growth model distinctive of a trust bank group. In addition, to maintain our trajectory to achieve our common equity tier 1 capital ratio based on finalized Basel III standards, we will actively invest in new areas of growth that contribute to a

virtuous circulation of funds, assets and capital, invest in digital transformation ("DX") including systems and also invest in human capital to support future growth. In FY2022, looking ahead to the next Medium-Term Management Plan, we shall make investments that contribute to medium- to long-term growth. In addition, we aim to achieve a net income attributable to owners of the parent of ¥190 billion, which is the goal for the final year of the current Medium-Term Management Plan.

Our approach to capital policy



* Common equity tier 1 capital ratio (based on finalized Basel III standards)

Initiatives to enhance corporate value

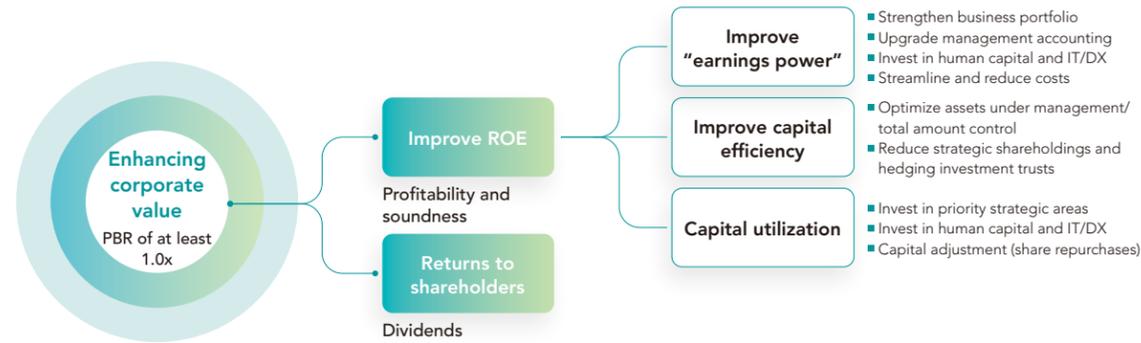
Challenges and responses

Aiming for PBR of at least 1.0x as a value-creating company

Our medium- to long-term goals are to achieve ROE of around 9% and a PBR of at least 1.0x. In order to swiftly rectify the current situation, where the PBR is below 1.0x, we shall strive to further enhance the Group's "earnings power" and future growth potential, and also emphasize these points in dialogue with our investors. We shall work on three major initiatives to enhance the Group's corporate value.

The first is to further improve "earnings power." To achieve this, we will continue to improve the refinement of our management accounting, for example by analyzing profitability and disclosing ROE by segment to enable appropriate allocation of resources, and enhance our "earnings power" by

placing our trust-related businesses at the core in combination with the banking business. The second is to improve capital efficiency. Accelerating the reduction of strategic shareholdings will not only contribute to the further development of the Japanese capital market, but also allow the Group to improve capital efficiency by redirecting the capital surplus generated by the reduction to impact equity investments. The final initiative is in the area of capital utilization. One cannot reap gains tomorrow without making investments today. In addition to financial investments in growth areas, it is important to invest in non-financial capital such as human capital, digital, and networks. We shall pursue our initiatives to enhance corporate value with a clear vision of where we aspire to be.

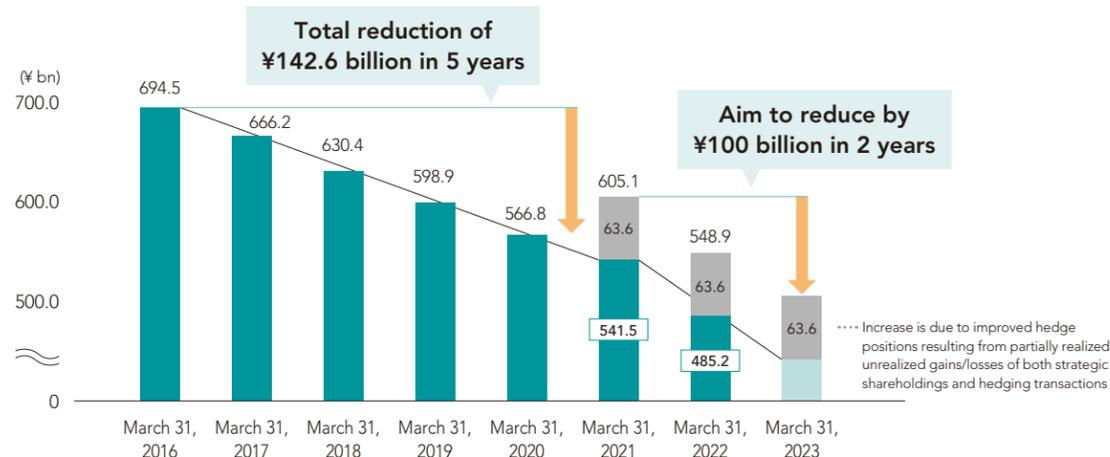


Reduction of strategic shareholdings

In May 2021, we transitioned to a policy under which, in principle, we shall not hold any "strategic shareholdings as a conventional stable shareholder," and we are engaged in dialogue with all our clients about the revised policy. As of March 31, 2022, we have achieved approximately 70% of our goal

of reducing these shareholdings by ¥100 billion (at cost) over the two years through FY2022, including those already sold or scheduled for sale. We shall continue our efforts to deepen mutual understanding and accelerate the reduction of strategic shareholdings through extensive dialogue and providing solutions tailored to the circumstances of our clients.

Balance of strategic shareholdings (basis: acquisition cost of shares listed in Japan)



Capital utilization

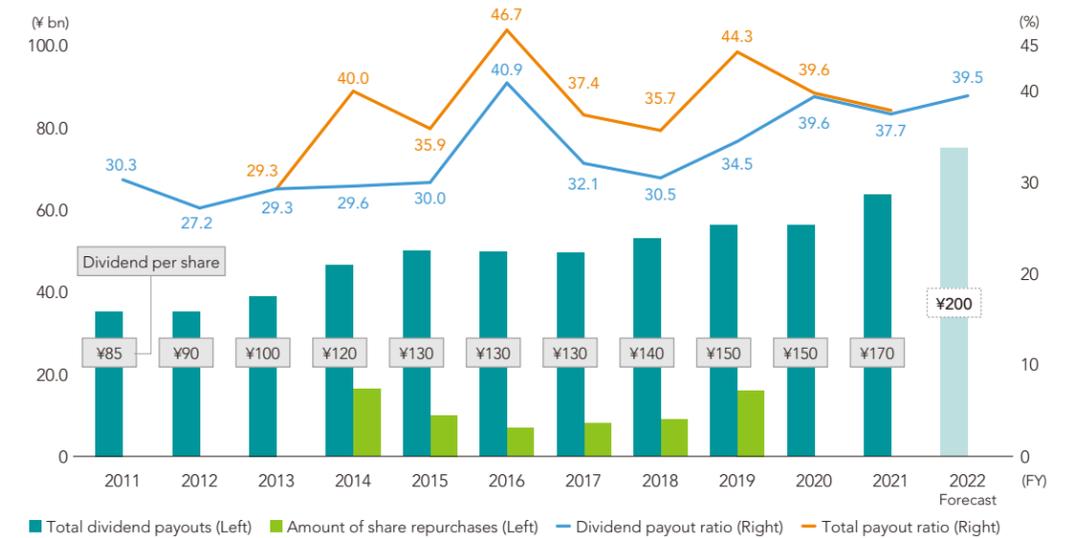
We believe that continuous investment from a medium- to long-term perspective is necessary to achieve sustainable growth. Specifically, we have identified (1) the age of 100-year life, (2) ESG management (carbon neutrality), and (3) networking (regional economic ecosystems and global investment chains) as key strategic areas in which we will concentrate our capital investments. In the business of a trust bank group, with its close relationship with clients and offering them with safety and security of mind, highly specialized and skilled human resources and the digital infrastructure that supports them are very important and directly related to the quality of our products and services. We believe that the expansion of investment in human capital and digitalization that the Group is pursuing will enhance our corporate value, including

strengthening the market competitiveness of our services, and will be beneficial to all stakeholders. We will also flexibly implement share repurchases taking overall investment opportunities and capital situation into consideration.

Returns to shareholders

The Group has steadily strengthened returns to shareholders since the integration of the Group, doubling the dividend per share from ¥85 to ¥170 over the 10 years through FY2021. In line with our shareholder return policy of a consolidated dividend payout ratio of approximately 40%, we expect to pay a dividend of ¥200 per share for FY2022, an increase of ¥30 from FY2021. We will continue to aim to strengthen returns to shareholders through profit growth based on sustainable growth.

Shareholder returns



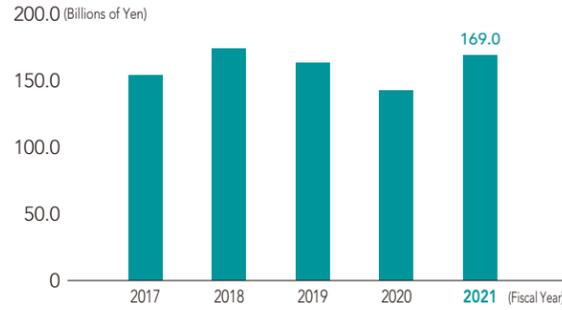
In conclusion

Hitherto, the Group has contributed to society by identifying the changes of the times, swiftly responding to social issues and providing solutions. Going forward, we hope to grow together with society by utilizing the diverse functions and spirit of trusts to further contribute to solving new social issues and building a virtuous circulation of funds, assets and capital. We are firmly committed to implementing financial and capital management practices that support our activities to achieve this goal.



Financial Highlights

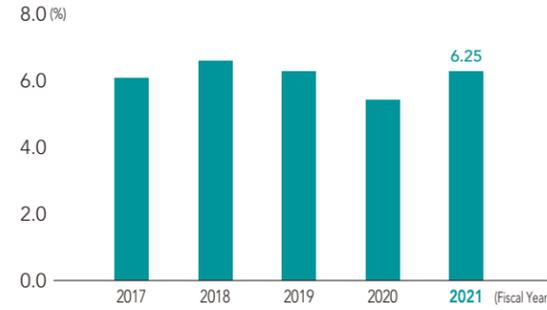
Net Income Attributable to Owners of the Parent*



* Net income attributable to owners of the parent

The customer fee business remained strong, which led to an increase in profit year on year. We also reduced risk to periodic profit or loss on bear funds and prepared for future credit risk.

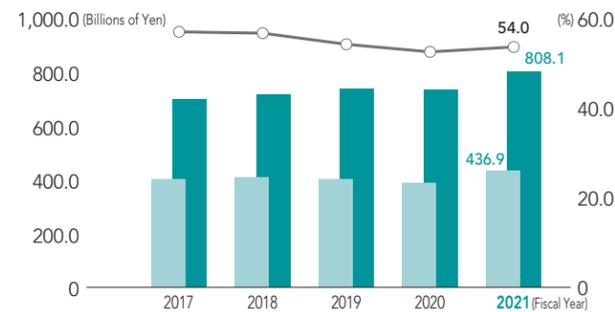
Return on Equity*



* See page 126 for the calculation method.

The rise in ROE owes to higher net income attributable to owners of the parent.

Fee Income Ratio*



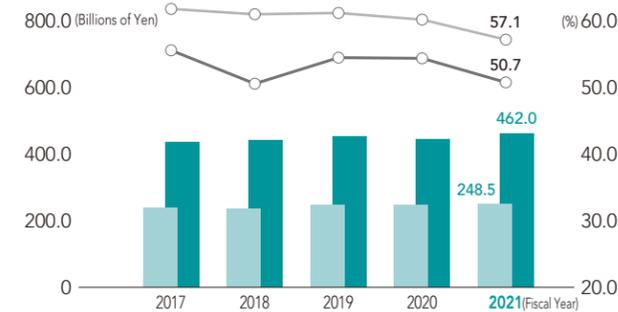
* Fee income ratio (right)

■ Net fees and commissions and related profit (left) ■ Gross business profit (left)

* Net fees and commissions and related profit divided by gross business profit

In addition to client services that remained strong (e.g., real estate brokerage and investment management consulting), the asset management business enjoyed an increase in sales owing to steady market conditions, which boosted the fee income ratio.

Overhead Ratio*1



* Overhead ratio (non-consolidated)*2 (right) * Overhead ratio (right)

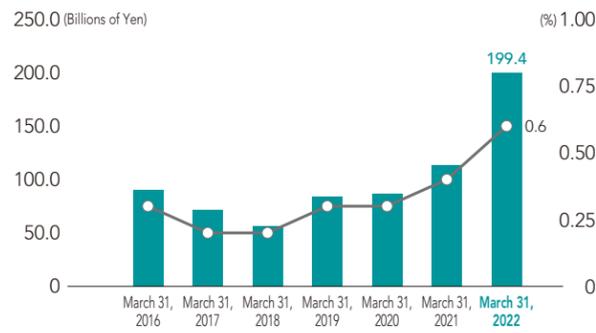
■ General and administrative expenses (non-consolidated)*2 (left) ■ Substantial general and administrative expenses (left)

*1 General and administrative expenses divided by substantial gross business profit

*2 SuMi TRUST Bank (non-consolidated)

Consolidated and non-consolidated general and administrative expenses increased, yet the overhead ratio dropped due to increased gross business profit.

Non-Performing Loan Ratio (Problem Assets Based on the Financial Reconstruction Act)*



■ Problem assets based on the Financial Reconstruction Act (left) * NPL ratio (right)

* SuMi TRUST Bank (non-consolidated)

The non-performing loan ratio as of March 31, 2022 was still at a sound level of 0.6% versus total exposure of ¥31 trillion.

Capital Adequacy Ratios

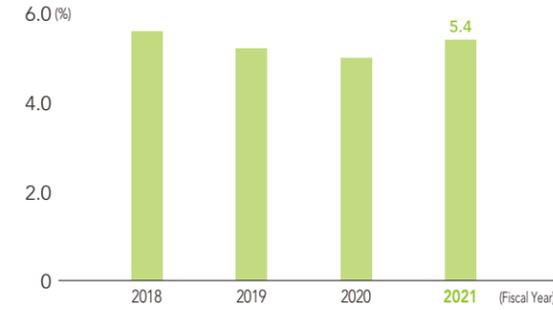


■ Common equity Tier 1 capital ratio ■ Tier 1 capital ratio ■ Total capital ratio

All are sufficiently above capital adequacy requirements of banking regulations.

Non-financial Highlights

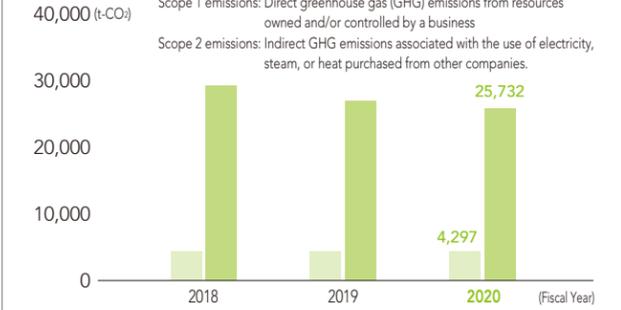
Exposure to Carbon-related Assets



* SuMi TRUST Bank and Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

As of March 31, 2022, the percentage of loans exposed to carbon-related assets was 5.4%, up 0.4 ppt from March 31, 2021. (See page 81 for details.)

Scopes 1 and 2 Emissions

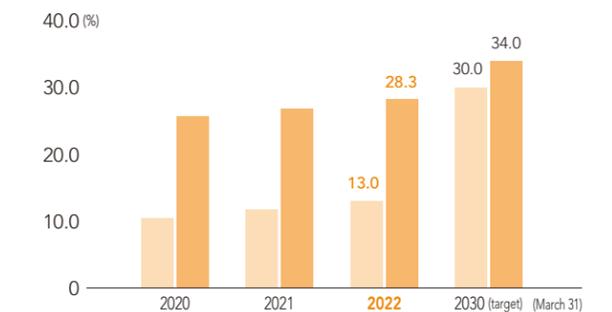


■ Scope 1 emissions ■ Scope 2 emissions

* SuMi TRUST Bank offices in Japan

We are working toward the goal of net zero emissions of GHG from SuMi TRUST Group by 2030.

Female Employees in Management Positions



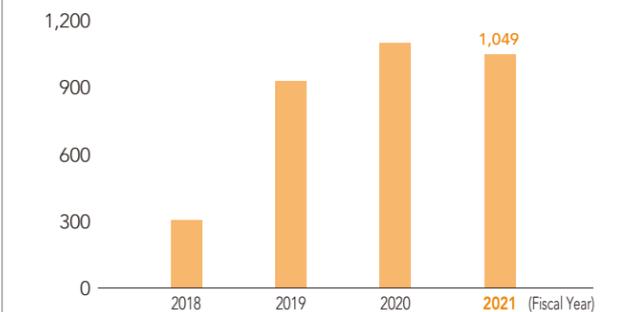
■ Ratio of female employees in management positions (section managers, team leaders, and above)

■ Ratio of female employees in management roles

* SuMi TRUST Bank

Since April 2020, SuMi TRUST Bank has been implementing the action plan it developed to achieve a higher ratio of female employees in management positions, accelerating its efforts to empower women in the workplace so that more female employees will be involved in its decision-making process. (See page 55 for details.)

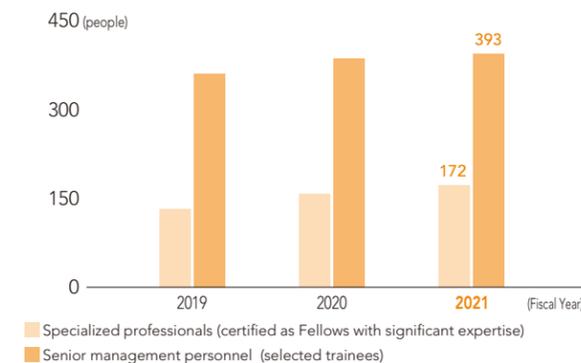
Certified Gerontology Concierges



* SuMi TRUST Bank

To improve its employees' customer service skills and literacy needed to service customers with dementia, SuMi TRUST Bank began to require all general managers, deputy general managers, and section managers of its branch offices for retail clients to be certified as Gerontology Concierges in 2014.

Human Resources Portfolio

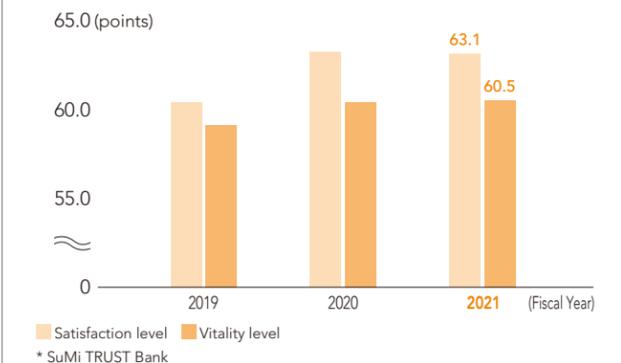


■ Specialized professionals (certified as Fellows with significant expertise)

■ Senior management personnel (selected trainees)

SuMi TRUST Bank works to enhance its portfolio of human resources who are strongly committed to advancing the Group's business model. (See page 60 for details.)

Employee Awareness Survey

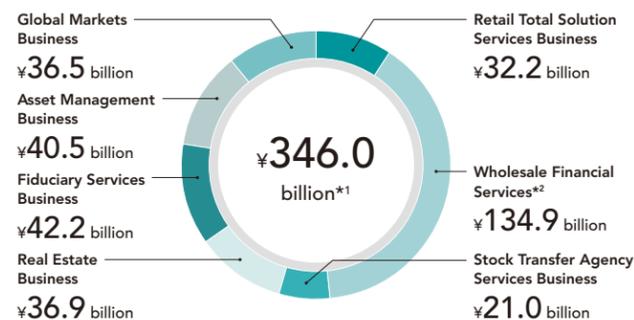


■ Satisfaction level ■ Vitality level

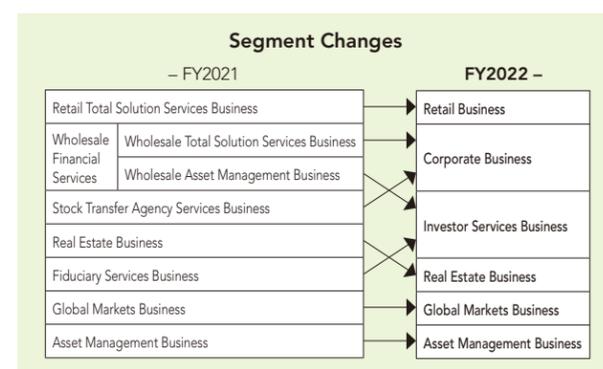
* SuMi TRUST Bank

Positive scores (60 points) are maintained for both vitality and satisfaction—SuMi TRUST Bank's standards for measuring employee engagement. (See page 54 for details.)

Net business profit before credit costs by segment (FY2021)



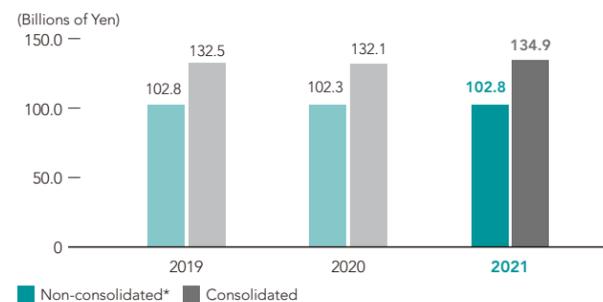
*1 This figure also includes corporate management department costs not categorized into any reportable segment, in addition to net business profit before credit costs for each segment
*2 Wholesale Total Solution Services Business and Wholesale Asset Management Business



Wholesale Financial Services

Corporate Business Investor Services Business FY2022 -

Net Business Profit before Credit Costs



Net business profit before credit costs increased ¥0.4 billion year on year to ¥102.8 billion on a non-consolidated basis and increased ¥2.8 billion year on year to ¥134.9 billion on a consolidated basis. This was owing to an increase in profit and loss related to investments in partnerships while relative revenue, which was backed by structuring commitment lines and syndicated loans for COVID-19-related fund needs that were last year's contributing factor, gradually reduced.

Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Loan & Finance
- Sumitomo Mitsui Trust Panasonic Finance
- Sumitomo Mitsui Trust Bank (Thai)
- Zijin Trust

Retail Total Solution Services Business

Retail Business FY2022 -

Net Business Profit before Credit Costs



Net business profit before credit costs increased ¥14.9 billion year on year to a profit of ¥13.7 billion on a non-consolidated basis* and increased ¥16.6 billion to ¥32.2 billion on a consolidated basis. This was owing to a steady performance of mortgage loan-related revenue and to an increase in both investment trust and insurance sales fees and distributor administration fees in investment management consulting services.

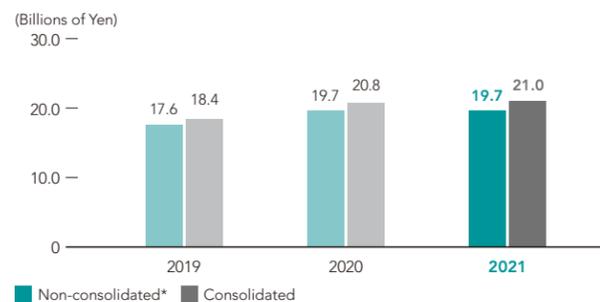
Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Life Partners
- Sumitomo Mitsui Trust Club
- UBS SuMi TRUST Wealth Management
- Sumitomo Mitsui Trust Wealth Partners

Stock Transfer Agency Services Business

Corporate Business FY2022 -

Net Business Profit before Credit Costs



Net business profits before credit costs on a non-consolidated basis* and consolidated basis remained almost the same as last fiscal year at ¥19.7 billion and ¥21.0 billion, respectively. This was owing to various consulting revenues that steadily rose as the Corporate Governance Code was revised and the Tokyo Stock Exchange was restructured, while fees susceptible to market conditions decreased.

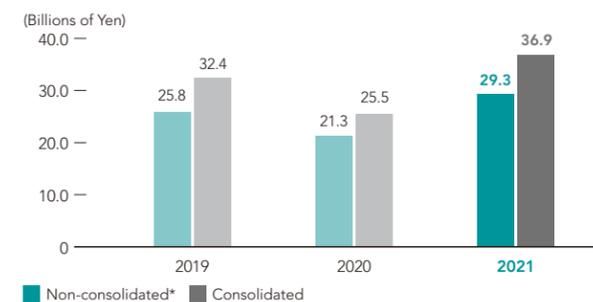
Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust TA Solution
- Tokyo Securities Transfer Agent
- Japan Stockholders Data Service Company
- Japan Securities Agents

Real Estate Business

Real Estate Business FY2022 -

Net Business Profit before Credit Costs



Real estate brokerage commissions achieved the highest profit since integration owing to a steady stream of contract signing that led to strong performance of real estate brokerage for companies and individuals. As a result, net business profit before credit costs increased ¥7.9 billion year on year to ¥29.3 billion on a non-consolidated basis* and increased ¥11.3 billion to ¥36.9 billion on a consolidated basis.

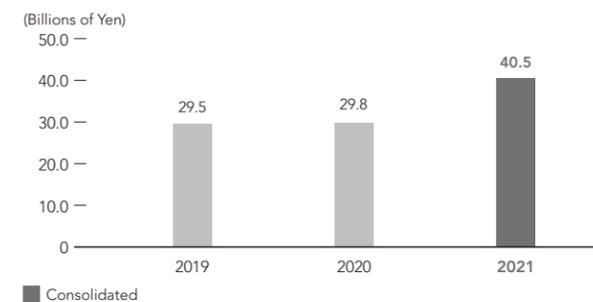
Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust Realty
- Sumitomo Mitsui Trust Research Institute

Asset Management Business

Asset Management Business FY2022 -

Net Business Profit before Credit Costs



Net business profit before credit costs increased ¥10.7 billion year on year to ¥40.5 billion owing to an increase in funds under management of asset management subsidiaries Sumitomo Mitsui Trust Asset Management and Nikko Asset Management following the recovery of market value and inflow of funds.

Major subsidiaries and affiliated companies

- Sumitomo Mitsui Trust Asset Management
- Sky Ocean Asset Management
- Nikko Asset Management
- JP Asset Management

Fiduciary Services Business

Investor Services Business FY2022 -

Net Business Profit before Credit Costs



Asset management and asset administration steadily grew, and overseas subsidiaries' custody business also showed strong performance. As a result, net business profit before credit costs increased ¥5.1 billion year on year to ¥36 billion on a non-consolidated basis* and increased ¥7.5 billion year on year to ¥42.2 billion on a consolidated basis.

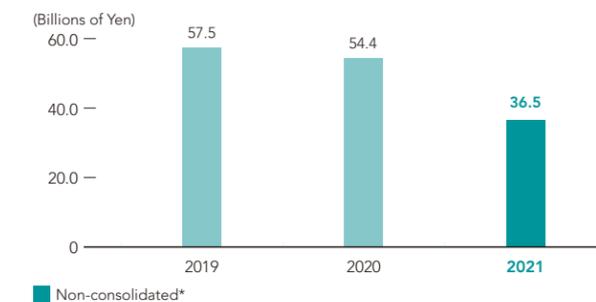
Major subsidiaries and affiliated companies

- SuMi TRUST Bank
- Sumitomo Mitsui Trust (Ireland)
- Custody Bank of Japan
- Japan Pension Operation Service
- Sumitomo Mitsui Trust Bank (U.S.A.)

Global Markets Business

Global Markets Business FY2022 -

Net Business Profit before Credit Costs



Net business profit before credit costs decreased ¥17.8 billion year on year to ¥36.5 billion owing to slow investment operations during the second half of the year, while client service-related revenue steadily grew.

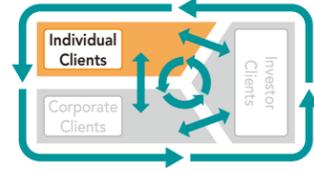
Major subsidiaries and affiliated companies

- SuMi TRUST Bank

* SuMi TRUST Bank (non-consolidated)



Initiatives for Individual Clients



We offer safety and security of mind through proper and sophisticated solutions that suit events and plans in clients' life stages. We support our clients in asset formation, asset administration, asset inheritance, and other challenges to meet that accompany a super-aging society as their "Best Partner" in the age of 100-year life.

Key Measures

- Supporting clients of the working generation who need to prepare for the future in asset formation
- Offering asset administration services designed to assist in meeting the challenges in the age of 100-year life (e.g., dementia)
- Supporting clients in smooth asset inheritance passed to the next generation in a super-aging society

Medium-Term Management Plan in review

With the needs of clients increasingly diversifying, we have been committed to offering consulting services and a wide range of products for asset administration and management that are suitable for clients' life events. We also quickly adopted an online communication channel to ensure safety and security of mind coupled with greater convenience for clients. We quantify support from our clients gained through these efforts, and the numbers of "Best Partners" and "Pre-best Partners" are steadily on the rise. We shall continue our efforts to strengthen our business base by offering elaborate consulting services.

SuMi TRUST Vision

We are committed to contributing to clients' enhanced "FINANCIAL WELL-BEING", which ensures safe and enriching futures for clients, by finding solutions to various money- and assets-related problems that solve social issues in the age of 100-year life. In addition to this social value, we also aim to create economic value for ourselves that consists of sustainable and stable growth.

Environment Awareness

Environment awareness and issues

- Transition to a new way of life after the COVID-19 pandemic, a widening gap in interest rates between Japan and overseas (Japan's prolonged negative interest rate), and lower fees for financial products
- Reforms of business processes, branches, and networks to address the medium- to long-term population decline and adapt to digitalization

Opportunities and strengths

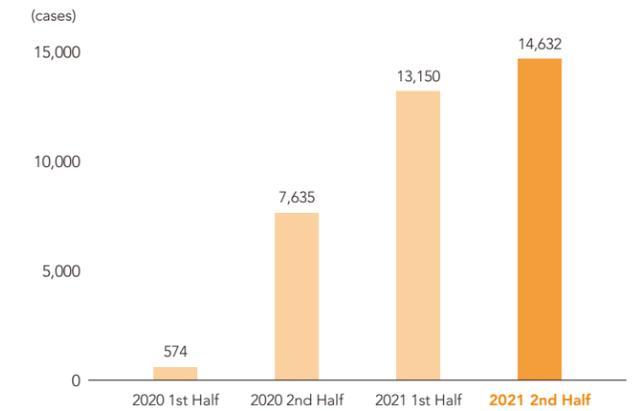
- Client-oriented total consulting
- Broad client base ranging from the asset formation generation to senior generation
- Heightened need for asset formation and asset administration in Japan's super-aging society, the Group's diverse lineup of products and services, and our staff who propose them

Specific Initiatives

1 Initiatives to Increase Client Touchpoints

The surge in the use of digital technology continues partly because of the COVID-19 pandemic. SuMi TRUST Bank has adapted to the change of clients' preferred communication channel and continued its efforts to offer enhanced consulting services online. With the growing need for asset formation to ensure a long and fulfilling life in the age of 100-year life, SuMi TRUST Bank launched our smartphone app "Smart Life Designer" in April 2022 for greater client convenience. Smart Life Designer is an all-in-one app that designs users' ideal life plans, manages family finances and assets in one place, and collects useful information about life plan design and asset formation. We shall continue to increase communication channels that will serve as client touchpoints at branches, online venues, and on our website and app, among others, which will allow us to offer high-quality consulting services tailored to each client's goal, along with a wide range of products and services that are unique to us as a trust bank.

Number of online consultations



* The numbers of online consultations by SuMi TRUST Bank (including the numbers of online consultations joined by clients' family members or other relevant attendants)
* Online consultation services were launched in July 2020

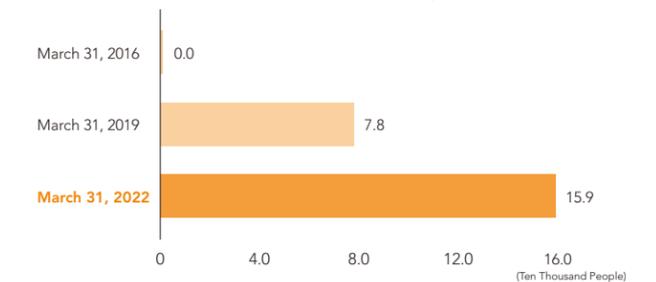
2 Initiatives Related To Asset Formation of the Working Generation

The age of 100-year life has created a growing need to secure funds for post-retirement years as early as possible according to a solid plan. Each client expresses a greater interest in financial planning than before, as people have an increasing need to manage and form assets on their own.

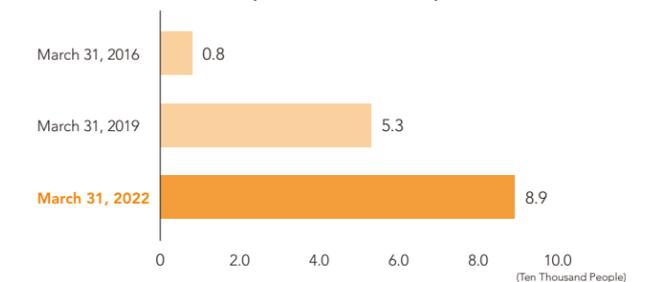
To meet the needs of the working generation for asset formation, we offer a well-developed product line that includes installment investments and level premium insurance, which requires only a small initial outlay, along with a wider range of services and simulation tools designed to assist with asset formation. We are committed to helping clients design their life plans through our consulting services that are tailored to individual needs.

We will also strive to expand the channel of consultations by setting business hours on holidays and/or after normal working hours at branches and by using the Internet, in addition to delivering information via our smartphone app and online seminars. In doing so, we aim to establish a set of services approachable from anywhere at any time for clients of the working generation.

Clients that hold an installment investment product



Clients that hold a level premium insurance product



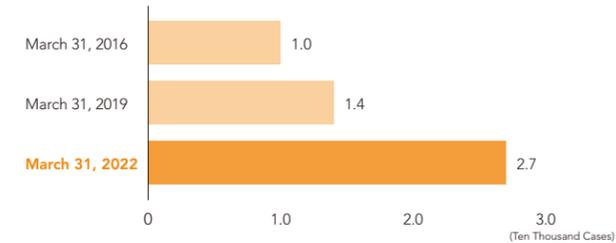
Specific Initiatives

3 Initiatives to Meet Seniors' Needs for Asset Administration and Succession

In the age of 100-year life, challenges in asset administration and succession are ever diversifying. These challenges include preparing for the risk of dementia anyone might have in the future, and smooth inheritance and succession passed to the next generation. Our staff consist mostly of experienced financial consultants with comprehensive knowledge, and they are committed to offering consulting services tailored to each client's needs.

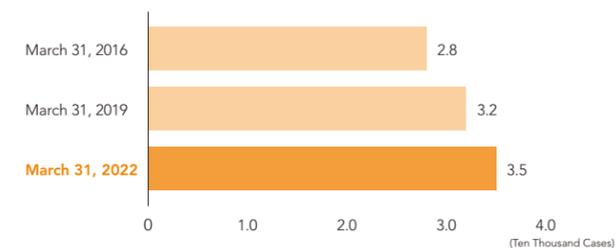
We also shall enhance and expand our product and service lines. Our offerings include will trusts (execution course) that entrust the custody and execution of a client's will to SuMi TRUST Bank; inheritance settlement services designed to reduce the workload of an inheritance process that an inheritor must follow; the 100-Year Life Solution Trust (100-Year Passport) equipped with the features for safeguarding, utilizing, and transferring funds; and the Solitary Trust that offers one-stop services to assist with end-of-life procedures, and other asset administration products.

Number of asset administration-type products* offered



* Guardianship System Support Trust, Anshin Support Trust, 100-Year Life Solution Trust, and others

Number of will trusts



4 Initiatives to Promote Wealth Management Business

The UBS Group boasts the world's leading asset management and securities services*1, and SuMi TRUST Group offers a wide range of products and services that include asset administration and succession and real estate, and other non-financial services*2. Our total wealth management services organically combine these offerings, and our experienced and dedicated staff with significant expertise deliver the one-stop services to fully support clients in leading enriching lives.

*1 In August 2021, the Group established UBS SuMi TRUST Wealth Management Co., Ltd., an affiliated company that specializes in services for the wealthy class. The launch of this company has enabled us to deliver global and highly professional asset management and securities services to our clients, leveraging the advantages that the UBS Group has to offer.

*2 The Group serves as a special sponsor of the Diners Club NIPPON CUP 2022 Hayama Series held in April and October 2022.



Initiatives for Sustainability



Asset Administration in the age of 100-year Life

Having seen greater longevity of its population than ever before, Japan has become a super-aging society ahead of other countries in the world. This has come with major social issues, such as changes in social systems that include those of pensions and social security, and how to extend healthy life expectancy. Other issues that are drawing equal amount of attention are overdue asset transfers between generations due to an increase in assets held by seniors with dementia, and social loss caused by impaired efficiency of asset management.

SuMi TRUST Bank believes that the new norm in the age of 100-year life should be seniors with dementia and their families leading their lives with a sense of security. We offer trust products designed to meet a wide range of needs for asset administration according to this belief.

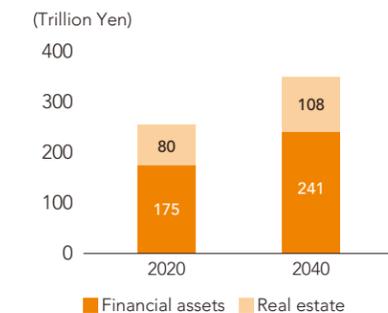
Assets held by seniors with dementia are on the rise

We estimated assets held by seniors with dementia across the country and found that these assets will dramatically increase over the next 20 years.

The features of this estimate are that we calculated not only financial assets but also real estate assets, and that the calculations covered sums and rates of increase sorted by prefecture (research by SuMi TRUST Bank (the first-ever attempt to calculate these figures in Japan)).

SuMi TRUST Bank will continue to leverage its research and communication skills to gain shared awareness of social issues in the age of 100-year life with as many clients as possible, thereby offering opportunities for each client to remain aware of the need to prepare for the future.

Assets held by seniors with dementia (estimates)



Assisting clients with asset management and preparation for years with dementia

Some people relinquish asset management, driven by fear of dementia they might contract at any time in the future.

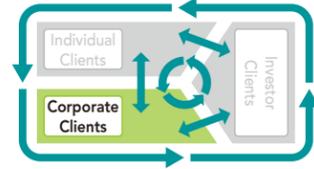
We have developed the 100-Year Life Solution Trust (100-Year Passport Plus) designed to support our clients in leading their 100-year lives with a sense of happiness while they prepare for the risk of dementia. This new product integrates the medium- to long-term stable asset management offered by the Sumitomo Mitsui Trust Fund Wrap with the asset administration by the 100-Year Life Solution Trust (100-Year Passport) equipped with the functions of "saving", "spending", and "handing over" funds.



We offer the service of "delegation of payments" to clients who are concerned about the risk of dementia or any other health issues. A client designates a delegate (e.g., a family member) who will cancel the Sumitomo Mitsui Trust Fund Wrap on his/her behalf to add the funds to 100-Year Passport Plus if the concern becomes a reality, so that the delegate will make payments for the client's living expenses and other costs with the money.



Initiatives for Corporate Clients



While the business environment surrounding companies has been changing immensely and becoming complicated, corporate clients are faced with management issues that cannot be solved merely by providing products and services. The Group aims to become the “Best Partner” financial institution for clients by further bolstering our versatility and expertise as a trust bank group.

Key Measures

- Initiatives for sustainable finance to achieve a sustainable society
- Delivery of total solutions that cover non-financial areas, including support for enhanced governance and disclosure of information related to Environmental, Social, and Governance (ESG)
- Advance and achieve a virtuous circulation of funds, assets and capital by financial intermediation

Medium-Term Management Plan in review

During FY2020 and FY2021, amid the changes in business environment due to the COVID-19 pandemic, we worked to ensure the steady supply of funds through our banking operations to support clients, while implementing improvements in the quality of our credit portfolios and advancing financial intermediation.

Moreover, we have successfully enhanced our ESG solutions that include sustainable finance, advanced transactions with innovative companies, and expanded our client base by increasing the number of companies to which we provide stock transfer agency services.

SuMi TRUST Vision

To become the “Best Partner” of our clients and society, we will contribute to the sound development of capital markets by assisting clients through our stock transfer agency services, in addition to enhancing the corporate value of clients and creating a virtuous circulation of funds, assets and capital.

We plan to remain in contact with diverse economic entities and stakeholders, strengthen our business focus in connecting different economic entities, and create a “sustainable value chain” to enhance our total solutions services.

Environment Awareness

Environment awareness and issues

- Growing uncertainty and higher volatility of markets due to the pandemic, international conflicts, and greater geopolitical risks
- Initiatives to fulfill ESG criteria and achieve the SDGs that are gaining momentum worldwide
- Financial business model transformation driven by digitalization

Opportunities and strengths

- Specialists with talents to offer high value-added services to clients
- Providing versatile and highly-specialized comprehensive solutions through acquisition and analysis of non-financial information

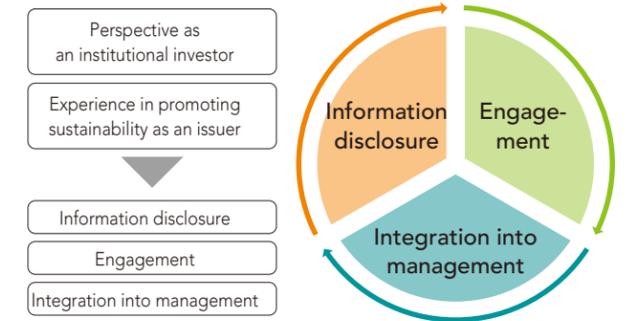
Specific Initiatives

1 Providing ESG Solutions to Clients

Taking advantage of touchpoints with diverse stakeholders through our banking operations and trust services in addition to wide variety of product lineups, our Group connects clients with stakeholders and provides solutions that lead to the enhancement of corporate value.

With initiatives to achieve the Sustainable Development Goals (SDGs) gaining momentum across the world, clients are facing challenges that are increasingly complex and sophisticated such as the promotion of sustainable management, and they are swiftly expected to respond to these challenges. We combine and leverage the Group’s various services, which include banking, asset management and asset administration, and real estate, so that we may serve one-stop solutions to these issues. Through these service offerings, we aim to become the “Best Partner” that responds to diversifying needs and challenges facing clients.

We will continue to help develop a sustainable society, where economic value and social value are created simultaneously, through the solutions we deliver to our clients.



2 Serving as a Unique Financial Intermediary

With social and industrial structures undergoing dramatic changes, enormous amount of capital is required to address various social issues, which include decarbonization and the revitalization of local economies.

Through the delivery of total solutions to corporate clients, the Group confronts clients’ management and social issues and meet their financial needs to solve those issues. We will promote circulation of funds with the power of highly specialized trusts to areas needed by our clients and society by connecting the investment-related needs of diverse investors with whom we have contact through our banking and trust business. We shall also contribute to the creation of a virtuous circulation of funds, assets and capital that brings fruit to households through increased corporate value by establishing financial intermediary functions that leverage the Group’s strengths.



Specific Initiatives

3 Initiatives to Support Clients Strengthen Their Governance

We seamlessly support corporate stock administration practices for general meetings of shareholders, IR/SR, governance, and executive compensation areas, utilizing the data, information and case studies gained from our client base—number one in the industry in terms of both the number of listed companies under management and the number of shareholders under administration—and the data from Governance surveys and the Executive compensation surveys. This dataset is among Japan's largest.

There is a need for continuous delivery of stable, strong, and reliable social infrastructure. There is also a need for solutions to management issues related to governance and dialogue with investors, and these issues are becoming increasingly sophisticated and complex. We are committed to support our clients to achieve their growth as the "Best Partner" through the offering of optimum and high-quality solutions to establish a solid position in the stock transfer agency services business.

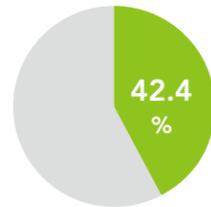
We shall also lead sound development of Japan's capital markets by capturing trends in the progress of digital technologies, supporting the digitization of general meetings of shareholders, and improving the convenience for shareholders.

Market share of the Stock Transfer Agency Services Business in the industry* (as of March 31, 2022)

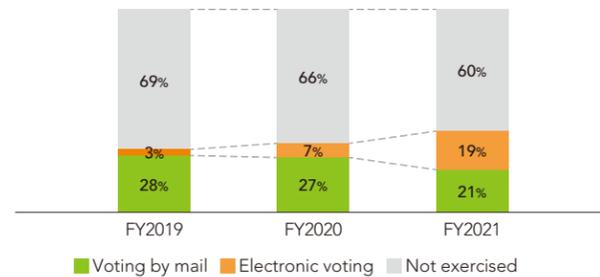
Number of listed companies under management

No.1 in the industry

* The total of SuMi TRUST Bank, Tokyo Securities Transfer Agent Co., Ltd., and JAPAN SECURITIES AGENTS, LTD.



Voting rights exercised/not exercised (entities to which SuMi TRUST Bank provides stock transfer agency services)



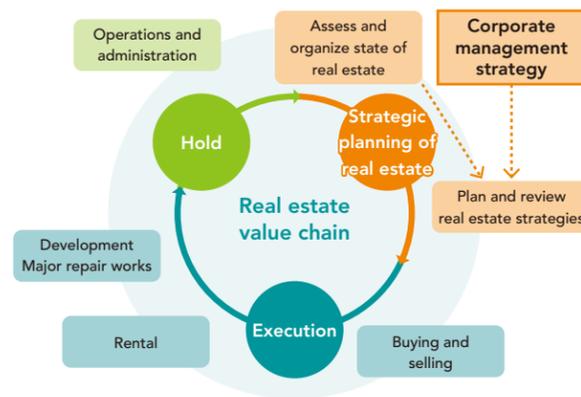
4 Enhancement of Real Estate Value for Clients

Real estate is one of corporate clients' primary assets. It has come to play an increasingly vital role in solving management issues and increasing corporate value.

The Group plans to offer a variety of services to meet the needs that arise in a real estate value chain spanning the process from the development of strategies for real estate to purchase/sale, lease, repairs, operation and management, with the goal of serving as clients' "Best Partner for real estate".

<Examples of client needs and our support>

- The COVID-19 pandemic has created needs to reconsider ways of working and locations of offices. We offer services designed to assist clients in developing their strategies and to propose new locations and broker leases thereon.
- Clients seek to meet the need for decarbonization. We offer consulting services to assist clients to be certified as businesses that work to reduce CO₂ and ensure good environmental performance of their buildings.
- Clients in Japan seek to acquire properties in overseas locations and have other global needs for real estate. We offer services that leverage our overseas networks, including our business partners.



Initiatives for Sustainability

Total solutions towards solving ESG/SDGs challenges

Our Group supports the enhancement of clients' corporate value leveraging our sustainability-related know-how and networks accumulated through the engagement with stakeholders.

Climate solutions

SuMi TRUST Bank organically combines all-embracing advisories (e.g., scenario analysis based on the Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)) with a wide range of solutions expected of a trust bank.

Scenario analysis based on the TCFD Recommendations identifies financial and non-financial management issues that must be addressed to achieve net-zero emissions (e.g., funds for equipment, financial plans that include working capital, reviews of fund-raising plans, how to ensure greater resilience of real estate assets, how logistics systems deal with climate change). We provide a wide range of solutions to these issues, thereby contributing to enhancement of clients' corporate value and solutions to social issues.



Renewable energy finance projects

In addition to promoting the deployment of renewable energy through project finances, SuMi TRUST Bank originates and manages renewable energy funds that invest funds solely on renewable energy-type large-scale power generation businesses. Particularly in Japan, the deployment and expansion of offshore wind power generation is gaining attention. More specifically, biddings for offshore power plants in the open seas have started, in addition to the current biddings for solar and onshore wind power plants, towards the achievement of a carbon-neutral society by 2050. In total, the electricity generation capacity of projects in which SuMi TRUST Bank has been involved amounts to 17,364 MW, generating 47,255 GWh annually. Accordingly, its annual impact of reducing CO₂ emission is 20.69 million tons of CO₂. The total electricity generation capacity to which SMTB contributes per ratio is 3,582 MW, generating 7,342 GWh annually. Its annual impact of reducing CO₂ is 3.33 million tons of CO₂.

Consultation for sustainable management support

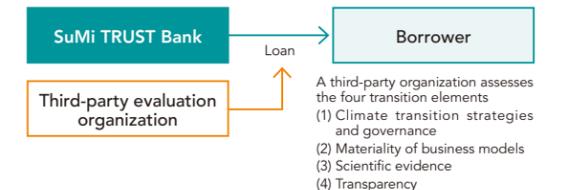
SuMi TRUST Bank combines the "perspective of investors" with whom we have engaged for many years in the asset management business and the "perspective of a practitioner of sustainable management" as an issuer company to create a cycle of "information disclosure," "engagement," and "integration into management," which are the key to sustainable management. Through this effort, we provide comprehensive consulting services to support clients in establishing their sustainable management. As of March 31, 2022, we have a record of 70 projects in which we successfully provided support for clients.



Transition finance (transition loan)

Transition loans are offered to support companies engaging in CO₂ reduction efforts according to their long-term corporate strategies to effectively address climate change-related risks towards a transition to a low-carbon society. In February 2021, SuMi TRUST Bank entered into Japan's first agreement for a transition loan to a shipping company. The fund is used to acquire next-generation environment-type LNG fuel vessels for automobiles. By March 31, 2022, five transition loan agreements have been signed.

<Financial schemes>



Consulting as part of stock transfer agency services

SuMi TRUST Bank has the largest client base, and its Governance survey and Executive compensation survey are among the most extensive in Japan. We utilize client base and results of surveys for our stock transfer agency services to support each company's independent initiatives for corporate governance, along with their efforts to increase their corporate value, such as efforts to advance the understanding of changes in the business environment and investors' opinions, thereby leading the sound development of Japan's capital markets.



Initiatives for Sustainability



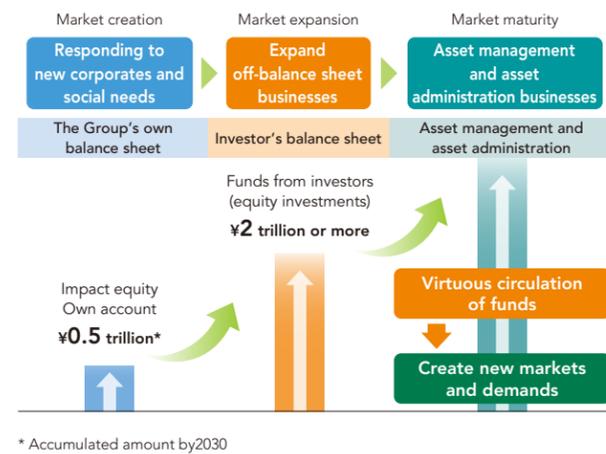
Impact Business

The Group defines “impact” in this context as a short- and medium- to long-term effect that a corporate’s products and services or activities have on the economy, society and environment.

SuMi TRUST Bank promotes impact finance in various asset classes including equity and debts in accordance with international principles, such as the Principles for Positive Impact Finance developed by the United Nations Environment Program Finance Initiative (UNEP FI) and with the Operating Principles for Impact Management by the International Finance Corporation (IFC). We assess the impact that a company has on the economy, society, and environment, which are the three aspects of SDGs. We set the corporate clients’ KPIs through our engagement with them to measure progress toward their goals and monitor these indicators over the investment/loan period. Then we provide the company with the results of monitoring as our feedback to support their value creation process, thereby contributing to their increased corporate value and to the development of a sustainable society as a financial institution.

Impact equity

SuMi TRUST Bank plans to increase equity investments in companies, funds, and projects, among others, that are meant to create a positive impact on society and environment. We aim to invest our own funds of 500 billion yen in total by FY2030, leveraging the capital created by reducing strategic shareholdings. We have already invested substantially in renewable energy-related projects, such as solar and wind power. We plan to expand our investment areas to the next-generation technologies, such as hydrogen fuel, rechargeable batteries, smart mobility, next-generation healthcare, FinTech, that are expected to create a medium- to long-term impact. We also hope that investing our own funds in these areas will act as a catalyst for equity investments by other institutional investors so-called expansion of the off-balance business. We will supply the total of more than ¥2 trillion from equity investments by FY2030, aiming to create and expand new markets.



* Accumulated amount by2030

Positive impact finance (PIF)

PIF required the conditions as follows: comprehensively analyze and assess the positive and negative impacts of corporate activities on the economy, society, and environment; set goals to alleviate negative impacts and expand positive impacts; and commit to realizing these goals. As recognition of this product concept, SuMi TRUST Bank was awarded the LCA Japan Forum Chairman’s Award at the 17th LCA Japan Forum in February 2021, following a Gold Award in Loan at the 1st “ESG Finance Awards Japan” in February 2020. Starting from the first loan granted in March 2019, 26 loans were arranged by March 31, 2022.



Technology-based Finance Team

We have established the Technology-based Finance (TBF) Team in the Sustainability Management Department of SuMi TRUST Bank in order to assist society with the practical implementation of innovative technologies, which are needed to address issues that the SDGs and the Paris Agreement aim to resolve, in the way that incorporates a financial perspective. To achieve a carbon-neutral society that works in harmony with the environment, we teamed up researchers and experts who are doctors of science or engineering in the fields of hydrogen fuel, rechargeable batteries, and inorganic chemistry, among others, so that their knowledge and views are incorporated into the process of impact evaluation as innovative technologies are implemented in society. This will accelerate initiatives that advance positive impacts and inhibit negative impacts, contributing to solutions to social issues.

Initiatives for Sustainability



Initiatives for Real Estate related to ESG



The amount of CO2 emissions from the construction and management of buildings is said to account for approximately 40% of all CO2 emissions in Japan, including indirect emissions. In addition, given that humans spend a lot of time indoors, indoor environments naturally affect the health and productivity of occupants. As real estate has a significant impact on the environment, society, and the economy, integrated initiatives for achieving the SDGs are thought to be highly beneficial in improving the sustainability of these three aspects. Therefore, the Group aims to further promote energy-efficient and resource-efficient cities and buildings, as well as the wide adoption of environmentally friendly properties that contribute to improving production efficiency. In particular, as the number one company regarding the entrusted balance of securitized real estate in the industry, we will further advance initiatives that contribute to enhancing property value mainly through high levels of environmental performance, which boosts revenue and reduces risks.

Support menu to improve and visualize the environmental performance of real estate

CASBEE certification support consulting

Under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), CASBEE (Comprehensive Assessment System for Built Environment Efficiency) was developed as a method to evaluate and rank the environmental performance of buildings.

SuMi TRUST Bank played a leading role in the development of CASBEE for Real Estate and related economic impact surveys. We also focus on developing Japan’s environmentally friendly property market in line with CASBEE by proactively evaluating each property and town.



Suita Sustainable Smart Town (Osaka Prefecture)

Construction-phase support for environmental considerations

SuMi TRUST Bank’s construction consulting services provide advice on factoring in environmental considerations in line with client requests, such as installing energy-saving systems in buildings, taking into account landscapes and ecosystems, extending building lifespans, and adopting recycling systems.

These days, we have more clients than before who seek to have their properties certified for good environmental performance or as zero-energy buildings (ZEB), and/or to be selected for the “Leading Projects” Program for Sustainable Buildings led by the MLIT.



Hiroshima Orizuru Tower (Hiroshima Prefecture)

Support menu to advance the use of renewable energy and achieve carbon neutrality

With more and more businesses working toward the goal of achieving carbon neutrality by 2050, SuMi TRUST Bank offers “consulting for saving energy,” a service to develop measures to reduce GHG emissions from buildings, through its real estate management business designed to support clients’ business activities.

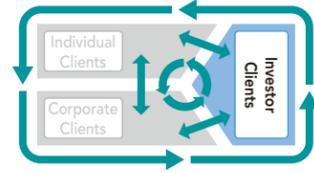
Moreover, leveraging our know-how to adopt renewable energy at our office buildings, we offer “support for the introduction of renewable energy.” To deliver this support, we gain an accurate picture of each client’s net zero carbon strategies and select a procurement process that balances environmental concerns and economic efficiency.



* Please see “ESG Real Estate,” a supplementary booklet of the Sustainability Report 2021/2022. <https://www.smth.jp/english/-/media/th/english/sustainability/report/2021/esg-real-estate.pdf>



Initiatives for Investor Clients



Our goal is to create and embody new businesses that will lead to solutions for social issues such as decarbonization, revitalization of regional economies or the age of 100-year life, and thereby offer better investment opportunities for investors. So that we would aim to create a virtuous circulation of funds, assets and capital with both economic and social value.

Key Measures

- Offer problem-solving support to investor clients through the development and provision of diverse asset management opportunities and products
- Improve asset administration services and fortify data services to better handle increasingly complex management of investment products
- Provide comprehensive services that include consulting and risk management that can meet expanding investment needs

Medium-Term Management Plan in review

We have been striving to improve our ability to develop private asset products as we provide a wide range of investment products that leverage the strengths of the various companies in the Group. In addition, we are improving quality and adding value to our asset administration services in order to meet BPO needs for the increasingly complex management of investment products. We are also responding to expanding needs by offering our consulting abilities honed through pension fund management business for a broad range of investor clients, and by enhancing our comprehensive financial services that include risk management support.

SuMi TRUST Vision

We aim to be an investor client-oriented financial intermediary by offering investment product strategies that create a virtuous circulation of funds and total solutions to solve management issues.

We are also focused on making products smaller and more versatile, improving asset administration services and fortifying data services through the use of IT and other digital technologies, and developing ESG investing and other investment products that help resolve social issues. We take the perspective of our investor clients to provide integrated services that cover everything including asset management, the middle office, client reporting, and channel strategies.

Environment Awareness

Environment awareness and issues

- Demand for major funding to solve new social issues (e.g. decarbonization, prosperous 100-year life, revitalization of regional economies, etc.)
- Inflation and market uncertainty due to rising resource prices stemming from the conflict between Russia and Ukraine

Opportunities and strengths

- Creating a virtuous circulation of funds through financial intermediation that solves social issues starting with investor clients
- Expanding needs for new investment opportunities that can handle structural changes in markets
- Providing a variety of high-quality reports to investor clients and responding to business processes outsourcing needs

Specific Initiatives

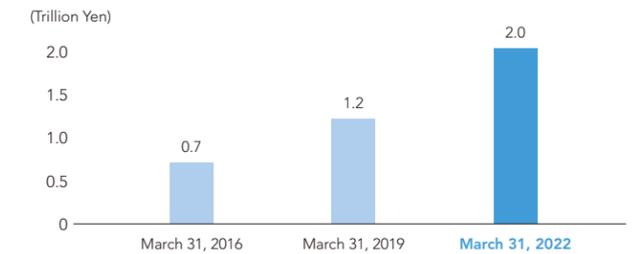
1 Asset Management Business

(1) Sumitomo Mitsui Trust Asset Management

Sumitomo Mitsui Trust Asset Management (SMTAM) manages one of the largest AUMs in Asia and has cultivated a presence among domestic institutional investors. Adding that, SMTAM is aiming to achieve greater growth in the expanding domestic retail market.

In addition to providing clients with the most appropriate asset management solutions, SMTAM will expand the investment products it offers and enhance its support system on the DC market by leveraging its solid client base, and contribute to finding solutions to social issues through ESG engagement initiatives for investees.

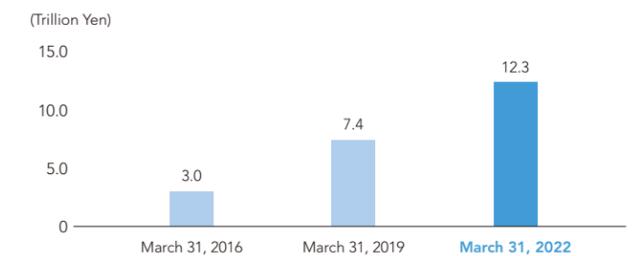
DC investment trusts



(2) Nikko Asset Management

Nikko Asset Management (NAM) provides clients with innovative products and services that harness its various strengths, from a network of corporate hubs (including joint ventures) spanning 11 countries, to the support for sales companies and the unique product development that actively utilizes this network. In addition, NAM aims to strengthen overseas distribution and expand investment areas – including non-liquid assets – in order to achieve sustainable growth. Moreover, NAM aims to lead the ETF business in the Asia-centered global market.

Balance of domestic ETFs

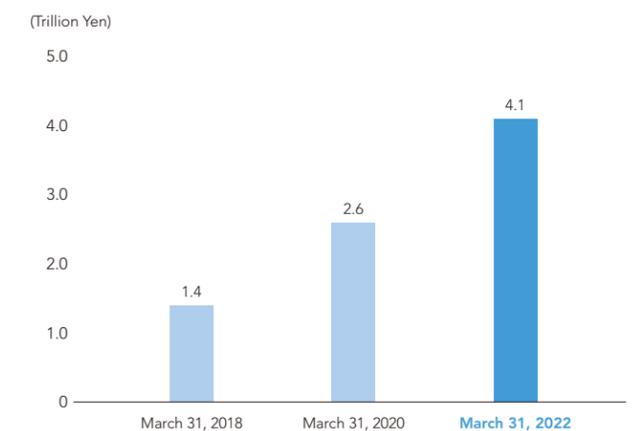


2 Responding to the Financial Demand for a Decarbonized Society

The world is witnessing an increased need for the decarbonization of society and other social initiatives, and there is predicted to be an enormous demand for funding of such efforts. Meanwhile, with Japan's low interest rates circumstance and increasing volatility in the stock market, there is also increased interest in private assets such as unlisted stocks or real assets including real estate.

We offer financial intermediation that can resolve an array of social issues by harnessing the consulting capabilities and extensive investment and lending knowledge we have as a trust bank group, and by consolidating our know-how and expertise of asset management and asset administration through organizational restructuring. In doing so, we aim to provide investment information and other support to our investor clients and offer them the opportunity to invest in a variety of private assets through an expanded product lineup. Simultaneously, we aim to solve social issues by creating a virtuous circulation of funds, assets and capital.

Private Assets* AUM



* Private assets: Primarily assets such as private equity, real estate, infrastructure, credit products, etc.

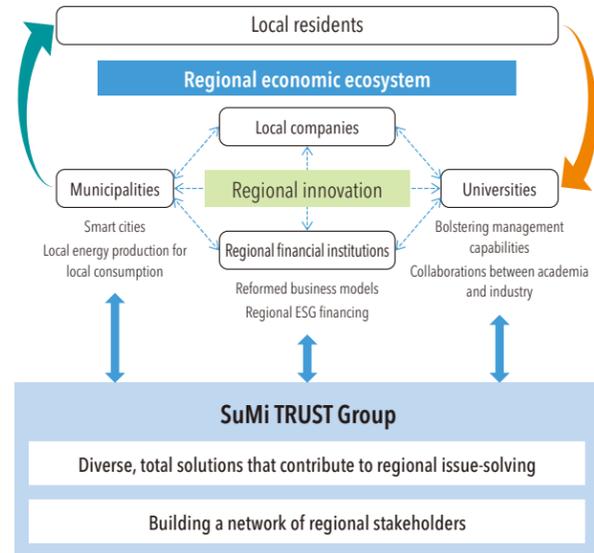
Specific Initiatives

3 Revitalization of Regional Economies

Each region faces its own unique issues, from declining birthrates and aging population to ESG/SDGs response, so it is necessary to build innovative regional economic ecosystems tailored to the characteristics of each region.

Thus far, we have promoted cooperative activities with local businesses, universities, governments, regional financial institutions and more. We were able to cultivate a relationship of confidence through such works, and we will utilize that as the foundation for helping to revitalize regional economies through collaborations that build regional economic ecosystems and create a circulation of industrial, academic, governmental, and financial institutions.

We are also involved in a variety of other efforts, including increased networking with regional financial institutions by spreading the idea of regional ESG financing, participating in the development of smart cities and super cities, and cooperating with local governments in areas where the energy produced there are consumed locally. We will continue to further strengthen regional information distribution and development at the same time as we offer more advanced solutions.



4 Asset Formation Support in the Age of 100-year Life

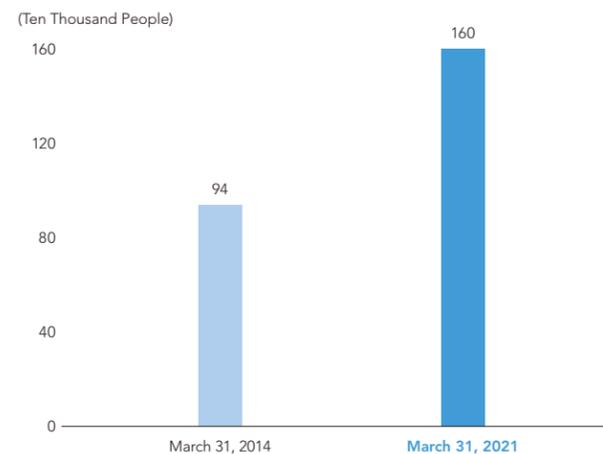
We are developing corporate pension plans and general benefit and welfare services to help improve the well-being of our clients.

Recent years have seen an increased interest in corporate "human capital" management with the trends in emphasis on ESG and revisions to the Corporate Governance Code in Japan. Combined with legal changes that have expanded the scope of usage for individual DC (iDeCo), we may say that 2022 is the year in which each and every citizen should be thinking about asset formation in the age of 100-year life.

We will actively provide new life plan consulting services and a wide range of financial products and services to our corporate clients' employees (human capital) who support sustainable growth of their corporate values, based in system consulting in the fields of corporate pensions (DB/DC), where our business foundation stands at the top of the industry.

Through these efforts, we will demonstrate the strengths inherent to a trust bank group capable of providing one-stop benefit and welfare support, become partners in supporting the well-being of both companies and employees, and thereby contribute to clients leading more prosperous lives.

Change in number of DC subscribers



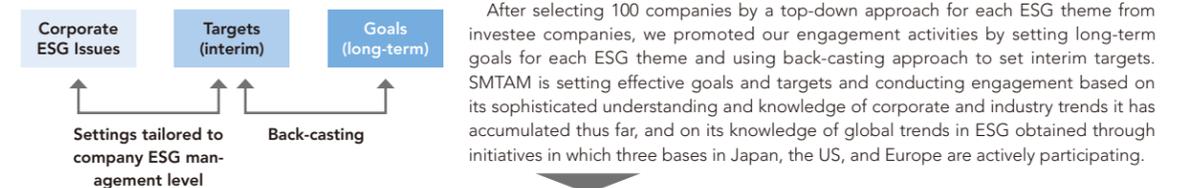
Initiatives for Sustainability

Initiatives in Social Issue-solving Businesses

Sumitomo Mitsui Trust Asset Management's Top-down Engagement Efforts

Sumitomo Mitsui Trust Asset Management (SMTAM) established an ESG investment policy and specified ESG materiality standards at the Executive Committee in 2019. Based on those standards, discussions in 2020 within the Stewardship Committee resulted in the designation of 12 focused ESG engagement themes selected after consultations with and based on reports by the Stewardship Activities Advisory Committee. In such ways, SMTAM has been promoting top-down engagement.

Selecting Target Companies for Top-down Engagement through ESG Themes and Setting Goals/Targets



After selecting 100 companies by a top-down approach for each ESG theme from investee companies, we promoted our engagement activities by setting long-term goals for each ESG theme and using back-casting approach to set interim targets. SMTAM is setting effective goals and targets and conducting engagement based on its sophisticated understanding and knowledge of corporate and industry trends it has accumulated thus far, and on its knowledge of global trends in ESG obtained through initiatives in which three bases in Japan, the US, and Europe are actively participating.

Stage Management and Monitoring

The engagement progress is managed in four stages within each ESG theme, and monitoring is conducted from the point measures are implemented until issues are resolved.

Stage	Description
(1) Identify issues	Major ESG issues at investee companies are identified and set. Targets (interim) are set by back-casting from theme goals.
(2) Present issues	Issues are presented during meetings with companies and an ongoing dialogue is established to enable the sharing of issues.
(3) Share issues (company representative)	Progress to the next stage is achieved through sharing issues with the company representative and starting a dialogue with management aimed at implementing measures and resolving issues.
(4) Share issues (management)	Issues are shared with management, discussions on best practices are begun, and they are encouraged to begin an internal review on how to implement measures and resolve issues.
(5) Implement measures	Confirm how corporate policy is manifested (through corporate actions), and monitor progress.
(6) Resolve issues	Confirm a completion of the targets and share the information. In case a progress of resolving issues is not sufficient, a reflection in exercise of voting rights would be considered.

Improving Corporate Sustainability and Corporate Value

Nikko Asset Management ESG Investments

As an asset management company, Nikko Asset Management (NAM) has set its fiduciary and ESG principles as guidelines of the utmost importance. In order to clarify the commitment of the Group as a whole, the company formulated "a Code of Conduct for Fiduciary and ESG Principles" in 2016 and established the ESG Global Steering Committee.

The ESG Global Steering Committee supervises the execution of ESG commitments, and it is chaired by the Chief Investment Officer, who is a member of the Global Executive Committee (GEC). The ESG Global Steering Committee reports to the GEC, and reports to the Board of Directors at least once each quarter.

The ESG Global Steering Committee is comprised of both domestic and international investment team leaders, and each leader is required to incorporate ESG issues into their own investment processes. The committee is then required to evaluate the effectiveness of incorporating the ESG issues, and to strengthen further efforts. In addition, NAM is working hard to implement all six of the PRI principles recommended by the United Nations.

In Japan, the two governance systems of stewardship and the exercise of voting rights serve to complement the ESG framework through the Stewardship and Voting Committee (SVC) and the Stewardship and Voting Policy Oversight Committee.

The SVC is working on the development of the guidelines needed to formulate stewardship policies, review guidelines for the exercise of voting rights, and to implement other stewardship activities.



Sumitomo Mitsui Trust Asset Management



Our mission is to support clients achieve their future goals and visions through asset management

Yoshio Hishida
Representative Director and President
Sumitomo Mitsui Trust Asset Management Co., Ltd.

All over the world, there are efforts to reassess the meaning and mission of the company and work. Discussions of “achieving a carbon-neutral society by 2050” are not unrelated to this. More than ever, I feel that the first step in this process, which is to reconsider the relationship among oneself, company, and society, is beginning to turn into a major movement.

As a responsible institutional investor, the mission of Sumitomo Mitsui Trust Asset Management Co., Ltd. is to support clients achieve their future goals and visions through asset management.

Through this mission, stewardship activities such as contributing to enhancing corporate value through dialogue with investee companies and promoting activities in the ESG area are extremely important, and going forward, we shall diligently continue our efforts to improve in this domain.

Sumitomo Mitsui Trust Asset Management has been a signatory to the UN Principles for Responsible Investment (PRI) since its inception in 2006, and has many years of experience dealing with companies and society in these areas. In addition to our Japan equity impact investment fund, which began its investments in October 2019, we have also launched a foreign equity impact investment fund, which is ready to be offered to our clients.

We also actively participate in overseas engagement

activities from an early stage and have served as the lead manager in a PRI working group. As of March 31, 2022, we are a member of 16 international ESG advocacy organizations and are active on a global level. While working with overseas asset owners and management companies, in addition to expressing our opinion as a Japanese asset management company, we also incorporate the knowledge gained through our advanced overseas ESG activities into our engagement activities with Japanese companies.

We are also working daily to develop new investment methods and improve the quality of our investment products, with a focus on data science initiatives that utilize technologies such as machine learning and rely on alternative data disparate from traditional financial information, and are committed to providing high-quality investment opportunities and investment products to support clients achieve their future goals and visions.

At Sumitomo Mitsui Trust Asset Management, we aspire to pioneer the possibilities of the future and foster a truly prosperous society. In order to make this a reality, we will continue to provide solutions from a long-term perspective as a member of a trust bank group. At the same time, as an independent asset management company that is indispensable to our clients, we shall do our utmost to grow the value of the assets entrusted to us over the long term.

Nikko Asset Management



Our commitment is to help our investors meet their long-term investment goals in a sustainable way

Stefanie Drews
President
Nikko Asset Management Co., Ltd.

Nikko Asset Management is a global asset manager, headquartered in Japan and with a strong domestic business foundation. This is complemented with a rapidly expanding international presence, with operations in a total of 11 countries, forming a fully aligned and integrated matrix creating powerful synergy between our Japan and international offices.

In Japan, we have a well-established and intermediated retail business, and a growing institutional business. On the international side, our business goes beyond investment capability for Japanese clients, and includes our broad suite of innovative investment solutions across Japan, Asian and Global equity, Asian and Global Fixed Income, and Global Multi-Asset that are tailored to the needs of clients in each region. Thanks to this flexible approach, our institutional, intermediary and ETF businesses are also growing outside Japan. Our combined global growth strategy is built on expanding in Japan, while expanding our overseas business by adding to our distribution network and continuously developing innovative investment solutions.

We are committed to putting our clients first, with fiduciary and ESG (Environment, Social and Governance) principles at the heart of everything we do. We integrate ESG into the investment decision making process, underscored by constant efforts to

earn exceptional returns. Sustainability is another key to our continued success, and we foster a corporate culture that supports this in all we do.

We also place an emphasis on Digital Transformation (DX) and will redouble these efforts to better support our clients and business partners to meet the needs of a rapidly changing investment landscape.

Finally, Nikko AM has an open-door culture that encourages diversity of thought and open discussion. This is what drives our innovation and growth, and we are committed to reinforcing this culture.

All of us at Nikko AM look forward to continuing to fulfil our fiduciary duty and strive to deliver sustainable returns while benefiting the greater society.

Initiatives for Digital

Digital Strategy

In our Medium-Term Management Plan commenced in FY2020, we have identified six strategic areas in which we will advance our digital strategy.

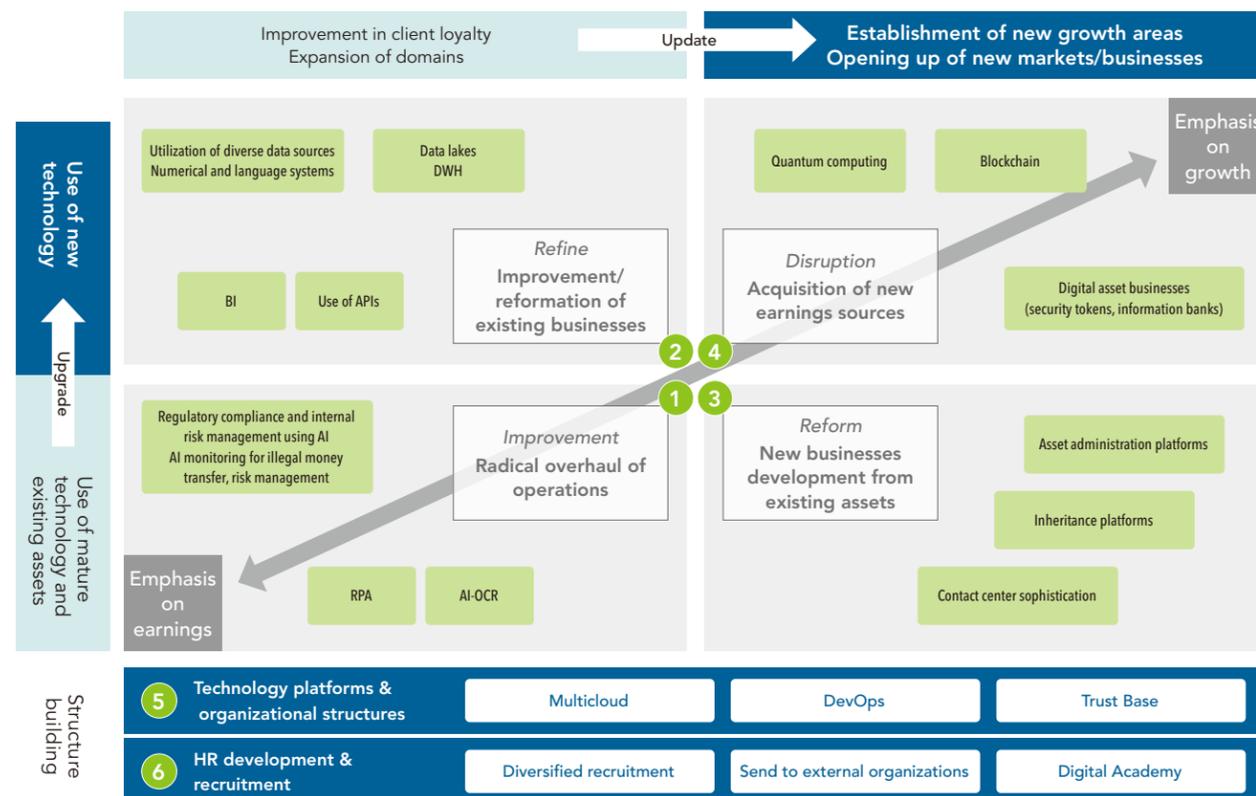
The following four areas will be promoted concurrently:

- 1 improvement—utilize mature technology and existing assets to pursue mainly a radical overhaul of operations;
- 2 refinement—brush up existing businesses by utilizing new technology and acquiring new assets;
- 3 reform—redeploy existing strengths and assets to open up new markets and businesses; and
- 4 disruption—look to establish new growth areas by utilizing new technology.

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

Trust Base Co., Ltd. (hereinafter, "Trust Base") is a digital strategic company established as a subsidiary in April 2021. Trust Base single-handedly is in charge of the DX strategy across Group companies and SuMi TRUST Bank businesses, and accelerates the process of digitization.

Six strategic areas



Trust Base has built a system development environment that is independent from that of SuMi TRUST Bank and has simplified its operational rules, thereby achieving enhanced mobility in business operations in the constantly changing digital world and acting as an engine for transformation, in addition to promoting the Group's DX strategy.



Digital Asset Initiatives

More and more attention is being paid to security tokens and other types of digital assets born out of the development of distributed ledger technologies. Digital assets are expected to allow for the development of various products and services, including asset securitization and offering smaller units that have been difficult to realize using existing methods. In order to better respond to the diversifying needs of investors, the

Group is working on specific initiatives to provide more convenient products by melding digital technologies with the strengths it has as a trust bank group. Examples of such initiatives include collaborating with other companies to build a test platform for the issuing of security tokens and building a framework for transferring rights using the blockchain.

Data Utilization Initiatives

The Group offers a large number of products and services in a wide range of business fields including banking, real estate, pensions, and stock transfer agency services, and has accumulated a vast array of data from those transactions. The Group considers data utilization as a part of its management infrastructure, and we are focused on developing total solutions to maximize client satisfaction by gaining a more accurate and precise understanding of the diverse needs of individual

and corporate clients. For example, we are using AI to analyze transaction data for investment trusts, deposits, insurance and other transactions to create models that predict the optimal products and services for individual clients. For our corporate clients, we harness AI to analyze records of their interactions with our employees and create sales opportunities using text-based data. In ways such as these, we strive to offer more advanced consulting and other services.

Initiatives to Develop Digital Human Resources

Business models have changed with the rapid development of digital technologies in recent years, and we recognize that IT and other digital skills are essential to our operations, so we are promoting re-skilling efforts across the Group. Our KPIs include having half of our employees continually undergoing fundamental digital training, to increase the activity ratio on the online education platform Udemy to 50%, and to increase the number of AWS certification holders to 500 people by

2025. Specific initiatives include providing Udemy accounts to all applicants employees, and expanding group training programs through collaborations with external partners such as Google and AWS.



A workshop in session

TOPICS Obtaining DX Certification

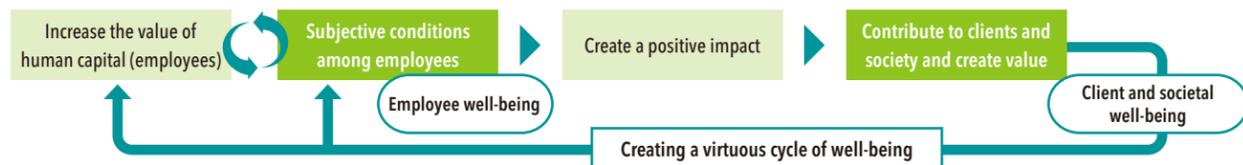
We strive to establish a governance system in parallel with our accelerated promotion of digitalization. As a part of that effort, in May 2022, the Group was selected as a DX-Certified Operator under the national DX certification initiative. In this initiative, the Information-technology Promotion Agency (IPA) certifies companies that implement high-quality DX initiatives based in the Digital Governance Code formulated by the Ministry of Economy, Trade and Industry.

Human Resources Strategy

Human Capital

Human Resources Strategy and Enhancing Well-being

Non-financial capital, particularly human capital, is an important part of realizing our Purpose, promoting a virtuous cycle of funds, assets and capital through initiatives that address social issues, and achieving growth through market creation. Employees are an important source of value creation (as human capital), and play an essential role in creating social and economic value. By investing in human capital and enhancing the well-being of our employees, we are able to create value for our clients and society, which leads to improved well-being for every member of society. This results in societal growth and improved corporate value for the Group, and we believe that this allows us to build a “virtuous cycle” that raises well-being for every employee through improved motivation, pride, and fulfillment.



Value creation starts with employee well-being, and the Group has defined well-being as the condition in which employees: 1. are of healthy mind and body; 2. identify with the Company's purpose; 3. build good relationships that recognize diversity; and 4. demonstrate their own values and strengths in their pursuit of work they can enjoy. We will increase the value of our human capital by pursuing better employee well-being.

Employee well-being

1. Be of healthy mind and body;
2. identify with the Company's purpose;
3. build good relationships that recognize diversity;
- and 4. demonstrate one's own values and strengths in the pursuit of work one can enjoy.

Strengthening human capital starting with employee well-being



1 Health Management (physical and mental health)

The Group aims to improve its human capital by ensuring employees remain healthy, happy, and capable of continuously demonstrating their abilities.

(1) Optimizing work styles

The Group has established the Work Style Reform Headquarters, led by the President, and formulated the Declaration on Work Style Reform.

We are actively engaged in building a comfortable working environment to enable diverse work styles and a good work-life balance. The average monthly overtime (i.e., the time that exceeds legal working time) for employees at SuMi TRUST Bank is 21.9 hours, and no employees worked more than 60 hours of overtime (in FY2021). We encourage employees to take one day of leave a month, and in the last three years, the rate of employees taking paid holiday and number of days taken has increased. We are also promoting staggered working hours, and working from home and at satellite offices, in order to make work styles more flexible.

To further optimize working styles, we will expand the break between work shifts from 9 hours to 11 hours during FY2022.

Declaration on Work Style Reform

SuMi TRUST Group hereby declares it a top management commitment to offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions. The Group as a whole will work towards the following goals.

1. Achieving diverse work styles and work-life balance
2. Supporting health improvement through measures such as boosting health awareness and appropriately managing work hours
3. Providing opportunities for all employees to grow while participating actively with motivation

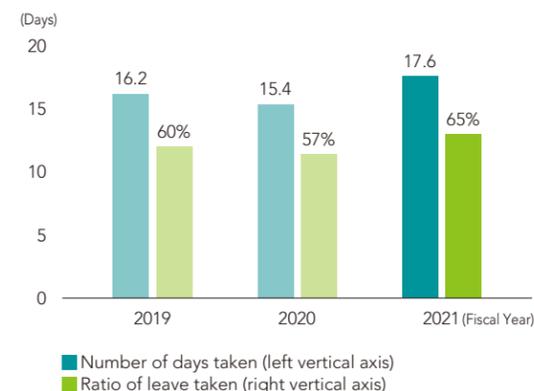
Through the enthusiastic work of each individual employee, we will continue to be a corporate group that contributes to the benefit of clients and is useful to society.

(2) Health management

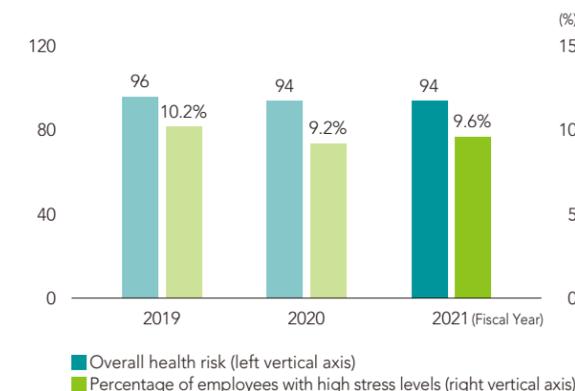
The Group has been recognized for the fifth year running for its initiatives to promote physical and mental health among all of its employees with the White 500 designation for organizations promoting outstanding health and productivity management. To promote physical health, SuMi TRUST Bank conducts annual health checkups, prohibits smoking in all buildings, has lowered the minimum age for breast and cervical cancer screening, and more. Individual guidance is provided to ensure that all employees who, based on their

health checkup results, require treatment at medical facilities get the treatment they need, and recent re-examination rates are from 60% to 70%. We work to help maintain mental health among employees by understanding their condition through measuring stress levels, presenteeism, and absenteeism, and by holding seminars dealing with mindfulness, mental health, and other topics. The Bank will continue to put more effort into guiding employee health and promoting health management suited to the era of 100-year life.

■ Paid leave taken (SuMi TRUST Bank)



■ Stress checks (SuMi TRUST Bank)



* Comprehensive health risk: Standard population = 100, lower scores denote more favorable levels.

2 Enhancing Engagement (Identifying with the Company's Purpose)

The Group is enhancing engagement to help employees identify with the Company's Purpose and to actively address management issues and our societal mission.

(1) Instilling our Purpose

The Group has a Purpose: creating new value with the power of trusts and let a prosperous future for our clients and society bloom. SuMi TRUST Bank has held an event called the President's Caravan 26 times (with approximately 12,000 participants), to further instill our Purpose by having the President himself communicate his thoughts on the topic to employees. The Bank also has provided online lectures by the President to all section managers and team leaders that aim to increase understanding of the Purpose and our management strategy and achieve two-way communication that emphasizes dialogue.

(2) A culture that fosters motivation and job satisfaction

The Group is working to build a culture that encourages all employees to learn and challenge themselves, and encourages two-way communication, in order to provide them with fulfillment and opportunities for active growth. At SuMi TRUST Bank, branch managers lead seminars during which they communicate their own experiences and the things they have

learned, and the Bank has also introduced one-on-one coaching to improve communication skills among management, all as a part of our quest to build an open workplace environment where employees feel emotionally protected. In addition, the Bank has introduced employee awareness and pulse surveys to help management get a better understanding of employee opinions. The awareness survey measures satisfaction and vitality levels, which serve as a guideline by which to measure employee engagement, and the Bank has maintained a benchmark of 60 points in each. The Bank has also maintained high scores on questions that measure the degree to which employees identify with our Purpose. Through initiatives such as there, the number of indefinite-term employees who left their jobs for personal reasons in FY2021 remained at 458 individuals.

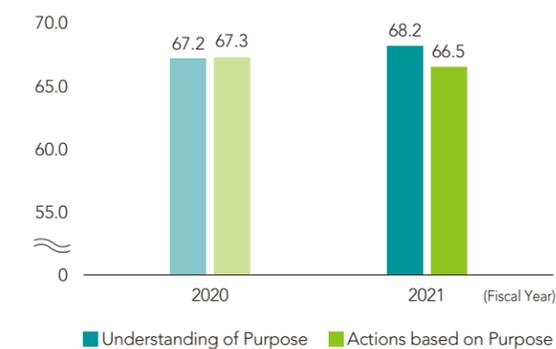
Moreover, the Bank is currently considering the introduction of stock compensation (in the form of an RS trust*) in order to help employees align their vectors with the Company and pursue medium to long-term growth together.

* RS trust: A system that combines the advantages of share delivery trusts and restricted stocks.

■ Employee awareness survey (of satisfaction/vitality levels)
(SuMi TRUST Bank)



■ Employee awareness survey (of identification with our Purpose)
(SuMi TRUST Bank)



(3) Promoting well-being

In April 2021, the Group established officers in charge of well-being. As a part the "Well-being Initiative" hosted by Nikkei Inc., we have been participating in collaborative sessions between industry, government, and academic bodies, and we have been strengthening internal and external

well-being promotion activities.

Officers in charge of well-being communicate personally to employees about the meaning and significance of the term "well-being" with the aim of instilling a culture conducive to it. More than 10,000 employees participated in 34 such "online caravan" events held in FY2021.

Providing Employees with "FINANCIAL WELL-BEING"

The Group is striving to contribute to "FINANCIAL WELL-BEING"*, one of the ways in which we are working to build the prosperous future that is the goal of our Purpose, and aim to become best partner in the era of 100-year life. As we move towards achieving our Purpose, we consider "FINANCIAL WELL-BEING" to be a part of the value we are creating for the overall well-being of our clients and society as a whole, and we offer every individual client options tailored to their continued happiness over 100 years of life.

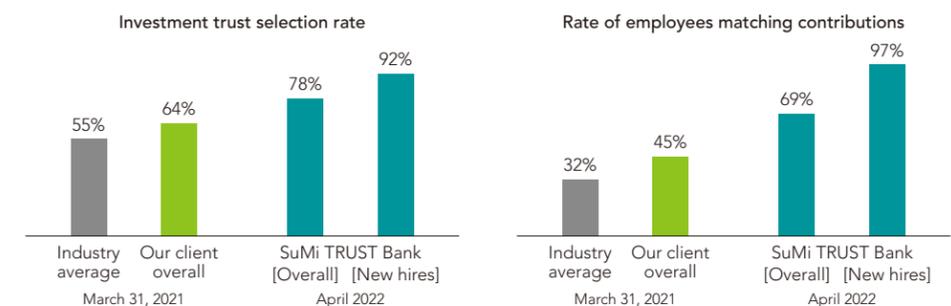
* "FINANCIAL WELL-BEING" refers to when an individual has prepared the money and assets they may need for contingencies and for the future, allowing them to have peace of mind.

SuMi TRUST Bank is strengthening its asset-formation support for employees, who are creators of value, to help them gain their own "FINANCIAL WELL-BEING". The Bank aims to achieve this by building it as a mechanism for both employees and the Company to pursue medium- to long-term growth by reviewing the possibility of introducing a stock compensation system for all employees, and expanding defined contribution pension trusts, stock ownership plans, variety of insurance, and other company welfare plans. Moreover, the Bank aims to return to our employees the high-quality investment education know-how gained through its pension business and for workplace businesses.

Regarding defined contribution pension trusts, more than 70% of employees selected the investment trust option, and approximately 70% also match those contributions using matching contributions. New employees who joined the Group in 2022 were offered the opportunity to take part in educational programs that harnessed the know-how of the Sumitomo Mitsui Trust Financial Education Institute, the Pension Division, and Sumitomo Mitsui Trust Life Partners (a Group company), which resulted in more than 90% of them choosing to take part in the investment trust and matching contributions.

During FY2022, the Bank will promote better financial literacy and autonomous asset formation by providing all employees training focused on "FINANCIAL WELL-BEING" and other educational programs that will stand as the best financial education in the country.

■ Utilization of defined contribution pension trusts (corporate)



3 Strengthening the Organization (through good relationships that recognize diversity)

The Group upholds the concept of diversity and inclusion by utilizing the diversity and creativity of each individual in management as its management principles ("Mission"), and our aim is to increase our human capital by making full use of that diversity and creativity as added value for the organization.

(1) Initiatives for active participation and advancement of women

The Group has signed on to the Keidanren "Here We Go Year 2030 30%" project, under which companies aim to have 30% or more of their female executives by the year 2030, and we have established a KPI that will increase the ratio of women in management positions (section managers, team leaders, and above) to 20% or more by the end of March 2025 (currently at 15% as of March 2022).

As a part of its general business owner action plan to promote the active participation and advancement of women, SuMi TRUST Bank set a goal of increasing the number of women in management positions (section managers, team leaders, and above) to 300 by the end of March 2020, and the Bank was able to achieve that ahead of schedule in 2019. The Bank has formulated a new plan which aims 20% or more of women in management positions (section managers, team leaders, and above) (and 30% by 2030), and 30% or more of women in management

roles (and 34% by 2030) by the end of October 2024. The Bank has implemented training for all employees, and rank-based training for female leaders, and offered support for independent career development. In FY2021, the Bank introduced the Support Executive Program through which executives support female management, and all Managing Executive Officers were involved in providing career development support to 40 women in management roles over the course of roughly one year.

(2) Promoting active participation by diverse human resources

• Empowering mid-career hires

In order to establish new growth fields while maintaining the broad business fields unique to a trust bank group, it is essential to employ individuals with a diverse range of experience and skills. SuMi TRUST Bank hires mid-career employees from a wide array of backgrounds, and they account for approximately 20% of all employees, including at the management level. In recent years, the Bank has been working to have a positive impact that will lead to a more sustainable society through such efforts as launching a Technology-based Finance team which works to find new areas of growth staffed by individuals who hold master's degrees and PhDs in science and engineering.

■ Number of mid-career hires (SuMi TRUST Bank)

	FY2019	FY2020	FY2021	FY2022 (Planned)
Number of mid-career hires	116	118	139	200

■ Percentage of mid-career hires (SuMi TRUST Bank)



• Promoting the active participation by disabled persons

The Group aims to build a working environment where all employees, regardless of their disability, can work with motivation as members of the workplace. At SuMi TRUST Bank, employees with disabilities work at 103 departments (as of end of March 2022) where they have contact with clients or perform back-office tasks. In addition to supporting employees with physical disabilities, starting in FY2022, the Bank has begun promoting projects aimed at expanding hiring of individuals with intellectual and developmental disabilities. (The plan is promoted by employees who participate voluntarily through the internal job posting system.)

■ Employment of individuals with disabilities (SuMi TRUST Bank)

	March 31, 2020	March 31, 2021	March 31, 2022
Employment ratio of disabled persons	2.29%	2.32%	2.23%
Number of departments with disabled persons	108	111	103

• Empowerment of employees of other nationalities

SuMi TRUST Bank employees approximately 80 individuals with other nationalities in Japan, and more than 700 at overseas offices, with approximately 70% of management positions at overseas offices filled by local staff. For employees working at overseas branches and subsidiaries, the Bank conducts training aimed at giving a better understanding of the Group and its operations, and at strengthening networks between employees in different countries. The Bank also engages in personnel exchanges between overseas offices through long-term business trips.

• Initiatives on supporting work-life balance

In April 2021, SuMi TRUST Bank extended its retirement age from 60 to 65 years as part of the effort to create a working environment that allows employees to work actively in line with the increase in average life and healthy life expectancy. In addition, the Bank is also working to enhance various systems and foster a culture of work-life balance so that people can find the working style best suited to them, and can continue to develop their careers even when experiencing major life events. In FY2022, the Bank established a new leave program for parents with newborns that allows male employees to take long-term childcare leave before and after a baby is born, encouraging employees to take a month's leave. The Bank will continue to provide employees with more options than simply "career or family," and will support their independent career development.

■ Expanding systems to support work-life balance (SuMi TRUST Bank)

Fiscal Year	Issue	Measure
2016	Relocation due to spouse job transfer	Established new system for workplace reassignments
2017	Accompanying spouse on overseas transfer	Established new system for employees to take leave to accompany spouses on overseas transfers
2019	Balancing between cancer treatments and work	Established cancer treatment leave
2021	Balancing between fertility treatments and work	Established the Fertility Counselling Office
2022	Promoting childcare leave for male employees	Established new childcare leave

■ Current state of work-life balance support (SuMi TRUST Bank)

	FY2019	FY2020	FY2021
Number of employees taking childcare leave	356	393	449
Number of male employees taking childcare leave	164	168	213
Percentage of male employees taking childcare leave	103%	105%	113%
Number of employees taking nursing care leave	177	180	244
Number of employees taking cancer treatment leave	35	31	50
Number of employees with workplace reassignments	150	201	255
Number of employees taking leave to accompany spouses on overseas transfers	18	14	21

* Calculated for fiscal year to date. Workplace reassignments are cumulative and calculated from the time the system was implemented.

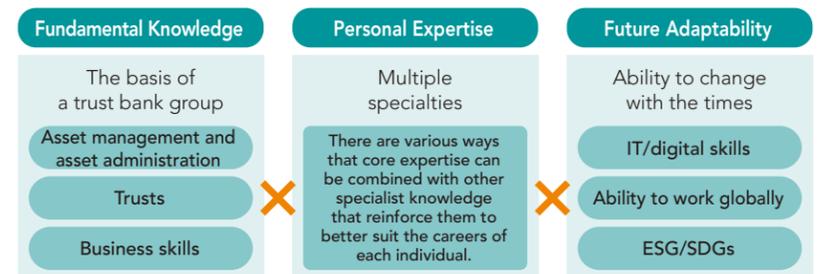
4 Bolstering Human Resources (demonstrating one's own values and strengths)

The Group established the Human Resources Development Policy in April 2018 with the aim of becoming the No. 1 financial group for human resource development. Based on that policy, we aim to enhance our human capital by focusing on cultivating "independent, career-oriented personnel," employees who think about where they want to be in the future and act on their own to make it happen.

(1) Independent, career-oriented personnel

In its human resource development efforts, the Group defines independent, career-oriented personnel as, "personnel with the fundamental knowledge of trusts who combine multiple specialties, think about where to focus and about what expertise to merge together as they build their own careers."

Today's social systems are becoming increasingly interdependent and complex, with various issues and risk elaborately intertwined, making multi-faceted responses necessary. We will create personnel capable of adapting to the future by harnessing the comprehensive abilities that arise from fusing together expertise gained over a career with the fundamental skills each person holds.



• The basis of a trust bank group

Many SuMi TRUST Bank employees have qualifications as real estate transaction agents, securities analysts, and other such professions that are deeply tied to the trust business. By assigning such employees to each business area in a balanced way, and by allowing them to gain more expertise through their



■ The Human Resources Development Policy



SuMi TRUST Group Human Resources Development Policy
 SuMi TRUST Group will maintain its workplace environment and bolster its human resources based on a career development spirit consisting of "TRUST," for the growth and career development of the employees who will create our future.
Talent.....Talent (individuality) can blossom
Respect.....Respect each individual
Uniqueness.....Develop true professionals
Support.....Make mutual teaching and support our motto
Try.....Praise small, daily challenges
 Based on the "fiduciary spirit of TRUST," SuMi TRUST Group aims to contribute to our clients and the continuous development of society through the growth of our employees, thereby maximizing the creation of shared value and becoming the corporate group that is chosen by society.

work, the Bank aims to demonstrate the expertise and comprehensive capabilities unique to a trust bank. In addition, the Bank has other highly-specialized employees with qualifications as pension actuaries, actuaries, real estate appraisers, in-house lawyers, and certified public accountants, all of whom contribute to increasing the number of specialized professionals in the Group.

■ Number of personnel with certain qualifications (SuMi TRUST Bank) (As of March 2022)

Real estate transaction agent	6,370
Securities analyst	793
Real estate transaction agent & securities analyst	597
Financial planner - 1st Grade	788
Pension actuary	47
Actuary	43
Real estate appraiser/assistant appraiser	159
In-house lawyer	33
CPA	10
Licensed tax accountant	9
Labor and social security attorney	40
PhD	14

• Multiple specialties

SuMi TRUST Bank is working to visualize the quality and size of its human resources portfolio, and employees are assigned to or strategically rotated between positions with the aim of giving them the opportunity to demonstrate their abilities to the fullest and to play active roles, based on the assessment.

In addition, the Bank has implemented a “work challenge system” (allowing applicants to be assigned to specific business areas or jobs) for new hires, and has run a training and development program for young employees so that new recruits can experience multiple businesses within their first five years with the company, all in order to promote independent career-development among employees. The Bank

has also expanded its job posting system and holds business briefings where attendees can learn more about each business and get an opportunity to think about their own future career development, after which jobs are posted. (In FY2021, 549 individuals attended business briefings.) Roughly 25% of employees who applied through the job posting system work in the job or department they selected.

The Bank launched its in-house side job system in FY2021, with the aim of integrating human resources and know-how in a way that transcends traditional operational boundaries, promoting skill development and innovation through engaging in side projects that interest employees once a week.

■ Career development support (SuMi TRUST Bank)

	FY2019	FY2020	FY2021
Number of internal job posting system users	595	339	359
Percentage who passed hiring phase	24%	32%	27%
Average age of applicants	—	32.6	30.8

* Open positions were posted twice in FY2019, and once a year thereafter.

■ Examples of in-house side job project (SuMi TRUST Bank)

Project	Details
Well-being Promotion	Handles internal and external promotion of well-being (through producing newsletters, booklets, branding activities, etc.)
Life Plan Consulting	Offers life plan consulting services for occupational clients (through an online portal)
My Future Project	Administrative staff at Corporate Business challenge other departments in their own area of business
Digital Academy	Plans and operates digital-based human resources training within the Digital Academy
RPA Building	Produces RPA (UiPath) and promotes automation of operations

• Ability to change with the times

SuMi TRUST Bank is focusing on re-skilling by expanding IT and digital skills training and expanding its support for employees acquiring IT and digital qualifications in order to strengthen its skillset of IT and digital-related technologies to better promote the trust business. In FY2022, the Bank is significantly increasing investment in re-skilling focused on IT and digital technologies, offering fundamental training in AI and cloud computing and skills training for DX and RPA builders, and dispatching employees to universities and other research institutions working in the fields of blockchain technology and information security. The Bank is promoting businesses that adapt to

changes in the environment and client needs using digital technologies, and working to improve operational efficiency through analysis and visualization of operational processes.

The Bank is also supporting the acquisition of knowledge and skills outside the IT and digital technology realms that will help build a better future, and giving back to its employees the high-quality investment educational know-how honed through its work in the pension business and consulting for occupational clients, and by doing so, the Bank is able to promote financial education and better understanding of ESG and SDGs. By giving people the ability to change with the times, the Bank aims to ensure its employees can adapt to the future.

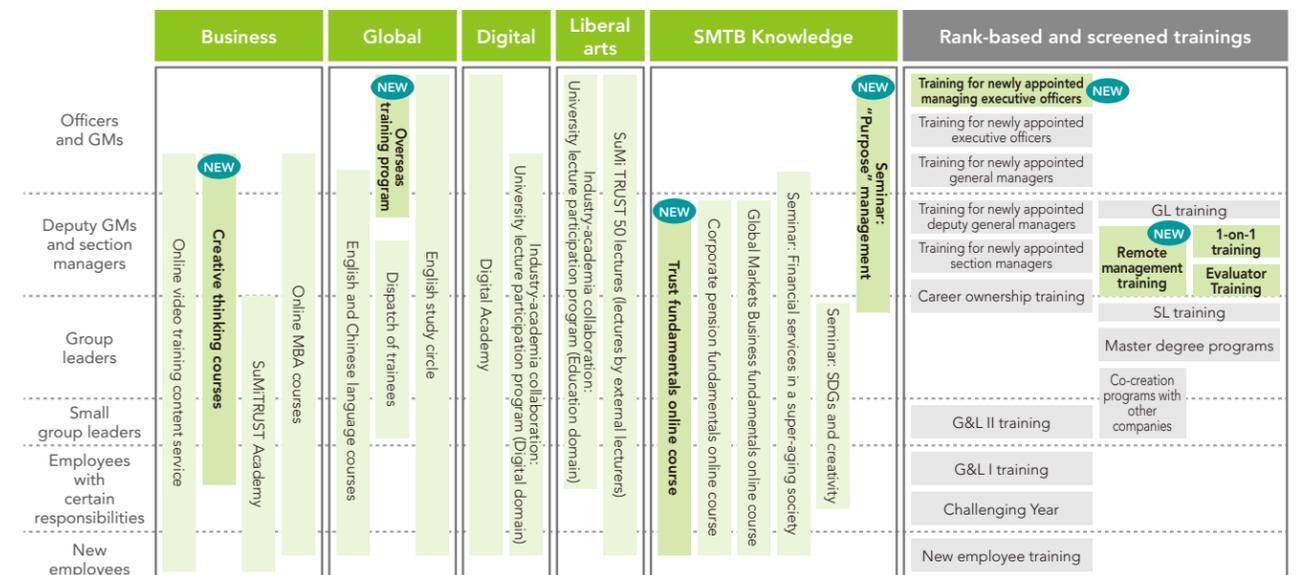
(2) Expanding investment in human resources development

The Group aims to be the No. 1 financial group for human resource development, and we are striving to bolster human resources by expanding investment in human resource development. SuMiTRUST University is an internal training program that provides group training to improve operational skills and management abilities, in addition to offering numerous options for independent study for self-improvement. The officer in charge of Human Resources serves as president of SuMiTRUST University while an outside expert serves as vice-president, and the cross-group program is run

on the management advice of university professors and other individuals. Since FY2020, SuMiTRUST University has been expanding its online and other content to transform it into “a platform for discovering the motivation to learn, for connecting with and learning from others.”

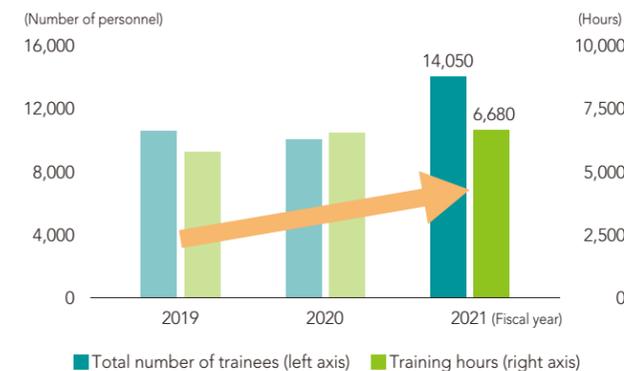
Management training involves rank-based options for newly appointed personnel, one-on-one training, remote management training, and evaluator training, all of which help bolster organizational management aimed at each and every employee.

■ Concept Image of SuMiTRUST University



* Overseas training program: Candidates for management positions are sent to business schools overseas to take short-term programs that give them managerial skills applicable worldwide.
* Seminars: Experts from inside and outside the company lead seminars that focus on discussion and output. Seminars typically have 10-20 participants, and they run for three to six months.

■ Training status (SuMi TRUST Bank)



■ Investment in HR development (SuMi TRUST Bank)

	FY2021
Total number of trainees	14,050
Including number of selected or nominated trainees	188
Training hours	6,680
Training days	212
Training costs	540 million yen
Training costs (including personnel expenses)	(1.04 billion yen)
Training cost per person	53,000 yen

(3) Human resources portfolio

SuMi TRUST Bank is working to identify which personnel will be important in further promoting the Group’s business model through assessments connected to visualization of its human resources portfolio. The Bank will continue to expand that portfolio through independent career development, gaining of experience, and strengthening its investment in human resource development.

• **Specialized professionals (fellows)**

Employees with significant contributions to corporate earnings and for the value they have added using their advanced expertise are certified as a fellow. Fellows include financial consultants and front office staff, but also personnel from the middle and back offices. Previously, fellows were selected from senior personnel who had been evaluated highly for the experience they had cultivated over the years, but from FY2022, SuMi TRUST Bank will be certifying fellows from a wide range of groups regardless of age, as the Bank strives to expand its pool of specialized professional.

• **Senior management personnel**

SuMi TRUST Bank holds training for select personnel each year to continuously develop future management candidates through GL training (for global and general leaders) and SL training (for strategic leaders.) The goal of GL training is to develop the next generation of senior management

candidates, while SL training aims to develop the next generation of leaders. Under the guidance of external invitee lecturers, the Bank provides the training to learn the necessary perspectives for management and strategic thinking.

The Bank also holds training sessions for newly-appointed managing executives and officers to enhance their management skills.

• **Globally capable personnel**

This initiative is aimed at developing personnel who will drive global business. In addition to expanding its pool of potential global talent through training to improve language skills, employees who have never worked overseas are given hands-on experience by being dispatched to overseas offices or being assigned to global businesses in Japan. SuMi TRUST Bank also conducts personnel exchanges by bringing local staff from overseas offices and subsidiaries to Japan, and through long-term business trips.

• **Women and mid-career hires in management**

Diversity is a source of innovation, and in order to understand the wishes of our clients and give them shape, it is important to build a corporate culture that ensures and accepts diversity. In order to fully harness the diversity and creativity of individual personnel as added value for the organization, SuMi TRUST Bank is increasing the number of women and mid-career hires in posts of section manager and higher.

■ **Current human resource portfolio** (SuMi TRUST Bank)

	End of March 2022
Specialized professionals (number of certified fellows)	172
Senior management personnel (number of select training participants)	393
Globally capable personnel	610
Percentage of women in section manager posts or higher	13%
Percentage of mid-career hires in section manager posts or higher	21%

Human Rights

(1) Human rights management

• **Basic philosophy**

SuMi TRUST Group’s human rights management is based on the “Guiding Principles for Business and Human Rights,” which was adopted by the United Nations Human Rights Council in June 2011. We have established the Human Rights Policy along with the Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy) to respect the human rights of all stakeholders.

Human Rights Policy:

https://www.smth.jp/english/sustainability/management/philosophy/human_rights_policy

• **Human rights management system based on the guiding principles for business and human rights**

SuMi TRUST Group works to improve the quality of its human rights management in a PDCA cycle, in order to foster a corporate culture and workplace environment that respects the basic human rights of all stakeholders, by respecting individual human rights and diverse values, while eliminating discrimination.

Commitment	Establishment of a Human Rights Policy
Implementation of human rights due diligence*1	Distribute the <i>Human Rights Due Diligence Self-Check Sheet</i> *2 once a year to all Group companies, including overseas entities, to confirm human rights compliance status.
Access to relief	Personnel Consultation Desk, Human Resources Department The Compliance Department’s Compliance Hotline

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impacts on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

• **Human Rights Due Diligence Liaison Committee**

The Human Rights Due Diligence Liaison Committee, chaired by the general manager of the Sustainability Management Department of the Corporate Planning Department, was established as a joint organization by SuMi TRUST Holdings and SuMi TRUST Bank. The committee investigates how human rights are being addressed at all Group companies, including overseas entities, identifies issues and risks that need to be addressed, and discusses and implements measures for improvement. Based on discussions by the committee, the Sustainability Management Department formulates objectives and plans for the development and reinforcement of the framework of initiatives, and the Human Rights Education Committee chaired by the Head of Human Resources engages in the formulation and implementation of various training programs and education activities concerning human rights issues at all Group companies, including overseas entities. Note that no cases of human rights violations have been reported

in the Group in the past three years.

* See pages 119-121 in our 2021/2022 Sustainability Report for more information on human rights due diligence.

Training aimed at raising awareness about human rights was conducted by SuMi TRUST bank in the e-learning format in FY2021, reaching 25,749 participants Group-wide. In addition, SuMi TRUST bank delivered a total of 8 hours of lectures during rank-based training sessions, reaching a total of 2,862 participants.

(2) Protecting various human rights

• **Initiatives to address Dowa and foreign residents issues**

SuMi TRUST Group regards tackling discrimination against the Dowa caste as a particularly important theme in the promotion of human rights education, and has worked to completely eliminate prejudiced or discriminatory views against the Dowa caste. With regard to foreign residents issues, we make all employees aware of giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting individual identity.

• **Prevention of sexual harassment and power harassment**

Actions such as sexual harassment and power harassment are prohibited at SuMi TRUST Group. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk (LGBTQ Consultation Desk) within the Human Resources Department. Stringent corrective measures or punishment are implemented against the perpetrators.

The Personnel Consultation Desk (LGBTQ Consultation Desk) responds to various consultations related to encroachment on personal rights and, in cases where a negative impact on a person’s rights is evident, cooperates with the related departments to promptly take measures as needed. In FY2021, the Personnel Consultation Desk received 85 consultations, of which 39 were situations involving concerns about encroachment on a person’s rights, including harassment. Eleven of these cases remain unresolved as of the end of March 2022, and we are working with the related departments to find resolutions.

• **Initiatives to prevent discrimination against LGBTQ people**

We strive to ensure thorough prevention of discrimination against sexual minorities such as LGBTQ in hiring or performing their work. Our Personnel Consultation Desk (LGBTQ Consultation Desk) addresses this issue as an ally (supporter).

• **Investments and loans for projects and companies that negatively impact human rights issues**

SuMi TRUST Group will not provide financing to any company in Japan or overseas that manufactures cluster bombs, which have been recognized as being of immense concern on a humanitarian level, or any business that uses child or forced labor.

Human resources who support the Group's power of trust

Our Purpose, "Creating new value with the power of trusts and let prosperous future for our clients and society bloom," is practiced at each workplace.

* Affiliated departments are as of the time of the interviews

Interview

01

Shinji Goto

Fellow Supervisor
Financial Consultant
Tokyo Business Department
SuMi TRUST Bank



Resolve asset concerns and anxieties based on a relationship of credibility

Financial consultants were created at SuMi TRUST Bank in 1977. Sumitomo Trust & Banking (as it was then called) was the first bank to establish a financial consultancy system. For about half a century since then, we've literally stayed close to our clients and have become their best long-term advisers. The trust of our clients is completely encapsulated in a single sentence: "If you have a problem, ask your financial consultant first."

Existential meaning of financial consultants is to autonomously provide highly specialized services from the client's perspective to address the asset-related issues and concerns that individual clients face in their lives. This is rooted in the spirit of fiduciary duty, which is our Codes of Conduct. What I

have with my clients is a relationship of credibility, which is the very essence of trust.

A client called me to the hospital near death and said, "I'm worried about leaving my wife alone. She doesn't know anything about property administration, so please take care of her." At that time, I first obtained the couple's consent and then made immediate arrangements for the wife's current financial requirements. Two days later, the client passed away, and working closely with his wife, I executed the will as he had asked me. The "trust" structure aligns our interests with those of our clients, who is the beneficiary. We stand side-by-side with the client, facing the same direction rather than facing off against each other, working together to find the best solution. That's why we have a long term relationship with the client with peace of mind.

As a for-profit company, it's tempting to focus on short-term profits, but what I bear in mind when dealing with clients is to erase our business goals from my mind. I keep in mind that financial consultants must not get their priorities wrong. I believe the most important thing is the relationship of credibility that comes from listening to our clients' concerns and thinking together about what is needed.

That's why, I value face-to-face relationships with my clients still now, no matter how digitalization progresses and how much more efficient we can become using online tools and AI. Even as times change, the spirit of the trust, backed by history and tradition, remains the same, and the power of trust still has unlimited potential. I hope to be a financial consultant who embodies the spirit of the trust, to ensure that trusts will continue to be needed by society for the next 100 years.

Listen carefully to clients and respond appropriately to their true needs

I am responsible for counseling clients who are considering new wealth management transactions at UBS SuMi TRUST Wealth Advisory Co., Ltd., which is established by the partnership between UBS Group and SuMi TRUST Holdings.

Since launching in January 2020, I've been meeting with clients both in person and online. In interviews, I try to listen carefully and ask about various things, including the client's family composition and inheritance plan, so that I can understand what the client really needs. I then consider which functions of UBS or SuMi TRUST Bank should be used to solve the client's concerns. I find it rewarding to draw on the many conversations I've had with company owners in corporate sales department when I was a new graduate and my more than 10 years of experience in wealth management work to come up with the best possible solution.

Although the collaboration has just begun, I feel is highly



Interview

02

Masatake Konno

UBS SuMi TRUST
Wealth Advisory Co., Ltd.

compatible with the fiduciary spirit of trust at the core of SuMi TRUST Bank, which UBS Group has a culture of taking care of clients' assets over the long term and enhancing their value for the next generation, which. I will continue to engage in dialogue with my clients to respond to their real needs appropriately.

Interview

03

Keiko Numa

Trust Base



Promoting Group operational reforms through DX

At Trust Base Co., Ltd. a subsidiary responsible for promoting the Group's overall DX strategy, I'm utilizing digital technologies such as RPA* and AI-OCR to streamline complex and diverse trust bank operations and reduce operational errors.

Since introducing RPA at SuMi TRUST Bank in 2018, we've developed approximately 380 RPAs, resulting in cumulative efficiency gains equivalent to 400,000 hours. We're initiating new employees in the technology and working with external partners to accelerate development and refine our approach to better serve our clients.

In developing RPAs, I've been trying to make the development program concrete by taking advantage of my experience in the field (on the system user side) to consistently communicate from the user's point of view. In addition to that, I'd like to actively incorporate new technologies and promote DX strategies and operational reforms across the entire Group.

This increase in automation and efficiency will allow our front-line staff to spend more time with clients who require consulting and other human services.

My colleagues and I will continue to take on various challenges, knowing that our constant efforts will ultimately lead to the creation of value for our clients.

* Robotic Process Automation: A technology that automates routine, everyday tasks in place of human labor.

A highly specialized team supporting dialogue between clients and capital markets

I'm engaged in IR/SR consulting services for clients who are listed companies, supporting shareholder relations and engagement with institutional investors. SuMi TRUST Bank provides clients with support services for shareholder list management, shareholder meetings, and other corporate stock practices as a provider of stock transfer agency services with a market share of approximately 40% of listed companies. Recently, there's an increasing need to change the composition of shareholders within the management strategy, to strengthen engagement with major shareholders and investors based on shareholder identification surveys, and to accurately communicate thematic initiatives to shareholders when exercising voting rights at general meeting of shareholders. These are exactly the kinds of services we provide.

The structure and staffing of the client's IR/SR activities vary, and many of our clients are unable to handle all of their activities because they are juggling limited resources. Under such circumstances, our strength lies in our ability to make optimal proposals for each client's unique challenges based on an in-depth understanding of our clients' composition of shareholders and governance issues through our stock transfer agency services by our teams assembled highly specialized members, including those with corporate IR experience,



Interview

04

Junko Shimano

Corporate Governance
Consulting Department
SuMi TRUST Bank

analyst experience, and investor experience. Previously, I myself was engaged in real estate investment using fiduciary assets as an investor for about 15 years. By looking back on what I was thinking in those days, I try to infer the intent and background of investors' questions and communicate them to the client.

When a client hears an institutional investor say, "This engagement was better than before," it makes my job very rewarding. However, once IR/SR activities are done, that's not the end. We need to constantly evolve to meet the new challenges that arise every year. This is a challenging field where we can't stand still. I hope to make the best use of the Group's extensive expertise and know-how to support our clients' dialogues with the capital markets.

After joining the company, I worked in business finance-related corporates, gaining a total of eight years of front office experience in a variety of areas, including investments in project finance (PF) and private equity funds, before transferring to the Global Credit Supervision Department. Currently, I'm responsible for reviewing loan funds, subscription financing, and similar areas, with a focus on PF.

This work involves collecting and analyzing information on companies and projects that require investment and financing, and ultimately deciding whether or not SuMi TRUST Bank will take on the credit risk. Although we boast one of the most solid credit portfolios among Japanese banks, it's important for us to make credit decisions with a good balance of offense and defense. In addition, a sophisticated understanding of a wide range of non-financial information, technology, and energy industry trends is becoming even more necessary. Fortunately, the Global Credit Supervision Department has many opportunities to access information

on a variety of different projects in Japan and overseas, which gives me new perspectives that are different from the investment front office. At the same time, I find it rewarding to serve as a nexus of information by sharing knowledge gained through advanced overseas projects within the Global Credit Supervision Department and with other departments in Japan.

With my foreign background, I did not expect to be transferred to the Global Credit Supervision Department, which is one of the most conservative departments at SuMi TRUST Bank, although recently the percentage of young people and women has been increasing. I think the company is daring to create diversity in anticipation of new chemical reactions in a rapidly changing environment.

I was impressed that during the hiring interview, SuMiTRUST Bank took the time to listen to me on a

one-on-one basis, and I still feel the same way after joining the company. I think we have a culture of respecting the individuality of each employee and nurturing talent. At the time I joined the company, I wasn't good at Japanese, and I didn't have specialized knowledge of finance. However, we have a corporate culture that encourages us to take on challenges that are a little beyond own abilities and that we have to work hard to overcome. With the support of my manager and colleagues, I've been able to overcome them one by one and feel that I've grown over the past decade.

As for my future career plan, I'd like to work again in the field of project finance from the investment front office side. In addition to my experience in the Global Credit Supervision Department, I'd like to further enhance my expertise through new challenges, such as working overseas, and contribute to expanding our business and enhancing our presence there.



Interview

06

Ritch Vilas Boas

Head of BDD, VP of SFD,
Americas Division

Achieve positive impact through sustainable finance

April 2nd, 2022 marked my 10th year anniversary at SuMi TRUST, which also coincided with the 10th year anniversary of the merger of Sumitomo Trust Bank and Chuo Mitsui Trust Bank. During this time, I was fortunate to be part of the amazing growth SuMi TRUST experienced following this merger and the development of several new businesses lines, working in several areas including Project Finance and Trade & Commodity Finance. More recently, I have been additionally assigned as the Co-Head of Business Development, which is the engine for cross-collaboration within the New York Branch to establish new business initiatives, by cultivating creative financing solutions for our clients throughout each business department.

One of the most gratifying experiences at SuMi TRUST is

to find ways to make a positive impact for our colleagues, our bank, and our clients. SuMi TRUST has an open work culture which provides employees with any title the chance to make a positive impact. This past fiscal year, my team was privileged with the chance to structure three facilities with sustainability features for some of our core global clients. This was an extremely rewarding experience which allowed us to not only support our clients' funding needs, but to also support their ESG initiatives, which in turn will have a positive impact on society. By supporting our clients with these structures, we in turn are also able to support our bank's own ESG related initiatives. It's fulfilling to be a part of such initiatives and to also see how these types of transactions contribute beyond profitability, but also the internal engagement with our colleagues which all worked together to reach such positive outcome. I'm sincerely proud of my team and colleagues for such a fruitful collaboration.

There is an immense benefit of explaining our core principles to our clients, as we regularly learn that they share similar values as ourselves. This creates the opportunity to cultivate and foster new ideas which are mutually beneficial. Our clients trusted SuMi TRUST with their inaugural, sustainable financing facilities, driven by such discussions and their understanding of our overall philosophy and commitment represented by Completely Client-oriented (Trustfulness and Loyalty) or Contribution to Society (Dedication and Development) part of our group "Values".

I hope to continue to create a positive impact for our various stakeholders and to continue to support the business expansion of our global businesses.

Interview

05

Haiying Shi

Global Credit Supervision
Department II
SuMi TRUST Bank

Contribute to building a solid credit portfolio by leveraging investment front office experience

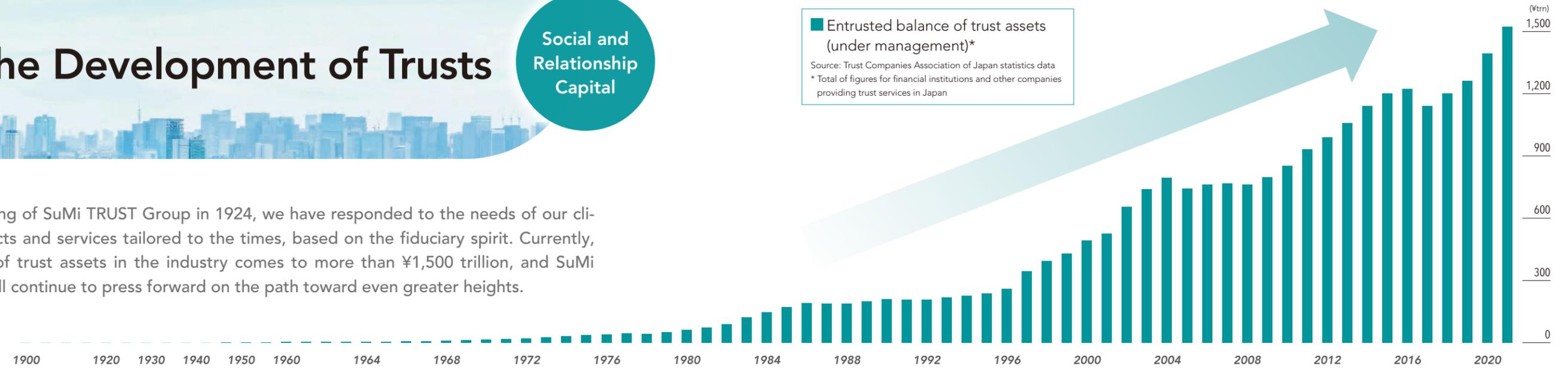
With the Development of Trusts

Social and Relationship Capital

Since the founding of SuMi TRUST Group in 1924, we have responded to the needs of our clients with products and services tailored to the times, based on the fiduciary spirit. Currently, the total value of trust assets in the industry comes to more than ¥1,500 trillion, and SuMi TRUST Group will continue to press forward on the path toward even greater heights.

■ Entrusted balance of trust assets (under management)*

Source: Trust Companies Association of Japan statistics data
* Total of figures for financial institutions and other companies providing trust services in Japan



History of trusts and SuMi TRUST Group



The Japanese trust system was established when the British system was introduced in the latter half of the Meiji period. In Japanese law, the word "trust" in the financial sense first appeared in the Industrial Bank of Japan Act in 1900.



In loan trusts, the trustees invest funds from a large number of settlors to companies as long-term funds mainly through loans and bill discounting. The profits earned in the trust are then distributed to the trust's beneficiaries.



Pension trusts are an employee benefit scheme under which a trustee manages and invests the money used to pay retirement pension funds to employees on behalf of a company or organization.



In land trusts, a land owner entrusts the management and investment of land to a trustee, who then constructs buildings and other properties and distributes the earnings from mainly rental income to the trust's beneficiaries.



In an asset securitization type trusts, a company entrusts its monetary claims, real estate, and other assets to a trustee. The trust raises funds by assigning beneficiary rights to investors who are provided with cash flow generated by the assets.



Due to prolonged life expectancy, new trust services are being developed to meet the growing demand for asset administration and succession services among individual clients, and trusts are becoming even more widespread.

Social issues

Enhancing national welfare

Asset formation of individuals

Asset administration suited for Japan's aging society

Smooth asset succession

Products offered

Defined contribution pension trusts
Defined benefit corporate pension trusts

Investment trusts, installment investments
Fund wrap, SMA

<100-Year Passport>
Solitary trust

Anshin Support Trust
Will trusts, estate planning

Value provided

Contributing to safety and security of mind of employees' retirement and enhancement of their welfare through fiduciary responsibility for and management of corporate pension plans

Supporting the design of life plans for clients through asset formation in response to growing anxiety about retirement funds

Supporting asset administration to prepare for future dementia and health concerns as we enter the age of 100-year life

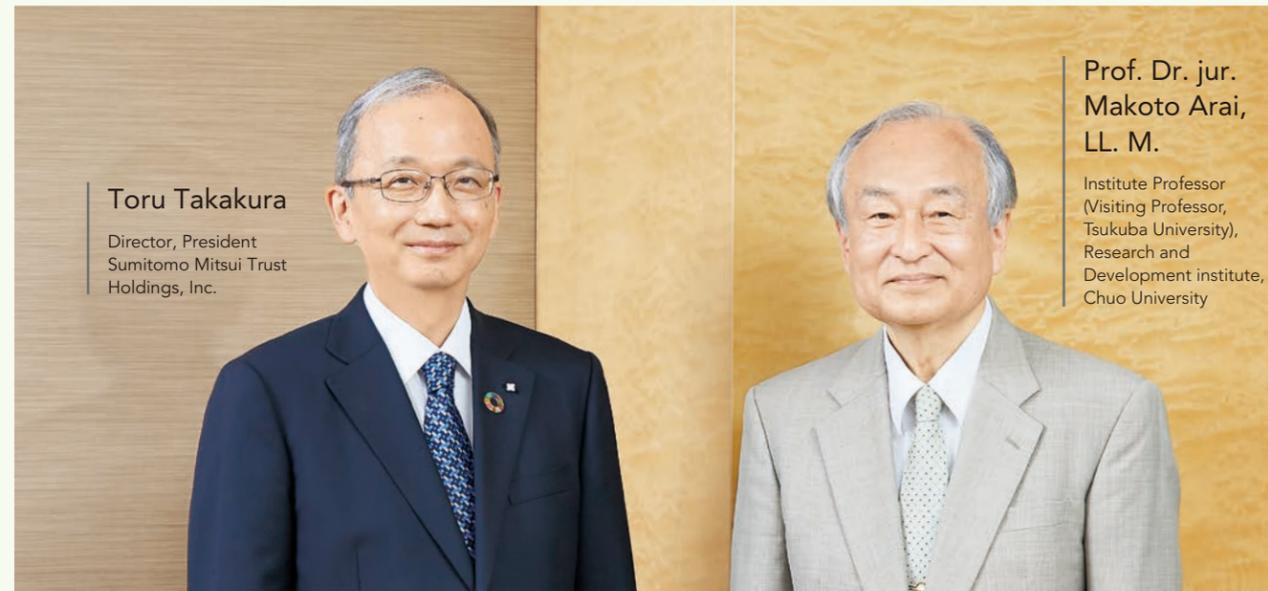
Offering pertinent proposals tailored to each client to ensure smooth asset succession to the next generation



Special
Interview

Pioneering the future with the power of trusts

The year 2022 marks the 100th anniversary of the enactment of Japan's Trust Act and Trust Business Act in 1922. We invited Institute Professor Makoto Arai of Research and Development institute, Chuo University, who specializes in civil law and trust law, to discuss this milestone.



Toru Takakura
Director, President
Sumitomo Mitsui Trust
Holdings, Inc.

**Prof. Dr. jur.
Makoto Arai,
LL. M.**
Institute Professor
(Visiting Professor,
Tsukuba University),
Research and
Development institute,
Chuo University

Reflections on the 100th anniversary of the enactment of Japan's Trust Act and Trust Business Act

Arai This year, 2022, marks the centenary of the enactment of Japan's Trust Act and Trust Business Act.

During the Taisho era (1912-1926), there were approximately 500 trust companies, but many of them were engaged in a motley range of businesses far removed from "trust," such as real estate brokerage, high-interest lending, and investment, all under the name of "trust." In order to rectify the confusion in the trust industry, the Trust Act, which is the basic law that defines the concept of trust and its legal framework, and the Trust Business Act, which regulates the industry, were

established. In addition, the Act on Engagement in Trust Business Activities by Financial Institutions was enacted in 1943 to allow merger between trust companies and banks with the objective to stabilize the business foundations of trust companies.

Since then, trusts have been utilized mainly in the areas of loan trusts, corporate pensions, land trusts, and asset liquidation, which supported Japan's postwar reconstruction and rapid economic growth by providing stable funds to major industries. In this context, 80 years after the enactment of the original two trust acts, the revised Trust Business Act and the revised Trust Act were enacted in 2004 and 2007, respectively.

Japan's legal system is based on the continental (or civil) law system, but our trust law is unique in a way that it incorporated Anglo-American (or common) law, which takes a different approach, and that was groundbreaking. To reach a fair

decision when the law is not explicitly defined, Anglo-American or common law resolves issues systematically through the accumulation of precedents, whereas continental or civil law resolves issues individually by statute. Japan learned both of these systems, which formed our trust related practices.

Takakura Looking back at our history, when I joined The Sumitomo Trust and Banking Co., Ltd. in 1984, loan trusts were our main product. We contributed to Japan's rapid economic growth in the post-war period by channeling funds entrusted by individual clients into capital investment in major domestic industries, the so-called heavy manufacturing industries.

Rolling stock trusts, which are one of the movable property trusts, were also being utilized. I remember there were many trains and subway carriages with a trust bank nameplate, clearly identifying them as trust property.

Arai In essence, a trust is a framework for the custody and management of property on behalf of a third party. There is an anecdote that illustrates the integrity of Japan's trust



practice and spirit. During World War II, Japan seized control of U.S. assets in Japan as enemy property, and it is said that after the war, when the property was returned, the U.S. commended Japan for its prudent management practices. This is an example that truly embodies the spirit of trusts.

Takakura There's a similar anecdote in our company archives. During the wartime regime, our personnel were dispatched to Java Island in Southeast Asia at the request of the Japanese government to survey enemy property, and they were highly praised for their work. Both are examples of trust companies being highly valued for their property management capabilities. I understand that the current Trust Act is characterized by the coexistence of civil trusts and commercial trusts, but after 100 years of history, it seems to me that we are now returning to the usefulness of trusts in the administration of property.

The value that trusts bring to society

Arai Looking back on the history of the Trust Act and the Trust Business Act and their respective revisions, trusts had the momentum to become a driving force in society at critical junctures.

Takakura Indeed, over time, trusts have provided various products and services while flexibly changing their forms and schemes to meet the changing needs and concerns of society and clients.

In the current age, we face social issues such as a super aging society, climate change, and digitalization, and I believe that trusts are indispensable for solving these issues.

For example, baby boomers are now around 75 years of age, and over the next 10 to 15 years, various concerns that needs to be addressed will materialize. We consult our clients regarding their plans, including their thoughts on inheritance and other future matters that could arise after they pass away, while they are still fully capable of making their own decisions, and then we execute on their wishes, from financial planning to how to pass the baton to the next generation through inheritance. We recognize that, as a trust bank, it's important to make steady efforts to continuously provide products and services that utilizes the best use of such trust functions.

We offer support for a super aging society through a wide range of products including "100-Year Passport" for dementia, "solitary trust," which handles not only clients' inheritance and property management, but also their posthumous affairs, and will trusts. We also actively support family members who are trustees in civil trusts. I believe that as the population ages, there will be an increasing need for these services.

As for digitalization, I believe it's essential not only to improve client convenience, but also to enable us to bring forth new products by combining trust and digital technology. For example, we have been entrusted with the proper management of forest resources through a forestry trust. This wouldn't have been possible without the latest forest surveying technology, namely laser sensing using drones. I believe we can create new value by combining existing trust schemes with the latest digital technology.

With regard to climate change, achieving carbon neutrality by 2050 will require a huge amount of capital globally. Of course, there are occasions when we provide funds to our

clients, but in order to meet a huge financial need, it is necessary to attract investors' funds. Using a trust, we can tailor a scheme that is easier for investors to invest. By utilizing our trust function, we can connect clients requiring capital with investors who have investment needs.

Arai The trust is a beneficial framework for society in that sense it's equipped with the ability to change in line with the needs and changes of society. I believe that times of great social change are precisely the times when the power of trusts can be exercised.

Takakura In today's uncertain and fast-changing world, the usefulness of trusts have become increasingly apparent. I believe that by being attentive to people with different ideas and in different positions in accordance with the times would entice social harmony, so I would like to use our trust function to contribute to the stability of society.

Pioneering the future with trusts

Arai As I mentioned earlier, trusts have become a driving force in society at critical junctures in each new era. Where do you think we should focus our efforts in the future with trusts?

Takakura We have identified the economic, social, and environmental impacts of the Group's corporate activities as our "impact materiality." In this context, we're tackling the themes I mentioned earlier: population decline and super aging society issues, climate change, and technological (digital) innovation.

On the other hand, it's not necessarily true that the knowledge, know-how, and talent we have accumulated up to now are sufficient to deal with these themes, so we're also creating fields where people with new skills and insights can take on challenges.

For example, we have recruited people with doctoral degrees who have worked in manufacturers' research laboratories, and we have established a specialized team to work on the theme of climate change. Over the years, we have started proof-of-concept projects in collaboration with several companies and issued impact evaluations using the findings, and based on the results, we have identified and understood our clients' challenges and proposed solutions.

Going forward, we'll continue to create new solutions by integrating our knowledge and know-how accumulated as a

trust bank.

Arai What are your thoughts on financial inclusion?

Takakura Financial inclusion is an important part of our impact materiality. Financial inclusion generally means making financial services accessible to people who don't have access to them. However, I believe that one aspect of financial inclusion is to offer individual clients, who are individual investors, to access a range of products that is appropriate for the clients' risk appetite and knowledge. For example, we use a trust scheme to provide sophisticated investment technology, on a smaller scale, to smaller pension funds. In addition, we have created a business process to provide this knowledge to individual clients in the form of fund wraps and investment trusts.

Similarly, with respect to seniors passing on their assets to future generations, I believe it's important to transform the services used by people with substantial assets into a form that can be used by everyone else.



Arai Finally, what's your view on the "power of trusts"?

Takakura A trust is based on credibility. These days, the term "fiduciary" is often used to describe this concept. The business of a trust bank is to accomplish the wishes of its clients, who believe in us and entrust us with this responsibility. I believe this is what fiduciary is all about.

We must remember that our continued existence as a trust bank group is a consequence of our pursuit of the best interests of our clients, and not the other way around.

In the next 100 years, we'll continue to pursue the best interests of our clients and, as a trust bank group, refine our expertise to provide solutions that exceed our clients' expectations of value in order to realize their aspirations.

Arai Thank you very much for inviting me today.

Initiatives for financial Inclusion

The World Bank defines financial inclusion as meaning that "individuals and businesses have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way." Japan has one of the highest levels of financial institution account

Declaration of dementia barrier free

The "Dementia Barrier-free Declaration" is made by companies and other organizations on their own websites and through other means. The declaration is a promise to work to create an environment in which people with dementia and their families can use stores, products, and services with peace of mind, with the aim of building momentum to achieve a barrier-free society for those with dementia.

Amid major changes in social structure due to the progress of a super aging society, financial institutions are expected to achieve financial inclusion. In March 2022, we expressed our agreement with the goals of the Dementia Barrier-free Declaration and made our own declaration in order to help

ownership in the world, but when considering access to and appropriate provision of financial services, with Japan at the top of the list of super aging societies, more support is needed for the elderly. We are moving forward with establishing a system that is capable of appropriately delivering services to anyone in need.

realize a prosperous aging society in which all Japanese seniors can feel at ease and lead a happy life based on their own free will.

In accordance with this declaration, the Group is promoting product development, more sophisticated consulting services, community-based collaboration, and more in order to provide services to help people prepare for dementia in advance.



Please visit the following website to read our Dementia Barrier-free Declaration. <https://ninchisho-barrierfree.jp/search/detail/19/>

Digest Report for Seniors (Considering the Problems of Dementia—V3.0)

Making advance preparations is essential to ensuring people feel at ease to live the life they want even after their decision-making capacity is impaired due to dementia or other reasons.

SuMi TRUST Bank published a digest report for seniors (Considering the Problems of Dementia—V3.0), in which our service options that can help clients with their advance preparations were organized for easy understanding. The content include adult guardianship systems and other public support mechanisms, as well as financial products and services that can complement such options.

It also offers Japan's first voice assistant function with high-quality voice synthesis*, which provides voice guidance

available on your smartphone, by scanning the matrix barcode found on each page. Speed and tone can also be adjusted to make the voice easier to understand.

We provide optimal advance preparations by offering easy-to-understand information tailored to our clients.

* VOXX audio assistant is provided by REMEM Inc.



Scan the matrix barcode to receive audio guidance for page 5, "Optional systems and products for people with dementia."



Collaborating with Decision-Making Support Organization Japan to Help Clients Make Decisions

SuMi TRUST Bank is promoting initiatives to provide individuals with decision-making support to help them live the lives they want even after suffering from impaired judgment capabilities. To do so, we have become a regular member of the Decision-Making Support Organization Japan, and we are promoting the development of algorithm-based financial digital technologies by supporting the innovative efforts of Graduate School of Medical Science, Kyoto Prefectural University of Medicine (Professor of Psychiatry, Jin Narumoto, M.D., Ph.D.). (Please refer to the supplementary material on

"The JFSA Strategic Priorities" from the Financial Services Agency (published separately) and to Development of digital technology for refinement of regulations, published by the New Energy and Industrial Technology Development Organization (NEDO).)



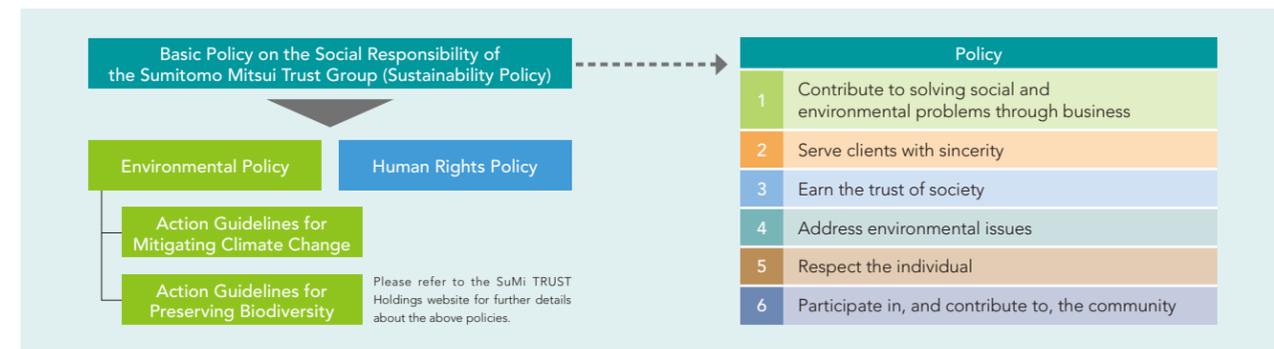
Handing over a list of donations
Left: Yoshihiko Yanagi, General Manager, Kyoto Branch
Right: Professor of Psychiatry, Jin Narumoto, M.D., Ph.D.

Sustainability



The Group defines its reason for existence (“Purpose”) as “Creating new value with the power of trusts and let prosperous future for our clients and society bloom”, and aims to achieve the goal of “balanced creation of both social value and economic value”. Sustainability is an integral part of our Group management, and is becoming more important in every aspect of our businesses. Under our sustainability promotion framework (for details, see page 17), we are working to solve various social issues. In addition, considers addressing climate change as an important part of its sustainability efforts, and, in October 2021, announced its Carbon Neutral Commitment and is accelerating its initiatives to achieve a decarbonized society (for details, see starting on page 73).

1 Policies Related to Sustainability



2 Sustainability Management

The Sustainability Management Department is taking the lead in promoting the following initiatives related to important sustainability issues.

Management	<ul style="list-style-type: none"> Promoting materiality management Devising and promoting plans for sustainability work (manages the progress of social problem-solving businesses at Group companies) Tackling climate change issues (Carbon Neutrality Planning and Management Department) Conducting strategic information disclosure by issuing Sustainability Reports and other publications Earning the trust of investors and other stakeholders and working to improve their assessment of the Group
Business development	<ul style="list-style-type: none"> Developing innovative financial products and services that help solve key sustainability issues Strategically providing value to the community through “With You” activities*1
Employee education	<ul style="list-style-type: none"> Ensure employees understand strategies by distributing the Group’s employee integrated report to all directors, officers, and employees Early acquisition of practical knowledge through internal promotions such as “Challenge for SDGs!”*2, “SDGs Declarations” by all branch departments, and “With You” activities
Dialogue	<ul style="list-style-type: none"> Encouraging dialogue with, and ascertaining the needs of, various stakeholders, including shareholders, investors, NPOs and NGOs in Japan and overseas, international organizations, government agencies, and universities Utilizing internal engagement to absorb the needs of stakeholders into the Group and improve initiatives



*1 This is the name for the community-based sustainability activities developed by the branch offices of SuMi TRUST Bank in order to forge strong relationships of trust with local communities.
 *2 Measures to promote understanding the SDGs, with the aim of ensuring that each and every employee becomes responsible for promoting and raising awareness of the SDGs. We explain the SDGs in internal newsletters, conduct an annual e-learning program for all executives and employees, and display various posters, among other measures.

3 Solving Social Issues through Business

The Group promotes sustainable business that adds scientific knowledge (Technology Based Finance: TBF) and impact evaluation to asset management, asset administration, and banking, and leverages its strengths in contact with many market participants (investors, companies, individuals, and households) to create a virtuous cycle of funds, assets and capital. For details, refer to the business-specific initiatives (pages 34-47).

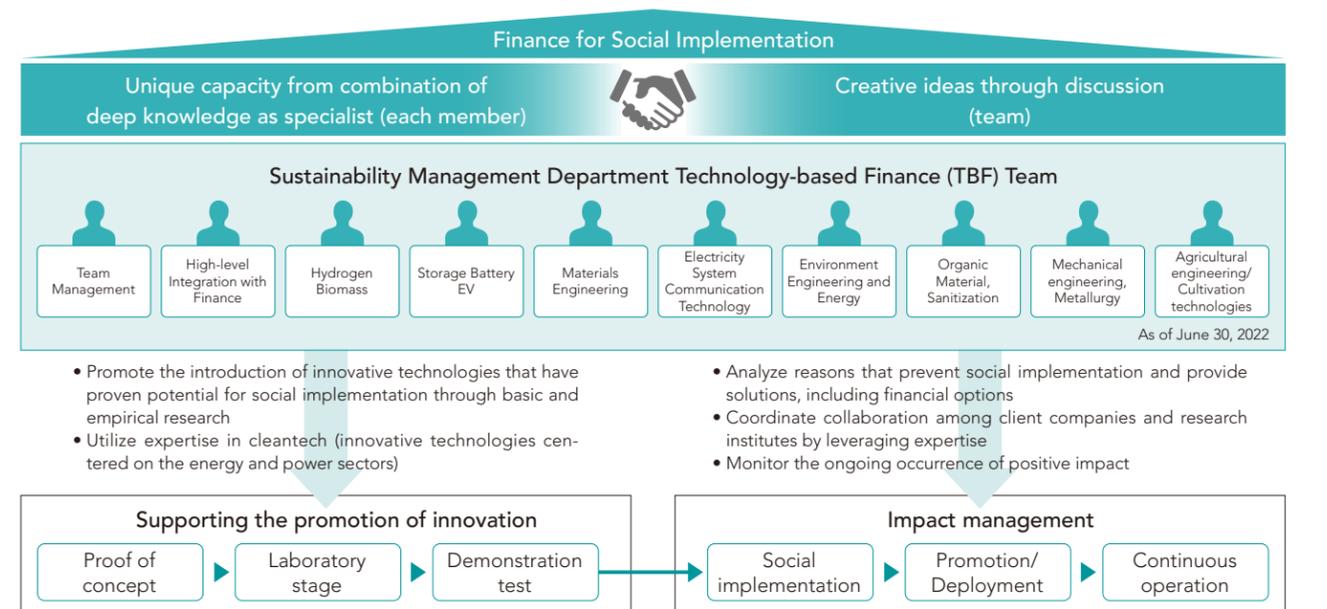
Initiatives of Technology-Based Finance (TBF)

One of the important functions of the Sustainability Management Department is the research and development of new sustainability-related businesses. With this in mind, we launched a Technology-based Finance (TBF) team in April 2021.

To solve the challenges in the SDGs and the Paris climate agreement, huge amounts of money will be needed, and innovative technologies will be a key. We saw that from now on, it would be necessary to understand the latest technology, deepen dialogue with clients, and approach finance from a scientific point of view. We therefore established a TBF team with the aim of supporting the practical implementation of technology from a financial perspective.

To achieve a decarbonized society and build a society in

harmony with nature, we first teamed up researchers and experts with doctorate or master’s degree of science and engineering in the fields of hydrogen, storage batteries, organic chemistry, and inorganic chemistry. By incorporating team members’ knowledge into the impact evaluation process and implementing innovative technologies in society, we will accelerate our initiatives to promote positive impact and curb negative impact, thereby contributing to solving social issues. The activities of our TBF team represent a new challenge not only for our company, but also for the financial community. We hope to build social systems that solve environmental and social problems through the application of existing technologies, the development of new technologies, or the combination of both.



4 Addressing Climate Change Issues

Governance

In case of our Group, the Board of Directors has formulated the Action Guidelines for Mitigating Climate Change as the Company’s basic policy on climate change. In addition, with regard to climate change-related risk management, the Board of Directors established a climate change-related risk management policy within the Risk Management Rules, which shows our basic approach and management system for climate change-related risks.

■ Action Guidelines for Mitigating Climate Change

1. Implementation of Measures and Support to Help Mitigate Climate Change

In addition to actively taking measures to reduce greenhouse gas emissions in our own business operations, we will make efforts, as a corporate citizen, to support activities that mitigate and adapt to climate change.

2. Provision of Products and Services

We will work on developing and providing products and services that help mitigate climate change, such as promoting the use of renewable energy and the spread of carbon offset products through our financial functions.

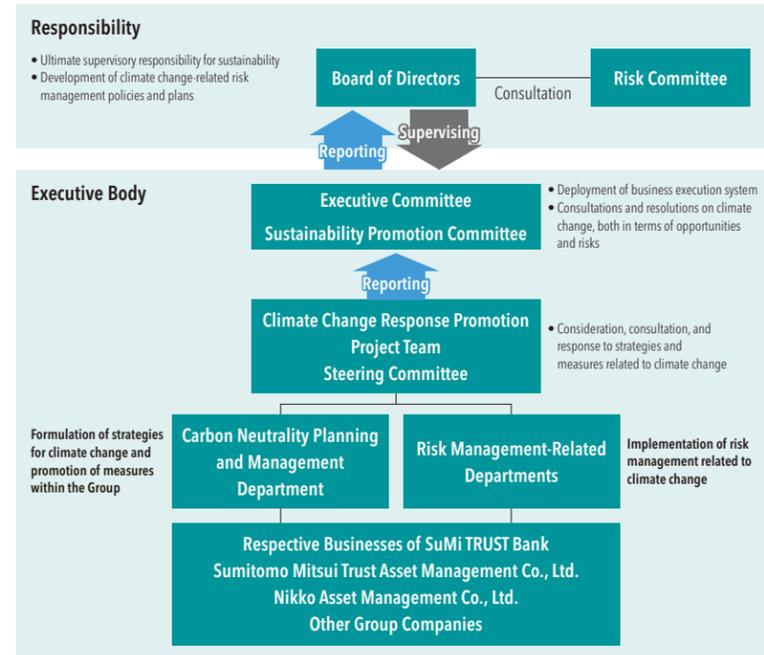
3. Collaboration with Stakeholders

We will engage in dialogue and cooperation with our stakeholders for the work to mitigate climate change.

4. Education and Training

We will ensure that these guidelines are fully implemented at group companies and will actively conduct education and training to mitigate climate change.

■ Climate Change Response Promotion Framework



SuMi TRUST Group Carbon Neutral Commitment

In October 2021, we announced our Carbon Neutral Commitment to address social challenges such as the reduction of globally accelerated growth of greenhouse gas emission.

SuMi TRUST Group Carbon Neutral Commitment

- (1) Contribute to achieving carbon neutrality in society by leveraging a trust bank group's wide-ranging and flexible functions
- (2) Target net-zero greenhouse gas emissions in investment and loan portfolios by 2050
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA*
- (3) Achieve net-zero greenhouse gas emissions in SuMi TRUST Group by 2030

* Net Zero Banking Alliance: A banking industry alliance established by UNEPFI (United Nations Environment Programme Finance Initiative) that aims to achieve net-zero greenhouse gas emissions from investment and loan portfolios by 2050

Membership in NZBA and NZAMI

NZBA (Net-Zero Banking Alliance) is a UN-led initiative that aims to achieve net-zero greenhouse gas emissions from investment and loan portfolios by 2050. The Group became a member in October 2021. Furthermore, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. joined the Net Zero Asset Managers initiative (NZAMI) in July 2021 and November 2021, respectively, and have initiated activities with the goal of achieving net zero in their investment portfolios by 2050.

Establishment of Climate Change Response Promotion Project Team

The Group has established the Climate Change Response Promotion Project Team as a cross-groups structure to study and promote measures to achieve the aims of the Carbon Neutral Commitment. In addition to personnel from the corporate management department of each company among SuMi TRUST Holdings, the project team includes members from each of business divisions, the Europe, Middle East and Africa Division, and the Americas Division of SuMi TRUST Bank, as well as Sumitomo Mitsui Trust Asset Management Co., Ltd., Nikko Asset Management Co., Ltd., and Trust Base.

The project team promotes the various initiatives set forth in the Carbon Neutral Commitment and reports regularly to the Executive Committee and the Board of Directors on the status of its activities.

Strategy (Climate Change Business Opportunities)

The Group understands the issues faced by its business partners and is providing products and services that contribute to solving them, with the aim of realizing a net-zero society.

■ Major initiatives of SuMi TRUST Bank

Initiative	Overview	Reference page
Positive Impact Finance (PIF)	Financing contingent on a commitment to the goals concerning the economic, social, and environmental impact caused by the company's activities	P.42
Impact evaluation support and the activities of the Technology-Based Finance Team	Establishment of a team of decarbonization-related engineers and others to support the practical implementation of technology from a financial perspective	P.73
Impact Equity	Plan to supply a total of ¥2.5 trillion of own funds and institutional funds in equity for renewable energy and next-generation technologies	P.42
Transition Finance	Financing to support corporate initiatives in line with long-term strategies for the transition to a low-carbon society	P.41
Renewable Energy Finance	Financing for large-scale projects such as wind and solar power generation projects, as well as establishment and operation of renewable energy funds	P.41
Climate Solutions	Provision of advisory services for scenario analysis based on TCFD recommendations, and others, and solutions combining our businesses	P.41
Sustainable Management Support Consulting	Consultancy work to create a loop of "information disclosure," "engagement," and "integration into management," which are the key elements of sustainable management	P.41
Support for Real Estate ESG Initiatives	Problem-solving support related to real estate ESG, such as improvement and visualization of the environmental performance of real estate, and the support for maintenance and preservation/longevity of buildings	P.43

■ Examples of initiatives at Sumitomo Mitsui Trust Asset Management Co., Ltd.

Engagement and exercise of voting rights	<ul style="list-style-type: none"> • Sumitomo Mitsui Trust Asset Management Co., Ltd.'s stand-alone engagement with investee companies • Collaborative engagement through PRI, CA100+, etc.
Collaboration with stakeholders	<ul style="list-style-type: none"> • Engagement with government agencies and industry bodies • Collaboration with NGOs such as Ceres • Advocacy activities of policies through Investor Agenda, etc.
Investment strategy	<ul style="list-style-type: none"> • Reflection of climate change factors according to the style of each fund • Consideration of climate change factors in investment decisions of each security

■ Examples of initiatives at Nikko Asset Management Co., Ltd.

Management of milestones of engagement	<ul style="list-style-type: none"> • Progress management of engagement tackled together by the Equity Investment Department as one in accordance with the PDCA cycle for investee companies whose engagement policies can be set in advance
Integration of CSV* evaluation into the investment process	<ul style="list-style-type: none"> • Analysis of the relationship between CSV valuation including ESG factors and stock price valuation. Creation of an operational process that takes CSV stock price (fair stock price) calculated based on the CSV valuation into account, and application of it to all operational strategies
Climate change-related products	<ul style="list-style-type: none"> • Establishment of Global Hydrogen Equity Fund and China Decarbonization Innovation Equity Fund in FY2021

* CSV: Creating Shared Value, proposed by Professor Michael Porter of Harvard University in 2011

Strategy (Climate Change Related Risks)

Climate Change Related Risks

Transition risk refers to the cost of adapting to changes in legal systems and social demands during the transition to a decarbonized society, as well as the risk that existing businesses will be unable to continue to operate if they are unable to respond to these changes.

The physical risk is the risk that the Group's assets and parties to which we invest or loan will suffer loss due to the increase in natural disasters and others resulting from climate change.

Our policy is to identify and assess these risks related to climate change based on the framework shown in the table on the right, and then use this assessment to implement risk management.

Way of thinking about transition risk	Difficulty in reducing GHG emissions	
	High	Low
Magnitude of GHG emissions	Large	Large transition risk
	Small	Small transition risk
Way of thinking about physical risk	Difficulty in securing alternative ways at disaster	
	High	Low
Magnitude of direct impact	Large	Large physical risk
	Small	Small physical risk

Analysis of Climate Change Scenario

The analysis policy of climate change scenario of SuMi TRUST Bank is to analyze the possible impacts of the transition

risks and physical risks, gradually expand the scope, sophisticate our analysis and identify climate change risks, based on which formulate strategies and conduct risk management.

Scenario analysis initiatives to date at SuMi TRUST Bank

Risk type	Sector	Scenario and analysis period	Main analysis results
Transition risk	Electric power sector	IEA STEPS, SDS, 2050	If a power company does not invest in renewable energy power generation, its credit rating will deteriorate by two to three notches on average
Physical risk	Mortgage loans	IPCC RCP2.6, 8.6, 2100	Credit costs increase by ¥7 billion compared to 2019
Transition risk	Marine transport sector	NGFS Orderly, Disorderly, Hot House World, 2050	Recognizing that financial impacts will vary greatly depending on the assumed scenario such as each country's national policy of subsidies, cost increase due to the shift to alternative fuels, carbon price shifting, and changes in market share, and the company's course of action. Exchanged opinions with business partners in the shipping industry based on the results

Scenario analysis of SuMi TRUST Bank's real estate financing

Method of analysis

Based on the Jupiter's ClimateScore Global (CSG), we analyzed 207 properties receiving real estate financing in Japan to estimate the direct damage from river floods that are expected to occur once every 100, 200, and 500 years and the financial impact of the decline in rental income due to the suspension of operations. We then estimated the deterioration of LTV (Loan to Value: ratio of the loan balance to the value of the collateral) and DSCR (Debt Service Coverage Ratio: ratio of the net cash flow of the property to the loan repayment amount) by the methods indicated below.

Results of analysis

<Estimated impact of the maximum possible damage to credit rating>

We set 5% as the minimum deterioration (rise) of the LTV level expected to impact the credit rating. The analysis found that the impact was limited to two properties in the case of possible once every 100-years flood, and three properties in the case of possible once every 500-years flood.

Challenges for sophistication

This analysis did not result in an explicit estimate of the future increase in risk due to climate change, however, we are also considering analyses that incorporate the increase in the frequency of disasters due to global warming in the future.

For properties in central Tokyo, where real estate financing exposure is concentrated, in addition to the direct damage to the property caused by a large-scale flood, we cannot deny the possibility that the demand for and supply of real estate could be adversely affected by, for example, damage to

transportation and facility infrastructures, such as the surrounding subway networks and underground malls. Going forward, we recognize the need for more sophisticated analysis of the risk of large-scale flooding in urban areas from the perspective of the risk awareness of mid- to long-term climate change.

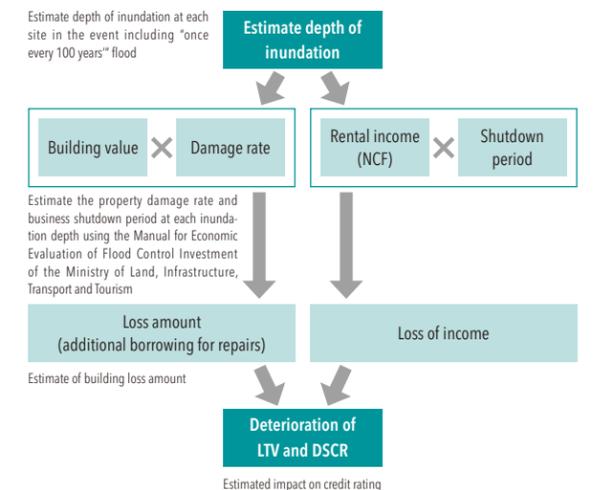
Distribution of inundation depths of affected properties by region and frequency of occurrence

(Unit: case)

Property location	< 45 cm		45-50cm		50cm-1m		1-2m		2-3m		≥ 3m		Total	
	100 years	500 years												
5 wards in central Tokyo	2	0	0	0	2	1	2	5	1	1	0	0	7	7
Other 23 wards	1	1	0	0	0	0	0	0	0	0	1	1	2	2
Greater Tokyo Metropolitan area	5	1	0	1	2	2	5	5	2	3	5	7	19	19
Osaka metropolitan area	2	0	0	0	0	0	0	2	0	0	0	0	2	2
Nagoya area	0	0	1	0	0	0	0	1	0	0	1	1	2	2
Other regions	1	1	1	0	1	0	1	2	1	2	0	0	5	5
Total	11	3	2	1	5	3	8	15	4	6	7	9	37	37

Return period: Depth of inundation in the event of a flood disaster that occurs once every 100 (500) years

Pathway: Disaster ⇒ Credit risk occurrence

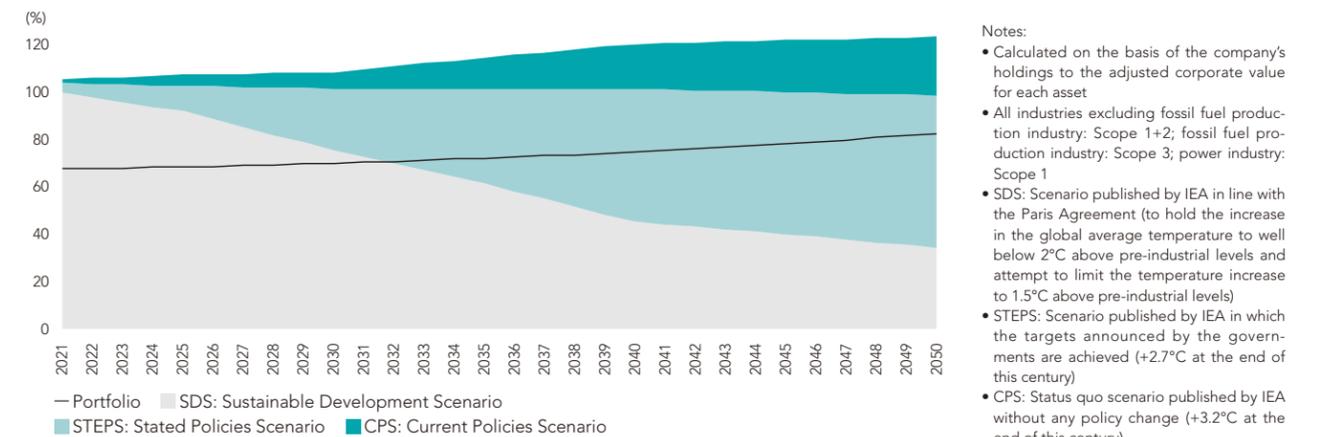


Scenario analyses at Sumitomo Mitsui Trust Asset Management Co., Ltd.

Transition path analysis

Transition path analysis evaluates how the portfolio's climate change risk changes responding to future trends of climate change. We analyzed the future greenhouse gas emissions of our management portfolio based on three scenarios from the International Energy Agency (IEA): the Sustainable Development Scenario (SDS), the Stated Policies Scenario (STEPS), and the Current Policies Scenario (CPS).

Comparison of the estimated pathway of greenhouse gas emissions of all assets managed by Sumitomo Mitsui Trust Asset Management Co., Ltd. with budget for emissions under each climate change scenario



Risk Management

Risk Management Related to Climate Change

The Group has positioned climate change as a risk driver affecting various risks including credit risk, and has developed a basic management policy for each risk category.

	Climate change-specific risk management policy	Risk horizon
Credit risk	Risk monitoring of greenhouse gas emissions, stranded assets, and storm and flood damage of the companies to whom we extend investments and loans	Short, medium, and long term
Market risk	Risk monitoring of price decline of securities issued by investee companies	Short/medium term
Operational risk	Administrative work (outsourcing)	Continuity of outsourced work due to storm and flood damage at the contractor
	Event risk (storm and flood damages)	Addressing the impact of increased storm and flood damages caused by climate change on our holding real estates
	Compliance risk	Compliance with climate change-related regulations
	Conduct risk	Addressing any negative impact on our clients, markets, societies and other parties caused by our actions
Integrated risk management	Addressing any negative impact on SuMi TRUST Holdings and its stakeholders caused by failed achievement of net-zero emissions	Short, medium, and long term

Selected as Top Risks

The Group conducts comprehensive risk identification on a quarterly basis, and from among the identified critical risks, selects “top risks” as risks that could have a significant impact within one year and that require management attention, and “emerging risks” as risks that could have a significant impact in the medium to long term

Initiatives for the Equator Principles

In February 2016, SuMi TRUST Bank signed on to the Equator Principles, international private-sector guidelines on environmental and social considerations in project finance. We incorporate risk management procedures based on the Equator Principles into our project finance decision-making process to ensure that the project sufficiently takes the natural environment and local communities into consideration.

In fiscal year 2021 there were 19 projects to which we applied the Equator Principles.

Initiatives for the Poseidon Principles

In March 2020, SuMi TRUST Bank became the first financial institution in Asia to sign on to the Poseidon Principles. Each year, financial institutions that are signatories to the Poseidon Principles calculate and publish their degree of contribution to efforts to reduce CO₂ emission of their entire ship finance portfolio.

■ SuMi TRUST Bank's Portfolio Climate Alignment

As of December 31, 2020	-0.8%
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Climate change-related risks were previously classified as “emerging risks,” but due to significant changes in the public’s perception of the importance of climate change, they have been reclassified as “top risks” starting from the September 2021 standard.

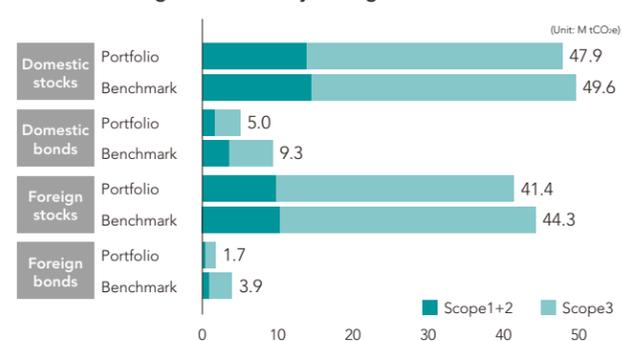
Initiatives at Sumitomo Mitsui Trust Asset Management Co., Ltd.

Fixed point analysis

We monitor greenhouse gas emissions and others at specific points in time based on data disclosed by investee companies and other information.

The targets are domestic stocks, domestic bonds, foreign stocks, and foreign bonds, all of which are below their benchmark emissions.

■ Greenhouse gas emissions by managed asset



* Based on Scope1+2+3. Benchmarks are as follows:
 Domestic stocks: Tokyo Stock Price Index (TOPIX)/ Domestic bonds: NOMURA-BPI Overall (Corporate bonds only)/ Foreign stocks: MSCI-ACWI (ex Japan)/ Foreign bonds: Bloomberg Global Overall (excluding Japan), corporate bonds only/ Calculated on the basis of our holdings to the adjusted corporate value of each asset.

Climate Change-Related Risk Management in SuMi TRUST Bank's Investment and Loan Operations

• Policies for specific sectors

Based on the perspective that investments and loans that have a large negative impact on society need to be prohibited, curtailed, or carefully engaged, SuMi TRUST Bank has an established “policies for specific sectors” and regularly reviews them at the Executive Committee and others.

(1) Prohibited transactions

- Transactions that are considered immoral
- Transactions with anti-social forces
- Transactions where the use of funds is speculative
- Transactions that involve cluster munitions manufacturers as well as credit transactions with companies that have material involvement in the manufacturing process through lending and other activities with cluster munitions manufacturers.
- Businesses that negatively impact wetlands designated under the Ramsar Convention
- Businesses that negatively impact UNESCO World Heritage Sites
- Businesses that contravene the Washington Convention
- Businesses that use child labor or forced labor

(2) Transactions warranting special attention

Cross-sector transactions

- Businesses that negatively impact indigenous communities
- Businesses that negatively impact high conservation value areas
- Businesses involved in the expropriation of land leading to the forced removal of residents

Sector-specific transactions

- Coal-fired power generation
SuMi TRUST Bank, in principle, will not engage in new projects for the construction of coal-fired power plants.
- Weapons manufacturing
SuMi TRUST Bank will avoid lending and other activities where funds will be used for manufacturing weapons of mass destruction such as nuclear weapons, chemical weapons, biological weapons, or for manufacturing inhumane weapons such as anti-personnel landmines.
- Forestry
The rapidly developing global deforestation is creating various problems such as reduction in biodiversity, decline in the stability of ecosystems, lower watershed protection, lower fixation of carbon dioxide and other items. SuMi TRUST Bank engages with timber manufacturers and manufacturers using timbers as raw materials only after careful consideration such as checking their international forest certification status*¹ as well as fully taking into account whether or not there are existing problems with original inhabitants and local communities.

*¹ FMC (Forest Management Certification) issued by FSC (the Forest Stewardship Council) for forestry management and forestry business operations; CoC (Chain of Custody Certification) for processing and distribution management of certified forest products, and others.

- Palm oil
Palm oil is derived from “oil palms” grown on plantations. While palm oil demand is rapidly growing owing to its convenience and rising preference for wholesome foods, environmentally destructive developments are the main causes for the devastation of tropical rainforests and the decline in biodiversity. SuMi TRUST Bank engages with producers of palm oil and manufacturers using palm oil as a raw material only after careful consideration such as checking their international/local sustainable palm oil certification status*² as well as fully taking into account whether or not there are existing problems with original inhabitants and local communities.

*² RSPO (Roundtable on Sustainable Palm Oil) and others that aim to observe NDPE (No-deforestation, No-peat and No-exploitation) and the preservation of HCS (High Carbon Stock) forests

• Coal mining

The extraction of coal from the ground has the risk of negatively impacting the environment and society, mainly owing to the impact that hazardous waste from coal mines has on the ecosystem, the deaths of workers as a result of cave-ins, and violations of human rights. And also given the likelihood that coal mining contributes to higher greenhouse gas emissions, which in turn is driving climate change, our basic policy is not to provide financing for any new coal extraction projects (general coal) or coal mining businesses that use the mountaintop removal method.

• Oil and gas

Oil and gas exploration projects carry the risk of negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to oil sands extraction, shale oil and gas projects, exploration of minerals in the Arctic Circle, and pipeline laying.

• Hydroelectric power generation

Large-scale hydroelectric power generation carries the risk of negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to large-scale hydroelectric power generation projects (output of at least 25MW) that involve the construction of dams.

• Large-scale plantations

Plantation development carries the risk of deforestation, violations of human rights, and negatively impacting ecosystems, biodiversity, the living conditions of residents, and the natural environment. We carefully engage with such businesses after taking into full account environmental impacts and the existence of any problems involving indigenous peoples and local communities. We adopt a particularly cautious approach to projects that involve developments in forests and peatlands.

(3) Review of Sector Policies

SuMi TRUST Bank regularly reviews the suitability of established sector policies and the status of how transactions are being addressed at Sustainability Promotion Committee in our Executive Committee, etc., to reconsider the policies as well as make improvements to our operations as necessary.

(4) Education and Training

As a member of a responsible trust bank group, to ensure that SuMi TRUST Bank's directors and employees deepen their understanding of ways to reduce environmental impact, policies for human rights, and sector policies, the Bank continually conducts educational training. The company also spares no effort to ensure that directors and employees comply with all relevant regulations and procedures.

(5) Communication with Stakeholders

SuMi TRUST Bank continues to engage in dialogues and collaborations with various stakeholders on themes that are relevant to the sector policies that it has established. The Bank trusts that dialogues and collaborations with these stakeholders will prove useful when considering reviews to improve the sector policies to stay in line with the changing social environment and to continue improving their effectiveness.

Indexes and Goals

Actions to Reduce GHG Emissions in the Investment and Loan Portfolio

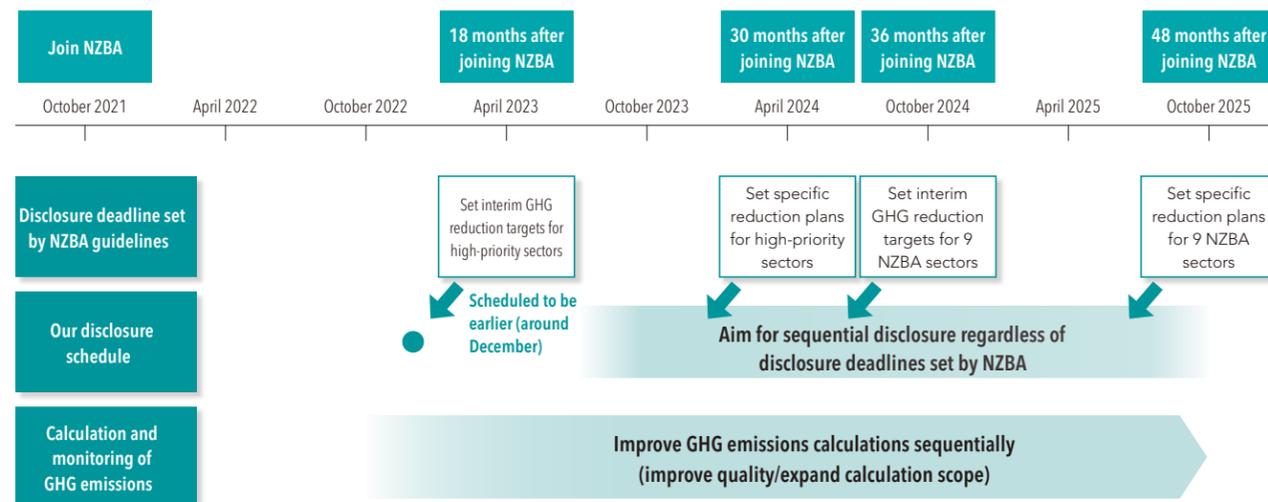
In accordance with the framework of the Net-Zero Banking Alliance (NZBA), the Group plans to set interim targets for reducing GHG emissions by 2030 for at least one of the nine NZBA-designated sectors* and disclose them during FY2022. These interim targets are to be set in line with the Paris Agreement’s goal of limiting temperature increase, using

widely accepted science-based decarbonization scenarios.

Subsequently, we will disclose specific reduction plans toward net-zero GHG emissions in the sectors concerned, and then set interim targets and disclose specific reduction plans for all nine NZBA-designated sectors.

* Electricity, oil and gas, coal, steel, transportation, cement, aluminum, real estate, and agriculture

NZBA’s Roadmap for Target Setting and Emissions Disclosure



Interim Targets for Reducing GHG Emissions for Management Portfolio at Group Asset Managers

Sumitomo Mitsui Trust Asset Management Co., Ltd.(SMTAM) has set an interim target of 2030 for greenhouse gas emissions from managing assets in accordance with NZAMI (Net Zero Asset Managers initiatives) framework. It will target 50% (approximately ¥43 trillion) of the assets under management (approximately ¥85 trillion as of June 30, 2021), and reduce their carbon footprint (greenhouse gas emissions per unit) by 50% compared to 2019. The company aims to achieve net-zero greenhouse gas emissions of the companies in which it invests through methods such as engagement with the companies, exercise of voting rights, collaboration with stakeholders such as asset owners and government agencies, sophistication of investing and financing strategies, and provision of investment opportunities (products) to its clients.

Nikko Asset Management Co., Ltd. plans to set an interim target of 2030 for greenhouse gas emissions of managing assets by November 2022, one year after joining NZAMI, in accordance with the NZAMI framework.

Initiatives in the Asset Management Area—Addressing NZAMI

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Disclosure of interim target	Target 50% of its approximately ¥85 trillion of managing assets and reduce their carbon footprint (greenhouse gas emissions per unit) by 50% compared to 2019
Participation in management	Appointed in March 2022 as an Asian representative member of the Advisory Group, which consists of six signatory institutions; Participate in the management of the entire NZAMI

Nikko Asset Management Co., Ltd.

Disclosure of interim target	Schedule to announce in November 2022
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Net Zero Target of In-house GHG Emissions

Regarding its own GHG emissions, the Group has announced in its Carbon Neutral Commitment mentioned previously that it aims to achieve net zero GHG emissions by 2030. SuMi TRUST Bank’s offices in Japan are aiming to lead the way in achieving net zero. As of the end of May 2022, they have cut electricity usage by approximately 60%, and their goal is to achieve net zero within FY2022.

Long-Term Goals for Sustainable Finance

SuMi TRUST Bank had set a long-term target for sustainable finance of accumulated ¥5.0 trillion over the 10-year period from FY2021 through FY2030, including ¥3.0 trillion in environment-related fields. However, in response to the growing need for funding related to sustainable finance, the environment, and climate change, which is accelerating every year, the target was expanded this fiscal year to ¥10.0 trillion, including ¥2.5 trillion by impact equity.

Long-term goals for sustainable finance (Executed amount in total during FY2021-FY2030)	¥10.0 trillion (performance as of March 31, 2022: ¥0.83 trillion)
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Status of Exposure of Carbon-Related Assets

Monitoring of “exposure of carbon-related assets*” is recommended as one of the indicators for understanding climate change risks according to the TCFD recommendations.

* TCFD defines loans to the “energy” and “utilities” sectors in GICS (Global Industry Classification Standard), excluding independent businesses of water utilities and renewable energy, as “exposure to carbon-related assets”. The calculation range is the combined total of such loans of SuMi TRUST Bank and SuMi TRUST Bank (Thai).

Exposure to Carbon-Related Assets in the Business Year Ending March, 2022

	Loan balance (trillion yen)	Ratio
Energy (oil, gas, etc.)	0.4	1.3%
Utilities (power, etc.)	1.2	4.1%
Total carbon-related assets	1.6*	5.4%*

* The ratio of the total exposure to carbon-related assets to the total loan balance is 5.4%, 0.4 point increase compared to March 31, 2021. The main reason is that, while the yen-converted loan balance of loans in foreign currency in the target sectors increased by weakening the yen, SuMi TRUST Bank’s corporate loan balance is declining due to the faded out demand for COVID-19 related credit.

Initiatives of Each Employee



The Group is committed to initiatives related to the environment and biodiversity, including the disclosure of information on initiatives for natural capital and the formulation of “SuMi TRUST Group Zero Plastic Waste Declaration”, which aims to eliminate plastic discarded without being recycled by 2030.

In FY2021, each branch office of SuMi TRUST Bank held a lobby exhibition to educate employees and actively raise community awareness about “natural capital” and “the problem of marine plastic garbage” under the slogan of “Think Globally, Act Locally.” In addition, from October 2021 to January 2022, the “With You Eco Festival,” to develop new “eco”-themed activities, was held in time with the announcement of the “Carbon Neutral Commitment for SuMi TRUST Group”, which aims to achieve net zero emissions by 2050. This project is designed to raise each employee’s interest in “eco”-related social issues and “visualize” the results of activities. Concrete results such as decarbonizing and power saving, food loss and plastic waste problems, and various recycling activities were posted with the title of “Eco Festival” on the “With You” blog of branch offices. We achieved 5,545 kg of CO2 reduction (equivalent to the CO2 absorbed by approximately 400 cedar trees) in 3 months of stimulant period.



“Zero Plastic Waste Declaration” poster



Click here for details about blogs on “Eco Festival.” (Japanese text only)



5 Natural Capital (Biodiversity Issues)

The global environment is the foundation vital for all living creatures. With the blessings of the sun, it comprises of natural capital, such as water, air, soil, as well as marine and terrestrial fauna and flora nurtured there. Humans also depend on natural capital and have utilized it to build social systems and develop the economy. In this process, however, humans have also caused significant consequences.

Natural capital is not inexhaustible. Supplies may be exhausted sooner or later unless we appropriately grasp and manage our dependence and impacts on natural capital. This is closely interlinked with humans' day-to-day activities. For this reason, all SDGs are connected with natural capital. Primarily from the perspective of corporate activities, the Group focuses on natural capital in Japan, where we lay our business foundation, as well as natural capital outside Japan, where we highly rely on procurement of raw materials and parts. We have selected goals that contribute to proper dependence on and management of such natural capital.

Major Initiatives in the Group's Business to Date

- 2000** SuMi TRUST Bank is entrusted with "the Keidanren Nature Conservation Fund," a charitable trust, by the Nippon Keidanren Committee on Nature Conservation
- 2008**
 - SuMi TRUST Holdings signs the Leadership Declaration of the Business and Biodiversity Initiative
 - SuMi TRUST Holdings establishes the Basic Policy for Addressing Biodiversity Issues (currently Action Guidelines for Preserving Biodiversity)
 - SuMi TRUST Bank translates the interim report of the Economics of Ecosystems and Biodiversity (TEEB)
- 2010** SuMi TRUST Asset Management Co., Ltd. develops Ikimonogatari, a Japanese equity investment trust specializing in biodiversity
- 2012** SuMi TRUST Holdings signs the Natural Capital Declaration (currently the Natural Capital Finance Alliance) proposed by UNEP FI at the United Nations Conference on Sustainable Development (Rio+20)
- 2013**
 - SuMi TRUST Bank develops environmental rating loans with evaluation of natural capital preservation
 - SuMi TRUST Bank forms the Natural Capital Study Group
- 2016** SuMi TRUST Bank signs the Equator Principles
- 2018** SuMi TRUST Asset Management Co., Ltd. joins Farm Animal Investment Risk & Return (FAIRR), an organization engaging primarily in the fisheries and livestock industries
- 2019** SuMi TRUST Bank develops Positive Impact Finance (PIF)
- 2020**
 - SuMi TRUST Bank establishes financing policies for specific sectors
 - SuMi TRUST Bank is entrusted with a forestry trust by individual owners of forests in the Nishiwakura Village of Okayama Prefecture
- 2021** SuMi TRUST Asset Management Co., Ltd. participates in the Task force on Nature-related Financial Disclosures (TNFD) forum

* Each organization is addressing the issue at present.

Natural Capital Finance Alliance (Formerly the Natural Capital Declaration)

SuMi TRUST Holdings became a signatory to the "Natural Capital Declaration (NCD)" proposed by the United Nations Environment - Finance Initiative (UNEP FI) at the "United Nations Conference on Sustainable Development (Rio+20)" held in Rio de Janeiro in June 2012. SuMi TRUST Holdings is the only financial institution in Japan that was a signatory to it from the beginning. NCD has been developmentally reorganized into the Natural Capital Finance Alliance to the expand its initiatives.



Status of Our Initiatives against the Leadership Declaration of the Business and Biodiversity Initiative

At the ninth meeting of the Conference of the Parties (COP 9) to the Convention on Biological Diversity held in May 2008 in Germany, SuMi TRUST Holdings signed the Leadership Commitment supporting the "Business and Biodiversity Initiative" led by the German government. Since then, we have continued our efforts using this declaration as a guideline for our activities.



Initiatives through Investments and Loans

Environmental Rating Loans with Evaluation of Natural Capital Preservation

The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that natural capital-related procurement risk management across the global supply chain is an indispensable part of management strategy. In April 2013, SuMi TRUST Bank launched its Environmental Rating Loans with Evaluation of Natural Capital Preservation, which embed the concept of evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its

environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and the Bank's efforts have been cited in the white paper on environment of the Japanese government and a report of the European Commission as an example of leading-edge practice.

Positive Impact Finance (PIF)

Many companies have above the standard level of impacts on natural capital not only through their own activities but also through their supply chain. SuMi TRUST Bank's Positive Impact Finance (PIF) (for details, see page 42) supports a client's initiatives by comprehensively analyzing these impacts, setting and monitoring targeting KPIs for reducing negative impacts and increasing positive impacts, and maintaining an ongoing dialogue with the client. For example, in PIF provided to a forestry company, we set its certified forest area in Japan and overseas and its sustainable percentage of timber

handled and others as KPIs, and are supporting its sustainable forestry management.

Initiatives as an Investor

Sumitomo Mitsui Trust Asset Management Co., Ltd. has selected "natural capital and resource conservation" as one of its 12 ESG themes for top-down engagement. It has conducted engagement activities related to palm oil production, as well as engagement activities and recommendations for government to the Brazilian and Indonesian governments regarding rainforest conservation. It is also participating in the "Task Force on Nature-related Financial Disclosure (TNFD)", which was officially launched in June 2021, but started as an informal working group in the previous year (it was the only Japanese participating company while TNFD was a working group), and is contributing to the development of the framework.

Forestry Trust Business

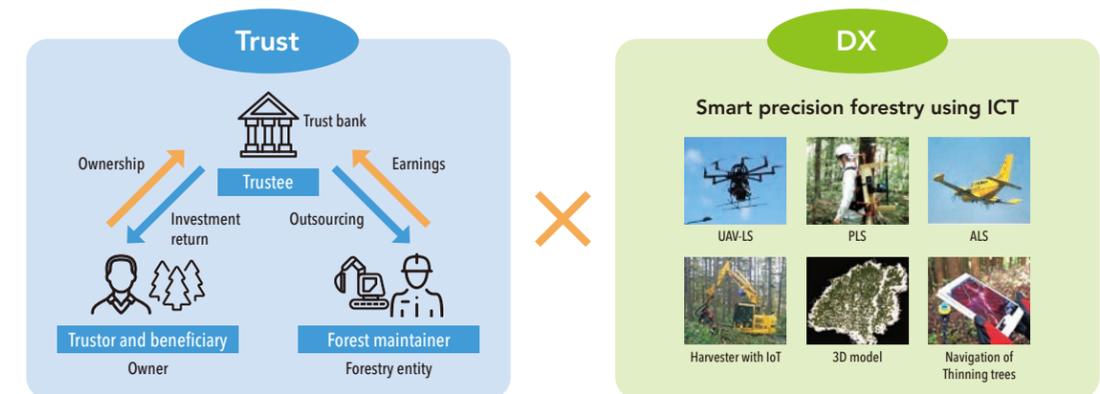
SuMi TRUST Bank developed a forestry trust scheme to solve social problems in Japan's forests and forestry industry, and in August 2020, was entrusted to manage a forest in Okayama Prefecture's Nishiwakura Village as the first commercial trust in Japan.

SuMi TRUST Bank will entrust management activities to forestry entities on behalf of the owner, manage revenues, and distributes dividends from earnings. By handling multiple forests, the forestry entities can streamline forestry management and prevent inheritance-related problems such as subdivision of land ownership and omissions of registration.

The latest laser sensing-based forest surveying technol-

ogy was utilized to identify the data of individual trees, which are entrusted assets. By combining the "power of trust" to manage assets with the latest digital technology, we have been able to create new value of "forestry trusts" and "let prosperous future for our clients and society bloom."

Currently, in addition to considering to accept the second forestry trust, we are pursuing initiatives to match up forest buyers and sellers, revitalize the forest-derived CO2 offset/credit market, and build a smart forestry-based supply chain with the goal of increasing the value of Japan's forests and forestry industry together with stakeholders.



Reference: Professor Masato Kato, Faculty of Agriculture, Shinshu University, "Transformation of Forestry into a Growth Industry and Smart Precision Forestry using ICT", Shinshu University NOW (PR magazine published by Shinshu University), Vol. 111, Section 8

6 Delivering Value to Communities

* For details, please refer to the Sustainability Report 2021/2022 pages 161-197.

Delivering value to communities is a means for the Group to have a positive impact on stakeholders in a more direct manner. Some initiatives are Group-wide, while others are being implemented independently by Group companies, like the “With You” activities.

We will look to ascertain the social value that these activities generate so that we might implement more beneficial initiatives in the future.

UWC ISAK Supporting a school that unearths and nurtures “changemakers” from disadvantaged backgrounds

Initiative	Generating value (particularly emphasizing SDGs)	KPI
Every year since 2013, the Group has paid for the travel expenses and tuition fees of one scholarship student attending the summer school program of United World College ISAK Japan (Lin Kobayashi, School Founder and Chair of the Board), a school that incorporates the idea of nurturing “changemakers” into its educational philosophy. (cancelled in fiscal year 2020)	<ul style="list-style-type: none"> • Unearth talented students from disadvantaged backgrounds so they might become “changemakers” who change the world • Encourage graduates who have launched into the world to address poverty issues in the regions they hail from 	The career of students after graduating (trace the career paths of supported scholarship students, as much as possible)

Support for United World College ISAK that is empowering changemakers

The boarding campus in Karuizawa is home to approximately 200 high school students from approximately 70 countries around the world. Of these, 70% are international students, who deepen learning at school, respecting their different backgrounds not only in terms of nationality, but also in terms of values, beliefs, and culture. Many of the students who participate in the summer school, where they can experience the school’s education, are from developing countries and economically impoverished backgrounds. The Group has supported one scholarship student each year. This initiative is introduced in lobby displays at branch offices throughout Japan.

Students SuMi TRUST Group Have Supported Since 2013

2013	2014	2015	2016	2017	2018	2019	2021	2021
Vietnam Hong Lien Ngyuen	India Thulasi Priya Ramesh	India Thanuja Ramesh	Mexico Eduardo Bautista	India Prashanth Babu	India Prathana Himalachi	India Hemant Sharma	Australia Niko Carter	Vietnam Khanh Chi Luu

ESD (Education for Sustainable Development) Project A program to nurture the children who will lead the next generation

Initiative	Generating value (particularly emphasizing SDGs)	KPI
The Group collaborates with TREE INC. (Masahiro Mizuno, Representative Director) to provide original programs at schools throughout Japan with the use of visual aids and ICT (during FY2012- FY2021, 18 sessions of the program were held). In recent years, new initiatives such as education for teaching staff and online classes have also been introduced, using the SDGs as a starting point.	<ul style="list-style-type: none"> • Archiving classes and others including videos about making of classes • Providing awareness by making local SDG issues themes • Developing innovative ESD methods utilizing ICT, etc. 	Accumulation of social value generated by each program (recorded videos provided to schools, new method trials, etc.)

Educating people who understand nature’s value

In order to create a “sustainable society”, it is important to incorporate economic and social perspectives within an environmental perspective and to work toward building a society with harmonious coexistence of people and nature and developing human resources. However, it is difficult to realize a truly sustainable society by simply “protecting lands verging on a crisis” that we are currently facing. SuMi TRUST Bank therefore advocates the forward-looking idea of “educating people who understand nature’s value” to achieve the goal, and we offer ESD projects that provide original lessons throughout Japan. In the natural environment, at school and at home, our programs provide an opportunity for children, who will lead the next generation, to learn natural capital and ecosystem services and to share their wisdom in creating the future by finding out conservation activities of local National Trust lands and rare ecosystems, and SDGs initiatives.

Click here to see the promotional video celebrating the 10th anniversary of ESD projects. (Japanese text only)



SuMi TRUST Bank have researched and provided products and services related to asset formation and asset administration, inheritance, gifts and housing, and have offered information on their use (financial literacy) for aiming to promote greater financial access for all people.

With the lowering of the age of adulthood to 18 in 2022, we are also working to provide financial education to younger generations in addition to our joint research and information dissemination efforts to encourage productive aging, through which elderly individuals can continue to actively engage in society. In the future, we will continue to promote various initiatives that use the diverse mechanisms and broad network we hold as a trust bank.

Sumitomo Mitsui Trust Financial Education Institute

We are now approaching the era of unprecedented longevity, and we believe it is more important than ever before to increase awareness about financial literacy in the age of 100-year life. For that reason, we established a special organization called the “Sumitomo Mitsui Trust Financial Education Institute” in 2019.

The age of adulthood was lowered in 2022, and since the institute’s founding, we have been trialing study sessions and other training programs that respond to the need for financial literacy education at educational institutions. In April 2022, financial education became a compulsory part of the high school home economics curriculum, and in response, we created instructional materials for two courses: a basic course, which offers versatile financial learning materials, and an advanced course, which also teaches about the relationship between SDGs and finance. We began providing free financial education learning materials to high schools by request through SuMi TRUST Bank’s nationwide network of branch offices since March 2022.



Learn more about the work of Sumitomo Mitsui Trust Financial Education Institute by visiting its website at: <https://mirai.smtb.jp/> (Japanese text only)



Initiative at Nada Junior and Senior High School

On June 4, 2022, Sumitomo Mitsui Trust Financial Education Institute provided a class named “Creating a future for the World and I – SDGs and Finance” at Nada Junior and Senior High School in Hyogo Prefecture. The class was attended by 51 junior and senior high school students. The class was part of a special “Saturday Lectures” series the school holds twice a year. SuMi TRUST Bank approached Nada Junior and Senior High School and open the course with the goal of improving student financial literacy and raising their awareness of SDGs.

The lecture was given in two sections: “Imagining the World in 2050” and “The Role of Finance in the Future.”

We used the Advanced Course materials, which teach about the relationship between SDGs and finance. It explains the current state of SDGs and decarbonization, the role of finance, and investments as a part of money plans designed for the age of 100-year life. Students

enthusiastically asked questions of the lecturer after the class was finished, and one student described how the class deepened their understanding of the relationship between SDGs and finance, and that they want to look into the initiatives of other companies as well.



3 Theme

How do we support
value creation?



SuMi TRUST Group is proceeding to bolster its corporate governance structure in line with its business model. In addition to the statutory committees of a company with Three Committees, we have also established a Risk Committee and Conflicts of Interest Committee, both of which function as advisory bodies to the Board of Directors. We also strive to enhance management transparency by appointing an external director as chairman of the Board of Directors.

1 Basic Approach

In order to implement sound management based on a high degree of self-discipline guided by our fiduciary spirit and to gain the unwavering trust of society, we are committed to enhancing corporate governance along the lines of the following basic philosophy with the objective of improving the Group's sustainable growth and medium- to long-term corporate value. Having defined the Group's reason for existence (purpose) and identified issues of materiality, we also

recognize that taking on the mission of solving social issues presents us with growth opportunities, which is why we have placed at the core of our management approach the notion that we must balance the creation of both social and economic value. As a foundation for every activity to be shared by all directors, officers, and employees of SuMi TRUST Group, the Board of Directors has established management principles (mission), an ideal model (vision), and codes of conduct (value).

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 effective 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 articulate 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 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 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 SuMi TRUST Group's corporate management as its central role, by setting out the basic management policy of 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 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 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 SuMi TRUST Group, and promotes the practice of fiduciary duties in 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.

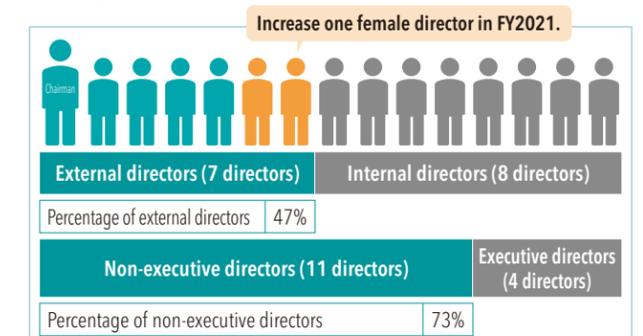
When deciding on director candidates, we nominate those that have considerable insight and extensive knowledge of corporate management, financial accounting, legal affairs, risk management, and compliance to address the Company's priority issues (materiality), as well as an understanding of skills, sustainability, and so-called creative fields, such as IT and digital technology, unique to the trust business that can

encourage the creation of new value. We endeavor to ensure that the makeup of the Board is suitable for appropriately overseeing the broad range of a trust bank group services, that each member can offer their astute opinions and advice, and that it is well balanced in terms of diversity.

* See page 16 for more details about materiality.

* See pages 96-97 for the expertise and experience of directors.

■ Composition of the Board of Directors



■ All seven external directors have been registered as independent officers with the relevant securities exchange.

■ Of the 15 directors, 13 are male and two are female (shown in orange above).

■ 16 Board of Directors meetings were convened during the period July 1, 2021 through June 30, 2022. There were only two occasions on which one director was absent.

(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 FY2021, 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.

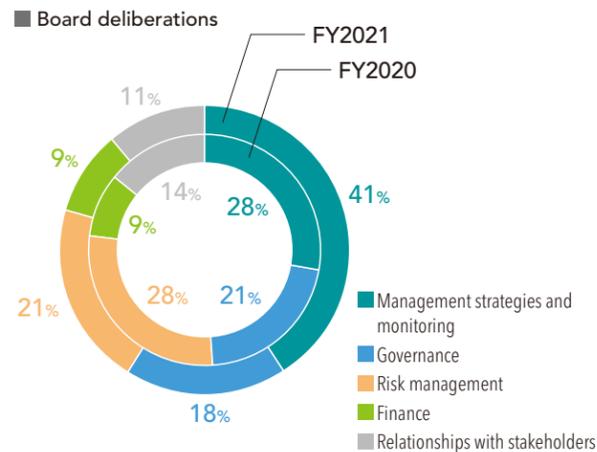
* Voluntary meetings organized by the external directors and not prescribed in any of the Company's regulations.

4 Deliberations by the Board of Directors

(1) Board deliberations and main topics of discussion

The deliberations of the Board of Directors are based on an annual schedule formulated with reference to the Evaluation of the Board of Directors conducted every year. Accordingly, the topics discussed reflect changes in the internal and external operating environments.

In FY2021, the Board engaged in discussions about key topics from both offensive and defensive points of view with the aim of increasing corporate value and the amount of time it spent deliberating issues related to management strategies and monitoring, such as medium- to long-term management



issues and strategies, increased from last year. Even though the Board discussions regarding risk management and governance topics decreased compared to last year, it continued to deliberate on the visualization of administrative processes and the development of risk maps in order to improve service quality, the source of a trust bank group's strength. It also continued to discuss ways to further enhance the effectiveness of the internal control system and governance on a Group-wide basis. As such, the time spent discussing these topics was roughly the same as in FY2019 (23% for risk management and 15% for governance in FY2019).

Main topics discussed by the Board in FY2021

Subject	Topics
Management strategies and monitoring	<ul style="list-style-type: none"> Materiality management Business portfolio analysis and allocation of management resources Integrated framework for financial and non-financial information
Governance	<ul style="list-style-type: none"> Enhancement of succession plans Enhancement of group governance Monitoring of strategic shareholdings
Risk management	<ul style="list-style-type: none"> Penetration and observance of risk culture and compliance awareness Cybersecurity and enhancement of risk management structure Measures aimed at improving service quality
Finance	<ul style="list-style-type: none"> Capital policy (including financial and non-financial) and shareholder returns policy
Relationships with stakeholders	<ul style="list-style-type: none"> Sustainability and climate change policies Stepped-up engagements and measures for achieving well-being Strategies for promoting fiduciary duties and customer satisfaction

(2) Discussions of management themes

With a view to determining the Group's basic management policy and medium- to long-term strategies, the Board of Directors selects and deliberates on management materiality issues and other management themes from a medium- to long-term point of view. The external directors of SuMi TRUST Bank also participate in deliberations on management themes as Board meeting observers, not for the purpose of reaching conclusions, but to enhance Board deliberations with their viewpoints and opinions through free and open discussion.

This fiscal year, the focus of discussions was on the Group's business portfolio. Through dialogue between the Board and

business execution departments, the circumstances surrounding the Group's business portfolio were discussed by putting the state of the financial industry into perspective and examining the Group's positioning in light of the market structure and competitive environment, the perspectives of non-financial resources, including the power of trusts, and the highly uncertain operating environment, including digitalization and increasingly complex social issues. These kinds of discussions mean we can identify strategic areas of focus by formulating an outlook for our business portfolio over the medium-to-long term to generate value for stakeholders by balancing the creation of both social and economic value.

5 Results of the FY2021 Evaluation of the Board of Directors

Every year we conduct 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.

(1) Summary and key points of FY2021 evaluation

In the fiscal 2021 Evaluation of the Board of Directors, questionnaires and interviews were carried out. We then evaluated

the effectiveness of the Board and each committee, taking the results of a review implemented by a third-party organization (external consultant) into account. In fiscal 2021, questions that

seek to examine how the conduct of discussions have improved compared to in the past, as well as questions that ask respondents to identify key discussion items were added with the objective of improving the effectiveness of the Board. Also, with the objective of defining the role and function of the Board, steps were taken to project a future vision by introducing new questions that ask respondents what the future of the Board should be like, taking developments in the external business climate, such as the mounting pressure on companies to improve their corporate governance into account.

(2) Verification of key measures to address issues recognized in FY2020 evaluation

After verifying the results of the FY2021 Evaluation of the Board of Directors and measures hitherto adopted through questionnaires and interviews, we confirmed that a certain degree of improvement had been made regarding the issues identified in FY2020 concerning the Board of Directors and each committee, as well as the main measures taken to address them.

Measures to address issues recognized in FY2020 evaluation

(1) Improving discussions concerning important themes and medium- to long-term management issues and strategies set out in the Medium-Term Management Plan

The Board deepened its business portfolio strategy for enhancing corporate value, stepped up discussions about business strategies pertaining to sustainability issues, and engaged in discussions with various stakeholders in mind.

(2) Further improvement and validation of the effectiveness of the internal control system and governance on a Group-wide basis

The Board supervised and provided suggestions regarding the development of risk maps and other measures implemented by persons executing business, and also regarding improvements in management quality derived from the visualization and tighter control of administrative processes. It also monitored the building of a framework for overseeing Group affiliates and supervised efforts aimed at improving the internal control system and governance in more detail.

(3) Enhancement of dialogue with executives regarding the Board's recognition of issues and acceleration of responses to the issues

The Board shared its awareness of issues and furthered dialogue aimed at resolving them by improving the way it interacts with executives concerning opinions expressed at Board meetings. It also strengthened the way it shares issues by employing measures for improving its system of confirming what steps are being taken by executives in response to opinions voiced at committee meetings.

Message from Chairman of the Board of Directors



Isao Matsushita
External Director
Chairman of the Board
of Directors

Five years have now passed since we adopted the "company with Three Committees" governance structure and during this time the Board steadily demonstrated its supervisory function, but in order to further enhance its effectiveness, we have continued to earnestly consider what the future of the Board should look like.

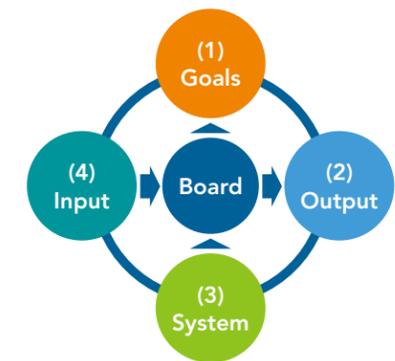
In recognizing this issue, in the recent Evaluation of the Board of Directors, alongside the conventional set of questions asked of Board members, new questions asking what the future of the Board should be like were introduced in order to define the role and function of the Board and improve its effectiveness in light of the mounting pressure on companies to improve corporate governance, as demonstrated by recent revisions to Japan's Corporate Governance Code. As the Group's role as a corporation under the framework of a habitable planet and a wholesome society continues to be redefined, the responses to those questions and the discussions that came out of the evaluation confirmed that the Board seeks to fulfill its fiduciary duties to various stakeholders.*

Further, we also recognize that further improving Group governance in light of the roles and functions of the boards of each company within the Group is an outstanding issue that we intend to squarely address going forward. As chairman of the Board of Directors I hope to meet the expectations of stakeholders by enriching discussions with a view to realizing sustainable and stable growth by balancing the creation of both social and economic value.

* We define this as the "the Board of Directors of stakeholderism"

Reference: Future vision of the Board the Board of Directors of stakeholderism

Future vision of the Board of Directors — framework



Item	Future vision of the Board
(1) Goals	<ul style="list-style-type: none"> Realizing "Purpose" Fair capital allocation to stakeholders (capital agenda) Sustainability as a corporation ⇒ Gaining the trust of all stakeholders as a fiduciary
(2) Output	<ul style="list-style-type: none"> Improving the quality of important decision making Supervising execution of important business matter ■ Important decision making (determining a basic management policy) <ul style="list-style-type: none"> Purpose/materiality/value creation process Policy on establishing desirable stakeholder relationships Medium- to long-term management strategies Basic policy on internal controls
(3) System	<ul style="list-style-type: none"> Organizational structure for enhancing quality of important decision making and monitoring functions Stakeholder-oriented mindset and skills for addressing issues of materiality
(4) Input	<ul style="list-style-type: none"> Autonomous management Board accountability ■ Accountability <ul style="list-style-type: none"> Business activities and value creation Business portfolio/capital allocation Internal controls Establishment of desirable stakeholder relationships

(3) Results of FY2021 Board evaluation and themes to be discussed more deeply going forward

In fiscal 2021, the Board of Directors demonstrated its supervisory function by deliberating on both offensive and defensive strategies aimed at enhancing corporate value. For example, it continued to discuss, in greater detail, management strategies and internal controls, and also stepped up its discussions of sustainability issues. The Evaluation of the Board of Directors indicated that the Board and each committee are aware of their respective objectives and are endeavoring to invigorate discussions and improve their supervisory functions. As a result, we believe that a certain degree of effectiveness is being sustained.

On the other hand, the following issues were identified as requiring improvement by the Board and each committee. As such, steps are being continuously taken to improve them.

- (1) Enhancement of discussions towards the formulation of the next Medium-Term Management Plan (Group management strategy and improvements in allocation of managerial resources in line with that strategy)
- (2) Further improvements in Group administration functions by the Board in consideration of the characteristics of other Group companies
- (3) Discussions oriented more towards various stakeholders

With a view to next fiscal year, the Board will keep the interests of various stakeholders in mind when deliberating on the topics shown below so as to focus its discussions on important matters of Group governance.

Examples of topics to be discussed in the next year

Category	Topics
Purpose/materiality/value creation process	<ul style="list-style-type: none"> • Penetration of purpose • Materiality management, etc.
Relationships with stakeholders	<ul style="list-style-type: none"> • Policy on dialogue with stakeholders • Basic policy on sustainability, etc.
Management strategy/capital allocation	<ul style="list-style-type: none"> • Group's next Medium-Term Management Plan • Basic policy on allocation of Group's managerial resources, etc.
Group governance/internal controls	<ul style="list-style-type: none"> • Enhancement of governance framework for Group management • Risk management in accordance with a trust bank group characteristics, etc.

SuMi TRUST Holdings is committed to further improving the effectiveness of the Board of Directors and each committee by continuously implementing the PDCA cycle through the Evaluation of the Board of Directors.

6 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 trust bank group, the Conflicts of Interest Committee possesses supervisory functions unlike at any other financial group.

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 the self-evaluations are reported to the Board of Directors in April for deliberation.

(1) Nominating Committee

(16 meetings convened from July 2021 through June 2022)

The Nominating Committee makes decisions on the details of proposals concerning the appointment and dismissal of directors for submission to the General Meeting of Shareholders and responds to enquiries from the Board of Directors about the management team succession plan and the appointment and dismissal of executive officers, including the president, and then deliberates on such matters before

reporting back to the Board. It also conducts the same for the appointment and dismissal of directors, including the president, of SuMi TRUST Bank, and the appointment and dismissal of directors of Sumitomo Mitsui Trust Asset Management.

(2) Compensation Committee (10 meetings)

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 (16 meetings)

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 SuMi TRUST Group. It appropriately

utilizes the internal control system of 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.

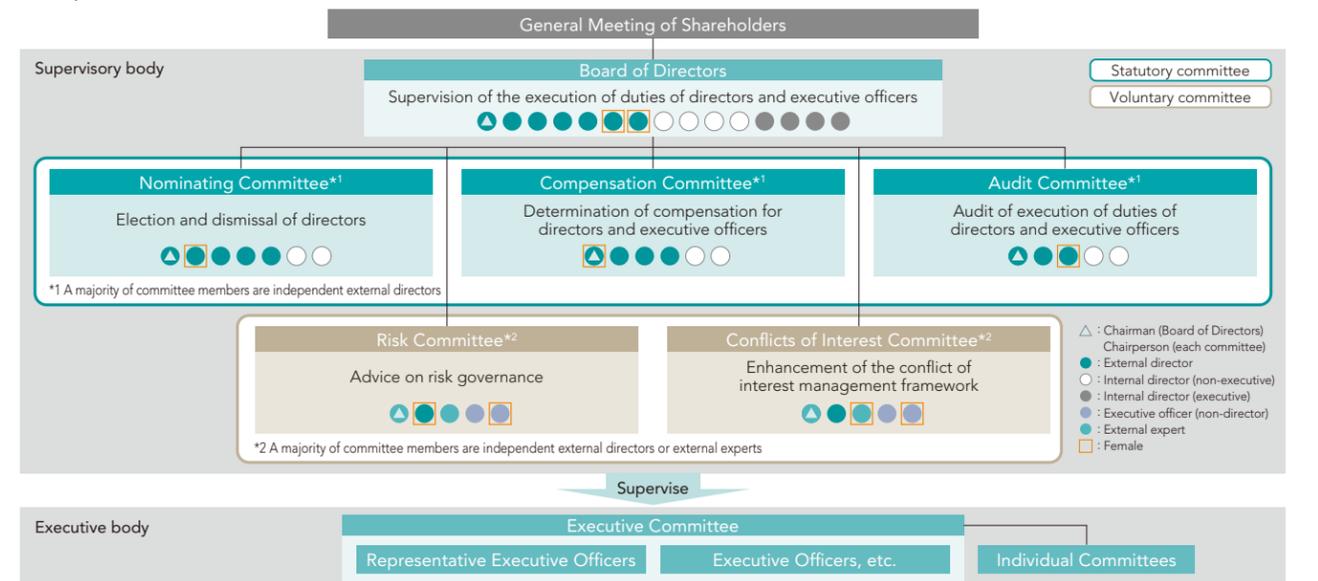
(4) Risk Committee (6 meetings)

The Risk Committee receives requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding 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 SuMi TRUST Group, and reviews and reports on their appropriateness.

(5) Conflicts of Interest Committee (7 meetings)

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 SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, client explanation management, and client support management of SuMi TRUST Group, as well as the enhancement of associated systems, (iii) matters concerning Policies regarding the Fiduciary Duties of SuMi TRUST Group and the action plans of each Group company, and (iv) particularly important matters concerning the dissemination of conflict of interest management and fiduciary duties in SuMi TRUST Group and other matters, and reviews and reports on their appropriateness.

Corporate Governance System



* See page 97 for the makeup of each committee.

	Main matters of deliberation in FY2021*1	Matters for consultation posed by the Board of Directors in FY2022*2,3
Nominating Committee	<ul style="list-style-type: none"> • Proposed director candidates for the Company and major subsidiaries • Further refinement of succession plans and processes 	<ul style="list-style-type: none"> • Succession plans and refinement of skill matrix
Compensation Committee	<ul style="list-style-type: none"> • Compensation for directors and executives by verifying levels and structures based on comparative analysis of compensation survey information 	<ul style="list-style-type: none"> • Examination of executive compensation system reflecting stakeholder-oriented approach
Audit Committee	<ul style="list-style-type: none"> • Key audit items, including progress on the Medium-Term Management Plan, development and operation of the Group's internal control system, and management of financial reporting and disclosures 	<ul style="list-style-type: none"> • Monitoring of process for formulating the next Medium-Term Management Plan • Enhancement of Group internal control system
Risk Committee	<ul style="list-style-type: none"> • Appropriateness of the Group's risk management framework • Measures for fostering and instilling a risk culture • Initiatives pertaining to risk management given the recent external environment 	<ul style="list-style-type: none"> • Intersection of materiality management and risk management • Enhancement of risk governance in Group management • Strengthening and improving resilience • Risk management in accordance with a trust bank group characteristics
Conflicts of Interest Committee	<ul style="list-style-type: none"> • Development of frameworks for conflict of interest management and client protection management concerning Group and business expansion • Raising awareness about, and upholding, Group fiduciary duties 	<ul style="list-style-type: none"> • Group management of conflicts of interest in light of next Medium-Term Management Plan • Clients' best interests as a trust bank group

*1 July 2021 through June 2022

*2 July 2022 through June 2023

*3 For the Audit Committee, audit instructions from the Board of Directors

7 Compensation System for Directors and Executive Officers / Succession Plan

(1) Policy Regarding Decisions on the Content of Compensation

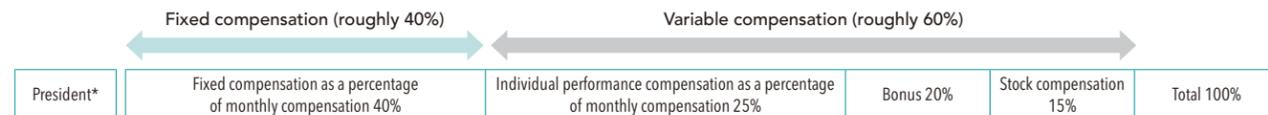
- Compensation for directors and executive officers is intended to function effectively as an incentive for the improvement of corporate performance and enhancement of enterprise value.
- Rather than focusing on a single-year performance evaluation in which short-term contributions to profit are emphasized, 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. Please note that the method for reflecting evaluations into stock-based remuneration is being reviewed in FY2022. See the message from the chairperson of the Compensation Committee on the next page for more details. The chart below shows the structure used in FY2021.

Near-term / medium-term	Indicators (KPIs) concerning performance-linked compensation	KPI selection reason	Evaluation Weight	Calculation method
Bonus for directors and executive officers (Bonus linked to earnings)				
		Target*1	Actual*1	
Linked to near-term earnings	(1) Consolidated net business profit	280 bn yen	346 bn yen	Considered them as appropriate indicators of the company's business results and capabilities in the fiscal year under review
	(2) Consolidated net profit attributable to owners of the parent	155 bn yen	169 bn yen	
Linked to near-term earnings	(1) Consolidated net business profit	280 bn yen	346 bn yen	Considered them as appropriate indicators of the company's business results and capabilities in the fiscal year under review
	(2) Consolidated net profit attributable to owners of the parent	155 bn yen	169 bn yen	
Stock compensation (Share delivery trust)*2				
Linked to medium-term earnings	(3) Consolidated shareholders' equity and ROE	Around 7%	6.25%	(1) 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
	(4) Consolidated CET1 ratio (common equity tier 1 capital ratio)	Mid-10% range	9.9%	
	(5) Consolidated overhead ratio (OHR)	Lower 60% range	57.1%	
	(6) ESG-related activities and rating agency score, etc.	-	-	(2) To clarify commitment to management of directors, officers, and executive officers
	(7) Fiduciary duty and client satisfaction activities	-	-	

*1 (1) and (2) are fiscal 2021 actual results versus fiscal 2021 forecasts. (3) through (5) are fiscal 2021 results versus fiscal 2022 targets established under 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/cancellation before delivery of shares) and clawback (recovery after delivery of shares) provisions apply.

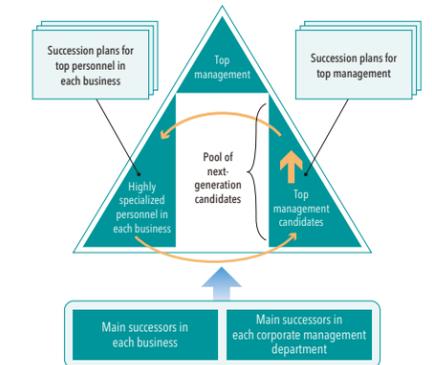
(4) Succession Plans

In order to achieve sustainable growth for the Group and enhance its corporate value, we have developed 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 those in charge of managing each business and those engaged in corporate management. These plans set out the ideals and requirements for directors and executive officers and aid in the management and development of a suitable pool of candidates. More specifically, even though candidates for top management are selected every year, the Nominating Committee deliberates on their selection, including future development policies, with reference to such information as performance, track record, assessments, experience, and skills whilst taking the current and future operating environment into account. These factors are reflected in job placement and responsibilities the following

fiscal year and also prove useful in the development of top management. Also, when actually selecting a successor to top management, the Nominating Committee thoroughly deliberates on the candidates and the selection process and reports the results to the Board of Directors.

The progress of succession plans and development plans are periodically reported to the Board based on the aforementioned deliberations of the Nominating Committee.

Development of management personnel based on management team succession plan



Message from the chairman of the Compensation Committee



Changes to how ESG performance is reflected in FY2022 executive compensation

Hiroko Kawamoto
External Director
Chairperson of the Compensation Committee

Given that the Group's sustainable management is growing increasingly important and stakeholders are more focused than ever before on how ESG assessments are reflected in the compensation paid to executive officers, the Compensation Committee has continued to discuss what kind of changes it should implement to executive compensation so that it functions more effectively as a sound incentive on ESG issues.

As a result, for executive compensation in FY2022, we decided to introduce changes to the stock-based (share delivery trust) remuneration system and incorporate a stronger emphasis on ESG.

The main changes are as follows.
<Main changes>

- The previous system of taking qualitative assessments of ESG as a component added on to the near-term earnings-linked performance evaluation into account has been changed to a system under which a 1:1:1 ratio for near-term earnings, medium-term financial metrics, and ESG is reflected in the performance evaluation for stock-based remuneration.
- The ESG assessment categories have been reviewed in light of materiality and now comprise the following five categories: climate change, fiduciary duties (FD) & client satisfaction (CS), employee engagement, D&I (empowerment of women, etc.), and ESG assessment organizations. We have therefore changed to a system in which the Compensation Committee determines an overall ESG score by quantitatively and qualitatively assessing these five categories and reflecting it in executive compensation.

I believe these changes to the performance evaluation system will generate a stronger awareness of the Group's initiatives to address sustainability issues and further advance our sustainable management.

New performance assessment system for stock-based remuneration

Indicators (KPIs) for performance-linked compensation	Assessment weighting	Calculation method	Final determination method
Linked to near-term earnings	(1) Consolidated net business profit	33.3%	Achievement rate vs. target
	(2) Consolidated net profit attributable to owners of the parent		
Linked to medium-term financial metrics	(3) Consolidated shareholders' equity and ROE	33.3%	Assessment score calculated based on qualitative assessment of progress on achieving Medium-Term Management Plan targets
	(4) Consolidated CET1 ratio (common equity tier 1 capital ratio)		
	(5) Consolidated overhead ratio (OHR)		
Linked to ESG	(6) ESG overall assessment (categories: climate change, FD & CS activities, employee engagement, D&I (empowerment of women, etc.), ESG assessment organizations*)	33.3%	Assessment score calculated based on overall assessment comprising both quantitative and qualitative evaluations of activities in each assessment category

* MSCI, FTSE, and Sustainalytics

Our Board of Directors and Executive Officers

(As of July 1, 2022)

Directors (internal)

			Areas of expertise			
			Corporate management	Financial accounting	Legal affairs, risk management, and compliance	Creativity
	Director, President (Representative Executive Officer) Toru Takakura	Toru Takakura has served as a senior managing executive officer in charge of overseeing corporate management departments of SuMi TRUST Holdings, and assumed office as President, Executive Officer in April 2021, and as Director, President in June 2021. He also has experience of being in charge of corporate management departments of Sumitomo Mitsui Trust Bank, Limited and has served as an officer in charge of Fiduciary Services Business. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.	●	—	●	●
	Director, Deputy President (Representative Executive Officer) Jiro Araumi	Jiro Araumi was in charge of the corporate management department as Senior Managing Executive Officer from April 2017, and Director, Senior Managing Executive Officer from June 2017 to March 2021. He has assumed office as Director, Deputy President since April 2021. He also served as an officer in charge of Fiduciary Services Business of Sumitomo Mitsui Trust Bank, Limited until March 2021. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.	●	—	●	●
	Director, Senior Managing Executive Officer Nobuaki Yamaguchi	Nobuaki Yamaguchi has extensive sales experience in the Wholesale Total Solution Services Business and Real Estate Business since he took office as executive officer of Sumitomo Mitsui Trust Bank, Limited in April 2017. At SuMi TRUST Holdings, he has been in charge of corporate management departments as Senior Managing Executive Officer since April 2021, and as Director, Senior Managing Executive Officer since June 2021.	●	●	—	●
	Director, Executive Officer Kazuya Oyama	Kazuya Oyama has been responsible for the planning and promotion of the Group's management strategy since he took office as Managing Executive Officer, General Manager of Corporate Planning Department of SuMi TRUST Holdings in April 2017. He assumed office as President of Sumitomo Mitsui Trust Bank, Limited in April 2021, and has been responsible for overall management of the company. He also has served as Director, Executive Officer at SuMi TRUST Holdings since June 2021.	●	●	●	●
	Chairman Nominating Committee Member Compensation Committee Member Tetsuo Ohkubo	Tetsuo Ohkubo has experience in positions for supporting part of corporate management, being in charge of corporate management departments of SuMi TRUST Holdings, and supervised overall group management as Director, President from June 2017 to March 2021. He has assumed office as Chairman since April 2021.	●	●	●	●
	Director Nominating Committee Member Compensation Committee Member Masaru Hashimoto	Masaru Hashimoto has been in charge of corporate management departments of SuMi TRUST Holdings. From October 2016 to March 2017, he served as Deputy President Executive Officer. Since June 2017, he has served as Director, Executive Officer, in a position of assisting the Group's overall management. At Sumitomo Mitsui Trust Bank, Limited, he was responsible for overall management from April 2017 to March 2021 as President. He has served as Chairman since April 2021.	●	●	●	●
	Director Audit Committee Member Kuniyuki Shudo	Kuniyuki Shudo has served as general manager of the Fiduciary Services Business and overseas units, Regional Executive for the Americas, and General Manager of New York Branch. He then served as Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, Executive Officer of SuMi TRUST Holdings, in charge of the Global Business Management Office and the Americas Business Management Office. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.	●	—	●	●
	Director Audit Committee Member Kouji Tanaka	Kouji Tanaka has served as general manager of the Real Estate Business and general manager of domestic branches. He then served as Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, in charge of the Internal Audit Department. Therefore, he has extensive knowledge and experience regarding the corporate management and business operations of a trust bank group.	●	—	●	●

Executive Officers, Executive Officers*2

Senior Managing Executive Officer	Managing Executive Officer	Executive Officer, Executive Officer*2	Executive Officer*2	Executive Officer*2
Futoshi Itani	Atsushi Matsumoto	Masaya Yamashiro	Toshiya Shimobeppu	Nobuhisa Takahashi
Managing Executive Officer	Managing Executive Officer	Executive Officer*2 (Real Estate Business)*3	Executive Officer*2	Executive Officer*2
Junya Ueda	Masakatsu Sato	Atsushi Kaibara	Kenji Kaiya	Atsushi Ueda
Managing Executive Officer Risk Committee Member Conflicts of Interest Committee Member	Executive Officer, Executive Officer*2	Executive Officer*2 (Retail Business)*3	Executive Officer*2	Executive Officer*2
Yasuyuki Suzuki	Shigenori Ikemura	Seiji Iwakuma	Yoshio Hishida	Shinichi Nonomura
Managing Executive Officer, Executive Officer*2 (Private Banking Business)*3	Executive Officer, Executive Officer*2 Risk Committee Member Conflicts of Interest Committee Member	Executive Officer*2 (Investor Services Business and Asset Administration Business)*3	Executive Officer*2	Executive Officer*2 (Global Markets Business)*3
Toshiaki Nakano	Yuki Takada	Kengo Noguchi	Toshio Masui	Shinichi Tao
Managing Executive Officer	Executive Officer	Executive Officer*2 (Wholesale Business (Corporate Business))*3	Executive Officer*2 (Asset Formation Advisory (Work Place))*3	Executive Officer*2
Manatomo Yoneyama	Miyo Yajima	Shigeki Tanaka	Daisuke Maeda	Riro Sato

*2 Executive Officers as defined in our internal policy; unless otherwise annotated, Executive Officers are defined in the Companies Act.

*3 () indicates the business in charge at SuMi TRUST Bank.

Directors (external)

			Area of expertise			
			Corporate management	Financial accounting	Legal affairs, risk management, and compliance	Creativity
	Director (external) Nominating Committee Chairman Compensation Committee Member Isao Matsushita*1	Mr. Isao Matsushita has extensive experience in the general management of companies, as a former Representative Director and President of JX Holdings, Inc. (currently ENEOS Holdings, Inc.), which is an integrated energy, resources, and material enterprise group that represents Japan. (He has served as an external director, chairman of the Board of Directors, and chairman of the Nominating Committee at SuMi TRUST Holdings since June 2017.)	●	●	—	●
	Director (external) Audit Committee Member Shinichi Saito*1	Mr. Shinichi Saito has extensive knowledge and experience in financial accounting as the former General Manager of the Finance Department of Marubeni Corporation. In addition to engaging in management at an investment company, he also has acquired deep insight as a company executive. (He served as an external auditor at SuMi TRUST Holdings for four years since June 2013, and as an external director at SuMi TRUST Holdings since June 2017.)	●	●	●	●
	Director (external) Nominating Committee Member Compensation Committee Chairman Hiroko Kawamoto*1	Ms. Hiroko Kawamoto served as Executive Vice President of All Nippon Airways Co., Ltd. from April 2013, and as Executive Vice President and Member of the Board from April 2016. She was responsible for the overall management of the company and promotion of women's activities. Therefore, she has extensive knowledge and experience regarding corporate management and diversity. (She served as an external director at SuMi TRUST Bank for one year from June 2016, and as an external director at SuMi TRUST Holdings since June 2017.)	●	—	●	●
	Director (external) Nominating Committee Member Audit Committee Chairman Mitsuhiro Aso*1	Mr. Mitsuhiro Aso has served as Superintending Prosecutor of Fukuoka High Public Prosecutors Office and Interlocking Professor at Hosei University Law School. Therefore, he is a legal expert with experience in organization management. (He served as an external auditor at Sumitomo Mitsui Trust Bank, Limited, for three years from June 2016, and as an external director at SuMi TRUST Holdings since June 2019.)	—	—	●	●
	Director (external) Nominating Committee Member Compensation Committee Member Conflicts of Interest Committee Member Nobuaki Katoh*1	Mr. Nobuaki Katoh has extensive experience in the general management of companies as a former President & CEO of DENSO CORPORATION, global auto parts manufacturer. He also has experience in the overseas general management of companies as a former President & CEO of DENSO INTERNATIONAL EUROPE B.V. (He has served as an external director at SuMi TRUST Holdings since June 2021.)	●	—	—	●
	Director (external) Nominating Committee Member Compensation Committee Member Masanori Yanagi*1	Mr. Masanori Yanagi has extensive experience regarding overall bank management and policy-based finance, etc. as a former President of Development Bank of Japan Inc., and has extensive knowledge regarding domestic and foreign financial and economic circumstances as Chairman of the Board of Directors of the Japan Economic Research Institute (JERI). (He has served as an external director at SuMi TRUST Holdings since June 2021.)	●	—	—	●
	Director (external) Audit Committee Member Risk Committee Member Kaoru Kashima*1	Ms. Kaoru Kashima had been a member of a major audit firm for many years, and has extensive knowledge and experience in financial accounting as a certified public accountant in charge of operating companies. She has also been engaged in management, human resources, corporate culture, public relations and promoting active participation of women as a managing director of an audit firm and a corporate manager. (She served as an external director (Audit and Supervisory Committee member) at SuMi TRUST Bank for two years from June 2019. She also has served as an external director of SuMi TRUST Holdings since June 2021.)	●	●	●	●

*1 External director as prescribed in Article 2, item 15 of the Companies Act. The overall balance, including areas of expertise above, is taken into consideration when external directors are selected.

Members of Each Committee

(△ : Committee Chairperson ● : External Director ○ : Internal Director (non-executive) □ : Female
● : Executive Officer, Executive Officer*2 (non-director) ● : External expert)

External	Directors		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*4					△
		Kenji Fujii				△	
		Haruyuki Toyama				●	
Internal	Directors	Tetsuo Ohkubo	○	○			
		Masaru Hashimoto	○	○			
		Kuniyuki Shudo			○		
		Kouji Tanaka			○		
	Managing Executive Officer	Yasuyuki Suzuki				●	●
Executive Officer, Executive Officer*2	Yuki Takada				□	□	

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

1 Basic Policy on Risk Management

In order to ensure sound management, secure revenue through risk taking based on management strategies, and achieve sustainable growth, the Group follows a basic policy of accurately assessing risk conditions and implementing necessary risk-related measures through a series of risk management activities, including risk identification, evaluation,

monitoring, control and mitigation, validation for advancement, and review, based on the Group's management policy and basic policy on the internal control system.

The Group's risk management framework encompasses the Risk Appetite Framework, and integrates it to function organically within the Group.

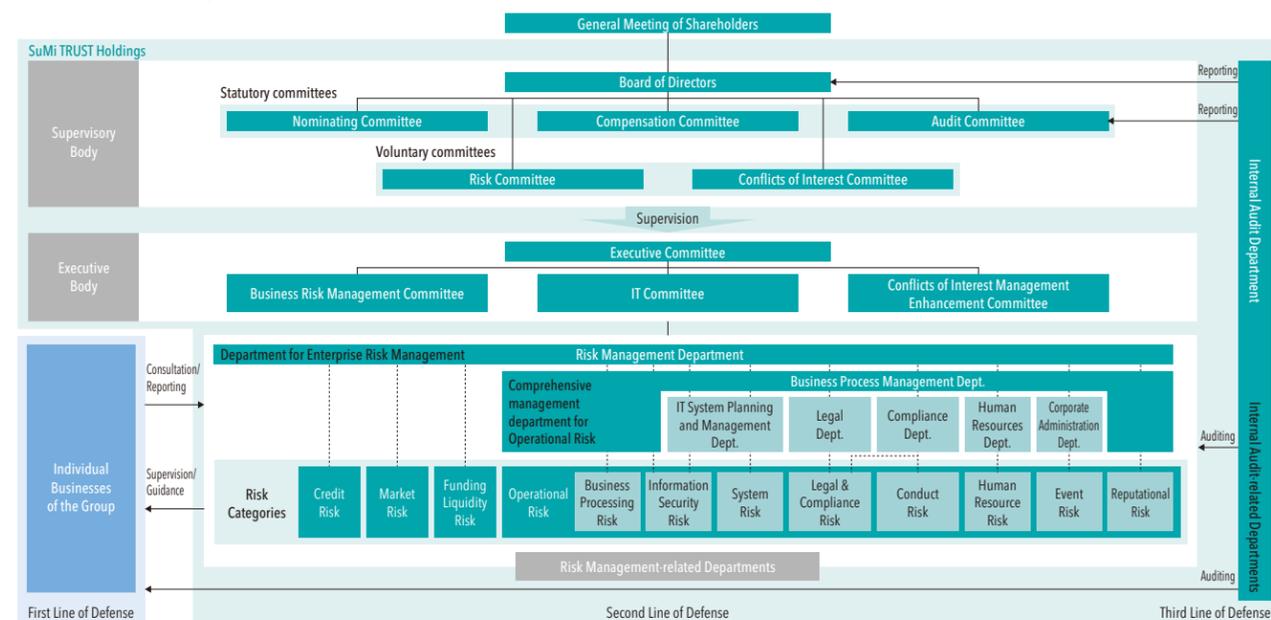
2 Risk Management System

(1) Risk Governance System

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system consisting of risk management by individual businesses (first line of defense),

risk management by the Risk Management Department and individual risk management-related departments (second line of defense), and validation by the Internal Audit Department (third line of defense).

Risk Governance System



1) First Line of Defense

Each Group business identifies and gains an understanding of the risk characteristics involved in carrying out its own business, based on knowledge of the services and products in that business. Each business takes risks within the scope of its risk appetite (the type and amount of risk to be taken to achieve the goals set in the management plan) in accordance with its risk-taking policy, evaluates risks, and swiftly implements risk control at the on-site level when risks materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

2) Second Line of Defense

The Risk Management Department and risk management-related departments act as control departments responsible for the management of each risk category. In accordance with the Group-wide basic policy on risk management

approved by the Board of Directors, the Risk Management Department and risk management-related departments act as a check-and-balance function for the risk taking of the first line of defense, and supervise and provide guidance regarding the risk governance system from an independent standpoint.

The Risk Management Department, as an Enterprise Risk Management Department, performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, and sets risk limits in accordance with the group-wide risk management policy determined by the Board of Directors. In addition, it formulates group-wide recovery strategies, in advance, to prepare for cases when risks materialize. Furthermore, it shares information with risk management-related departments appropriately, monitors the overall status of risks and risk management in

an integrated manner, and reports the status to the Executive Committee and the Board of Directors.

3) Third Line of Defense

The Internal Audit Department audits the effectiveness and appropriateness of the group-wide risk governance system and processes from a standpoint independent of the first and second lines of defense.

4) Executive Committee

The Executive Committee is composed of representative executive officers and executive officers designated by the President. It makes decisions on matters concerning risk management and undertakes preliminary discussions regarding matters to be resolved by and reported to the Board of Directors.

5) Board of Directors

The Board of Directors is composed of all of the directors. It decides on the Group's management policy and strategic goals for risk taking, formulates a risk management policy, etc. that reflects these strategic goals based on a solid understanding of the location and nature of risks, and develops an appropriate risk governance system and supervises its implementation. The Board of Directors has voluntarily established the Risk Committee and the Conflicts of Interest Committee, as advisory bodies, based on the business strategies and risk characteristics of the Group.

• Risk Committee

The Risk Committee receives requests for consultation from the Board of Directors on matters concerning the business circumstances surrounding the Group and the effectiveness of its risk management, etc., reviews their appropriateness, and reports its findings.

• Conflicts of Interest Committee

The Conflicts of Interest Committee receives requests for consultation from the Board of Directors on matters concerning the Group's fiduciary duties and conflict of interest management, which are the foundation on which the Group seeks to become the "Best Partner" of its clients based on a fiduciary spirit, reviews their appropriateness, and reports its findings.

(2) Risk Management Process

In the Group, the Risk Management Department and individual risk management-related departments act as the second line of defense, performing risk management using the following procedure. This risk management process, along with its associated systems, undergoes regular auditing by the Internal Audit Department, which acts as the third line of defense.

1) Risk Identification

The risks faced by the Group are comprehensively identified, while ensuring the comprehensiveness of the Group's operations, and the risks to be managed are identified based on the scale and characteristics of the identified risks. Of note, risks that are particularly important are managed as material risks.

2) Risk Evaluation

The risks identified as requiring management undergo

analysis, assessment, and measurement in a manner appropriate for the business scale, characteristics, and risk profiles. We periodically evaluate material risks in terms of frequency of occurrence, degree of impact, and severity to determine whether they can be classified as "top risks" (risks that require management attention due to their potential to have a material impact on the Group's business capabilities and earnings targets within one year) or "emerging risks" (risks that could have a material impact in the medium to long term; i.e., after one year).

3) Risk Monitoring

After setting KRIs* and other indicators, risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles, allocated capital usage status, etc.) and external environment (economy, markets, etc.). Recommendations, guidance, and advice are given to each of the Group's businesses based on the risk conditions. Monitoring contents are reported and submitted to the Board of Directors, the Executive Committee, and other bodies regularly or as needed.

* KRI = Key Risk Indicator

Risk Predictor Management for Top Risks, etc.

Risk appetite indicators are defined for risks resulting from internal factors, based on the features of the Group's business model and risk characteristics, and these management indicators are monitored. Regarding risks resulting from external factors, the top risks and emerging risks are selected, and risk predictors are monitored. Countermeasures are implemented based on the monitoring results for both types of risks.

The top risks and emerging risks at present include "Risks related to the global COVID-19 pandemic", "Risks related to climate changes", and other risks. The results of risk analysis and necessary countermeasures are reported to the Board of Directors and the Executive Committee.

Main Top Risks and Emerging Risks

- Risks related to the COVID-19 pandemic
- Risks related to falling prices for strategic shareholdings and similar assets
- Risk related to concentration of credit in major obligors in the credit portfolio
- Risks related to cyberattacks
- Risks related to climate change*
- Risks related to emergence of geopolitical events (e.g. the Ukraine crisis)
- Risks related to innovation
- Risks related to Japan's declining birthrate and aging population

* Please refer to the section of this report titled Addressing Climate Change Issues and to the TCFD Report 2021/2022 (published in January 2022) for information on the Group's efforts to counter risks related to climate change.

4) Risk Control and Mitigation

If any incidents that could have a significant impact on the soundness of management occur, such as the risk amounts exceeding the risk limits, or the existence of concerns that it might do so, appropriate reports are presented to the Board of Directors, the Executive Committee, and other bodies, and the necessary countermeasures are implemented according to the severity of the risk.

3 Risk Appetite

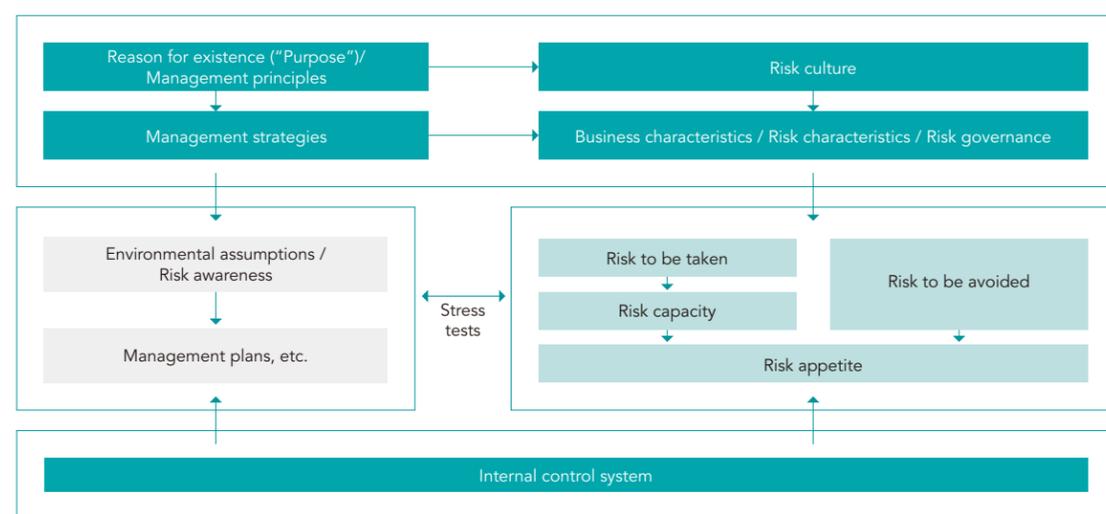
(1) Outline of the Risk Appetite Framework

The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process for determining risk appetite within the Group's risk capacity, in order to achieve management strategies formulated based on the Group's reason for existence ("Purpose") and management principles ("Mission"), together with an internal control system that monitors the process and ensures its

appropriateness and sufficiency.

To improve profitability and enhance risk management, the Group's RAF establishes communication processes through the setting, propagation, and oversight of risk appetite and promotes the improvement of transparency in the decision-making process, the optimization of management resource allocation, and the strengthening of the monitoring system for the whole of risk-taking.

■ Outline of the Risk Appetite Framework



(2) Risk Appetite Controlling Process

1) Determining Risk Appetite Target

The Group classifies risks into two categories: (1) risk to be taken (that occurs in relation to activities that generate returns) and (2) risk to be avoided (such as conduct risk that cannot be tolerated by the Group).

Under RAF, the Board of Directors establishes a risk-taking policy, which is an overriding management policy based on its management principles, and takes into account the results of stress tests to set risk appetite indicators. In addition, the Executive Committee sets more detail risk-taking policy and risk appetite indicators for each business within the scope of policy set by the Board of Directors.

The risk-taking policy and risk appetite indicators are determined in accordance with the management plan, and are reviewed at least once a year or when necessary.

2) Monitoring of Risk Appetite Tolerance

In order to verify that risk taking is conducted

appropriately based on its business model, the Group sets separate risk appetite indicators from the three perspectives of return, risk, and cost, and monitors them regularly. If the indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or reconsiders the levels of risk taking.

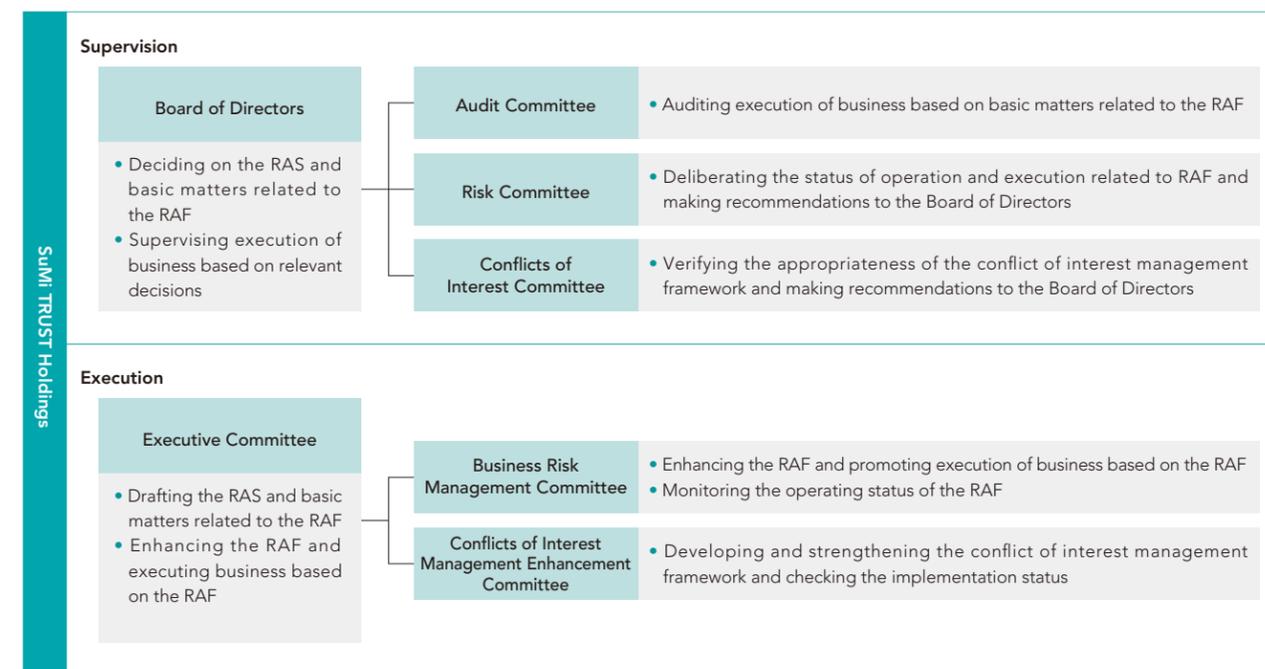
3) Risk Governance

Risk governance, which forms a part of corporate governance, is a framework for identifying, measuring, managing, and controlling risks, as well as ensuring appropriate risk taking, by defining and monitoring risk appetite.

The Group promotes the enhancement of risk governance, with the aim of achieving the sustainable and solid development of the Group.

The Group is working on enhancing the operation of risk appetite through discussions at the Risk Committee and the Conflicts of Interest Committee, etc. as part of its initiatives to enhance corporate governance.

■ Risk Appetite Framework Management System



(3) Developing Positive Risk Culture

The Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group, as well as its directors, officers, and employees, that flexibly execute risk taking, risk management, and risk control based on an appropriate assessment of risks, guided by a high degree of self-discipline based on the fiduciary spirit.

In order to foster a risk culture so that it will take root across the Group, we define risk-taking policies for each

business when formulating its management plan, and encourage appropriate risk-taking by all officers and employees. In this way, the Group aims to build sustainable business models that contribute to increasing corporate and stakeholder value. In addition, we have formulated a Risk Appetite Statement (RAS) clearly stating our RAF, which is used as a common language in lively discussions concerning risk appetite within the Group.

4 Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust bank group, strives to create distinct value through a total solution business model that combines its banking, asset management and asset administration, real estate businesses, and others.

The Group faces various risks, including credit risk, market risk, funding liquidity risk, and operational risk, which vary depending on the business characteristics of each of the Group's businesses.

In this context, as a basis for improving management of

risks related to trust business operations, we have established Group-wide Trust Business Guidelines to provide information about basic matters that warrant caution. SuMi TRUST Bank primarily manages these risks in the operational risk category, particularly in terms of its duty of due care as a prudent manager, duty of loyalty, and duty to segregate property as a trustee.

Reporting is regularly performed regarding whether the overall risk of the Group, combining the risks of each business, is within the limits of risk capacity (soundness and liquidity) that have been determined by the Board of Directors.

■ Risk Definition

Risk Category	Definition
Credit Risk	Risk that the Group may incur losses due to a decrease or impairment of the value of assets (including off-balance sheet assets), for reasons such as deterioration of the financial condition of obligors. In this regard, "country risk" in particular refers to the risk that the Group may incur losses on credit provided overseas, due to the foreign exchange, political, or economic conditions in the countries where our clients operate.
Market Risk	Risk that the Group may incur losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. In this regard, "market liquidity risk" in particular refers to the risk that the Group may incur losses due to a situation in which it becomes impossible to conduct transactions in the market, or becomes obligatory to trade at prices that are significantly more disadvantageous than usual, due to market turmoil.
Funding Liquidity Risk	Risk that the Group may incur losses in a situation where it becomes impossible to secure necessary funds, or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are "risk sub-categories" within Operational Risk)	Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to inadequate or failed business processes, the activities of executives or employees, computer systems, or due to external events.
Business Processing Risk	Risk that the Group may incur losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud.
System Risk	Risk that the Group may incur losses due to reasons such as computer system failures, malfunctions, and defects, as well as the risk that the Group may incur losses due to unauthorized computer usage.
Information Security Risk	Risk that the Group may incur losses due to the improper management or maintenance of information assets. This includes information leaks, information errors, and misuse of information, as well as an inability to use the information system.
Legal & Compliance Risk	Risk that the Group may incur losses due to uncertainty regarding the legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Conduct Risk	Risk that may adversely affect the Group, clients, markets, financial infrastructure, society, or the work environment due to the actions of Group companies, executives, or employees that are unprofessional or do not meet the expectations and trust of stakeholders.* <small>*Appropriate service level set by the Group based on an understanding of reasonable expectations</small>
Human Resource Risk	Risk that the Group may incur losses due to personnel and labor management issues, such as unequal or unfair management of personnel, and harassment.
Event Risk	Risk that the Group may incur losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, and the spread of infectious diseases, or due to the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the Group may incur losses as a result of a deterioration of the reputation of SuMi TRUST Holdings or its subsidiaries, due to reasons such as mass media reports, rumors, or speculation.

5 Enterprise Risk Management

(1) Enterprise Risk Management System

We manage risks by comprehensively grasping the risks faced by the Group, which are evaluated on an individual risk category basis, and comparing and contrasting them against our corporate strength i.e. capital adequacy (enterprise risk management).

We evaluate the effectiveness of our risk management and risk control annually, and when the need arises due to changes in the business environment or other circumstances,

we will consider revisions to our risk category system, risk management system, and other policies.

Among the risks we manage through our enterprise risk management, we combine the risk values for risks that can be quantitatively measured using a single standard, such as VaR*, and compare the combined value against our corporate strength i.e. capital adequacy, thereby managing risks (integrated risk management).

* VaR = Value at Risk

(2) Capital Allocation Operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each business, including the Group companies, based on each risk category (credit risk, market risk, and operational risk) in consideration of the external environment, risk-return performance status, scenario analysis, and the results of assessments of capital adequacy levels. The capital allocation plan is subject to the approval of the Board of Directors. Capital allocation levels are determined based on the Group's risk appetite.

Each business is operated within both the allocated amount of risk capital and its risk appetite. The Risk Management Department measures the risk amount on a

monthly basis, and reports regularly on the risk conditions, compared to the allocated capital and risk appetite, to the Board of Directors, and others.

(3) Stress Tests and Assessment of Capital Adequacy Level

The Risk Management Department performs three types of stress tests (hypothetical scenario stress testing, historical scenario stress testing, and examination of probability of occurrence) each time a capital allocation plan is formulated or reviewed, with the aim of ensuring capital adequacy from the standpoint of depositor protection. Based on the results of these stress tests, it assesses the level of capital adequacy, and reports to the Board of Directors, and others.

6 Information Security Risks and Cybersecurity Measures

SuMi TRUST Group considers information assets to be one of the most important managerial resources, and has set the protection of personal information and customer data as one of the management foundation materialities. In addition, the Group also identifies information security risk as "Risk that the Group may incur losses due to the improper management or maintenance of information assets, including through information leaks, information errors, and misuse of information, as well as an inability to use the information system," and positions it as one of the risk subcategories under operational risk. It has assigned an officer in charge and established a control department to properly manage customer information and implement cybersecurity measures.

In addition, we have established and announced our Declaration for the Protection of Personal Information, which is a set of policies designed to ensure the protection of the personal information of our clients and shareholders, and have declared to abide by them.

We will establish internal rules regarding the management framework and handling of information in accordance with the Personal Information Protection Act, related laws and regulations, and the "Guidelines for Personal Information Protection in the Financial Field" established by the Financial Services Agency. We will also hold regular training sessions for all employees twice a year to ensure that they are fully acquainted with the points of concern regarding the handling of information in their daily operations and to promote a principles-based understanding of information security.

(1) Organizational structure, etc.

Matters related to information security risk, as a risk subcategory within operational risk, are deliberated comprehensively by the Business Risk Management Committee at SuMi TRUST Holdings and by the Operational Risk Management

Committee at SuMi TRUST Bank, covering a series of processes such as the development of a management framework, formulation of plans, and the identification, evaluation, monitoring, and control of risks. In addition, policies and plans are decided by the Board of Directors after deliberation by the Executive Committee.

Based on the rules regarding authority, the series of processes are executed by the Business Process Management Department, the IT System Planning and Management Department, and other control departments responsible for information security risk management. The officer in charge of the Business Process Management Department and the officer in charge of the IT System Planning and Management Department are responsible for overall information security risk management.

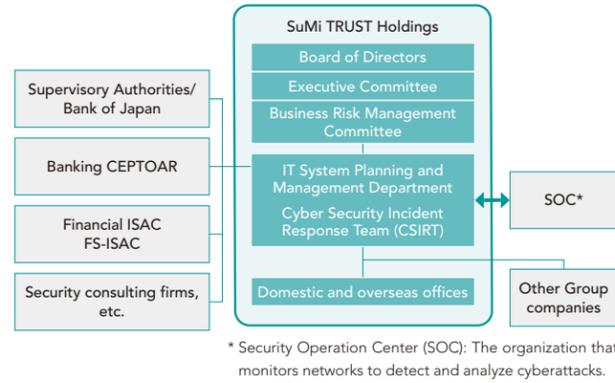
(2) Cybersecurity Management Framework

The Group has designated cyber-attacks as one of the governance and management framework materiality as well as a top risk, and has formulated the "Cybersecurity Management Declaration" to plan and promote cybersecurity measures under the leadership of our management team.

- We have established SuMiTRUSTCSIRT as a specialized organization for cybersecurity measures, and have built a management framework that collects and analyzes threat and vulnerability information from within and outside the Group, plans and implements security measures, and reports to management. We are also promoting the advancement of security measures through security review meetings and our IT Committee, as well as by utilizing outside expertise.
- The Group has established internal rules and regulations based on US security standards, and has developed processes for responding to cyberattacks both in normal times and in emergency situations.

- In addition to conducting cybersecurity risk assessments and system vulnerability assessments on a regular basis for SuMi TRUST Group and its subsidiaries and affiliates, we are promoting the standardization of cybersecurity rules and regulations to enhance and standardize the cybersecurity framework for the Group as a whole.

■ Cybersecurity Management System



(3) Monitoring System

The Group has built a common infrastructure for internet communications, and the Security Operation Center (SOC) monitors the common infrastructure network 24 hours a day, 365 days a year and detects threats by conducting correlation analysis of various types of data. This information is consolidated in SuMiTRUST-CSIRT*, and we have established a monitoring system centered on the CSIRT.

(4) Enhancing Cybersecurity Measures

We have established perimeter defense measures (multi-layered defense consisting of entry, exit, and internal measures) as a technical countermeasure against cyberattacks, and are working to reduce risk by implementing various measures to counter DDoS attacks, detect and block phishing websites, and handle other threats.

In addition, we periodically conduct risk analysis using cybersecurity heat maps and third-party assessments using international cybersecurity assessment tools such as FFIEC-CAT*. We also participate in cyber exercises organized by the Financial ISAC*³ and the Cabinet Cybersecurity Center, running through the PDCA cycle to enhance our countermeasures and cyber resilience. Furthermore, we are also prepared for emergencies through our cyber insurance.

(5) Responding to the New Normal

In response to the COVID-19 pandemic, work from home and telework environments are rapidly expanding in the Group. For cybersecurity risks related to teleworking, we implement thorough security measures and information

management for remote terminals and other equipment, and confirm safety through risk assessments and penetration tests.

(6) Security Personnel Development

To develop personnel with advanced expertise in cybersecurity, CSIRT collaborates with external experts in internal review meetings, participates in external communities such as Financial ISAC and FS-ISAC*⁴, provides external training and certification support, and sends employees to graduate schools.

We also make ongoing efforts to educate employees through information security training for all employees, phishing e-mail drills, and cyber exercises in cooperation with external organizations.

(7) System Risk Management Framework

In order to minimize the impact of large-scale failures and disasters on our information systems and prepare for early recovery and business continuity, we are working to strengthen our resilience by specifying the Group's communication and response systems in detail, developing workarounds and recovery procedures, and conducting education and training in operations.

In addition, to address the risk of delays and cost increases resulting from system development over a certain scale, we monitor the progress and quality management of largescale system development projects and report them to the IT Committee for discussion in an effort to ensure appropriate management of system development.

(8) IT Committee

The IT Committee is composed of the Officers and general managers in charge of each business management department, including the IT System Planning and Management Department, as well as external members, and examines and discusses important system investments and system technology from a multifaceted perspective. In terms of risk management, the IT Committee shares and discusses risks arising from system development, cybersecurity, and system risks, etc., and as an advisory body to the Board of Directors, actively utilizes the knowledge of external committee members, who are experts from outside the company, to enhance discussions and improve management.

*1 CSIRT (Computer Security Incident Response Team): In-house organization that collects, analyzes, and responds to early warning information about attacks

*2 FFIEC-CAT (Cyber Security Assessment Tool): A cybersecurity risk assessment tool published by FFIEC (Federal Financial Institutions Examination Council) for financial institutions

*3 Financial ISAC (Information Sharing and Analysis Center): Information sharing organization for Japanese financial institutions

*4 FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States

7 Crisis Management

The Group has developed systems to swiftly and appropriately implement emergency and crisis response measures in the event of natural disasters, computer system failures, outbreaks of new infectious diseases, and the like, which are rooted in its public mission and social responsibilities as a financial institution, and strives to disseminate information regarding these systems throughout the organization.

Specifically, we have developed BCPs (business continuity plans) for continuing business in the event of a crisis, after securing the safety of our clients, directors, officers, employees, and their families. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content.

In addition, we have created a response system in which, in the event of a crisis, an emergency response headquarters is created, which is headed by the President. For natural disasters such as large earthquakes and large-scale wind and

flood disasters, which are envisioned as having a significant impact, we are enhancing our response system through the preparation of backup offices and backup systems.

To address risks related to business continuity amid the COVID-19 pandemic, we established an emergency task force and set our basic stance of "ensuring the health and safety of our employees and their families," "maintaining business continuity as a key piece of social infrastructure," and "preventing the spread of infection in population (including activities that make the population less vulnerable)." In accordance with our stance, we have flexibly implemented measures while taking into account the COVID-19 infection situation in Japan and overseas, government requests, client trends, etc. In addition, we have implemented various business continuity measures as stipulated in our BCP and actively utilize teleworking in order to balance the maintenance of services with safety considerations.

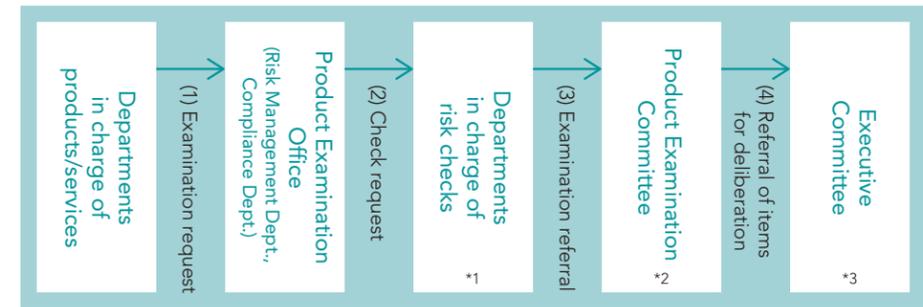
8 New Product and Service Examination System and Post-Introduction Management System

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.

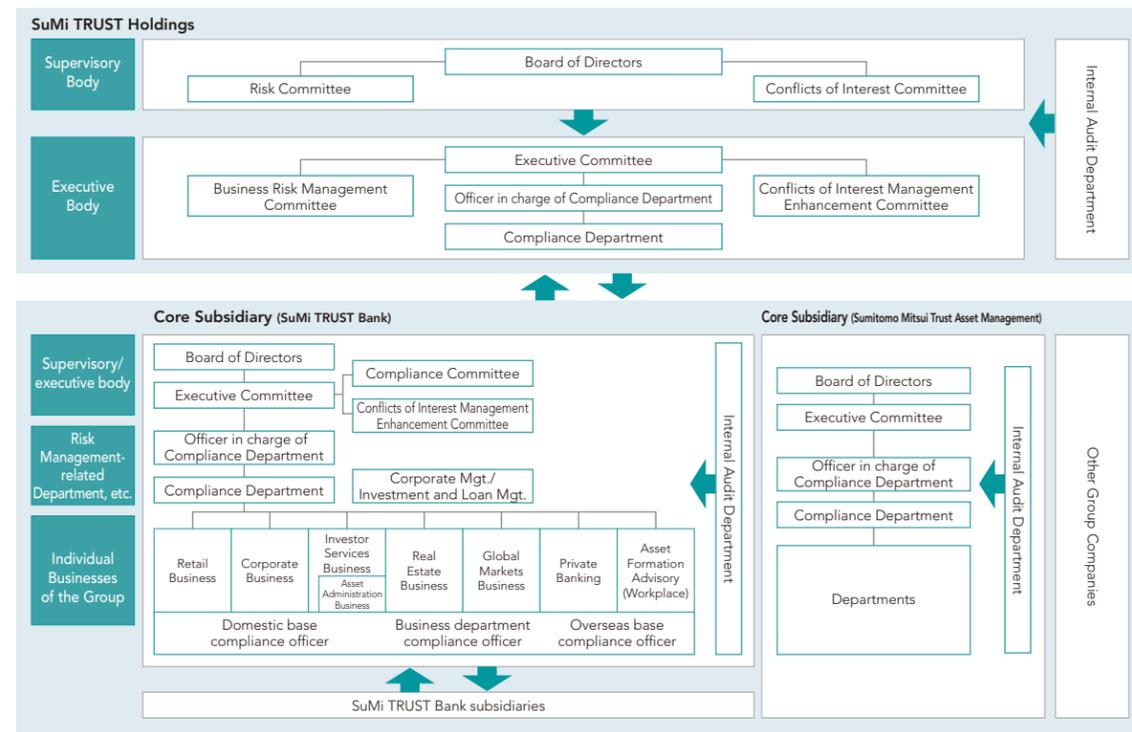
1 The Group's Basic Initiative Policy and Compliance Framework

The Group's mission and vision is to be known as The Trust Bank, and we therefore place compliance as one of the most important themes in realizing that goal. Our Codes of Conduct ("Value") advocate for strict compliance with applicable laws and regulations, and the Board of Directors has established Compliance Rules that lay out the organizational structure required to meet them, including the Group's basic policies, standards to be met by directors, executive officers and employees, etc.

In light of recent environmental changes and the rise in societal expectations, the Group is also working to implement a compliance framework suited to our mission and

vision, with better and best practices that go beyond mere compliance with laws and rules, as we aim to meet the expectations of our stakeholders and strengthen the trust they have placed in us.

In concrete terms, the Board of Directors has approved the formulation of an annual Compliance Program, through which it will regularly evaluate progress. In addition, the compliance framework is being implemented Group-wide in order to develop compliance frameworks tailored to the business of each Group company, with the formulation of compliance programs for each company, and the provision of guidance and supervision of progress and achievements.



2 Initiatives for Thorough Compliance Awareness

A Compliance Manual is distributed throughout the Group to explain laws and regulations that must be followed and describes how to handle the discovery of illegal or inappropriate behavior. We are also improving compliance training to maintain a high level of compliance awareness throughout the Group. Specific efforts include the Group's offering of training materials for e-Learning, discussion-based study sessions, etc., and working to spread awareness within Group

companies by providing training and study sessions tailored to the businesses and products offered by each, and using e-Learning to provide training on specific themes.

Moreover, we are working to identify and improve issues by conducting compliance awareness surveys at major subsidiaries in order to gain an accurate understanding of the extent of compliance awareness within the Group.

3 Hotline System

The Group has established a Compliance Hotline to enable directors, executive officers, and employees to directly report legal violations to the Compliance Department and external law firms. The system protects whistleblowers through careful handling of information and privacy protection, and by prohibiting unfavorable treatment of whistleblowers, and through the use of simple reporting methods, by phone (to an external law

firm) or online (to an in-house point of contact (SuMi TRUST Bank)). We have also set up an accounting hotline to receive reports of inappropriate accounting practices. (Please see page 376 of the reference materials.)

* Visit the website below to access our Sustainability Report, which contains information that includes the number of whistleblowing reports.
<https://www.smth.jp/english/-/media/th/english/sustainability/report/2021/full/11.pdf>

4 Initiatives to Prevent Money Laundering and Exclude Criminal Groups

The Group has published an Anti-Money Laundering Compliance Policy which delineates how we are continuously upgrading the systems in place by conducting regular risk assessments at overseas offices, supervising the development of mitigation systems tailored to specific risks, and overseeing upgrades to prevent unauthorized use of financial services. In addition, we provide training materials and advice to each Group company to bolster internal anti-money laundering* training and systems that help employees acquire specialized qualifications, thereby enhancing the anti-money laundering system of the Group as a whole.

The Group's Codes of Conduct ("Value") declare that it will stand firm against anti-social forces (i.e. criminal groups) and we are working to prevent any transactions with such groups. We have introduced exclusion clauses against organized crime groups for our various products and services,

and we work closely with the police and other external agencies to cancel any transactions if it becomes clear after the transaction has begun that it is being conducted with a criminal group. Additionally, directors, executive officers, and employees undergo annual training on how to prevent any such transactions in order to increase awareness.

* Anti-money laundering is defined by the Group as the prevention of unauthorized use of financial services as detailed in the points (1)-(3) below.
 (1) Money laundering: The act of attempting to prevent the discovery or seizure by investigative authorities of funds obtained through fraudulent/illegal means.
 (2) Terrorist financing: The act of providing support through collecting or provision of funds or real estate that will be used to fund terrorist acts or otherwise fund the activities of terrorist organizations.
 (3) Proliferation financing: The act of providing funds or financial services to any individual or group subject to a freeze of assets or other measures for being involved in the development, possession, or export of weapons of mass destructions (nuclear, chemical, or biological weapons).
 * For more information about our initiatives to prevent money laundering and exclude criminal groups, please visit the website below to access our Sustainability Report.
<https://www.smth.jp/english/-/media/th/english/sustainability/report/2021/full/11.pdf>

5 Initiatives to Prevent Bribery and Corruption*

The Group has published an Anti-Bribery and Corruption Compliance Policy, and has implemented an anti-bribery and anti-corruption program supervision by management. The program aims to review and strengthen prevention measures through regular risk assessments on bribery and corruption, and we are working to enhance the system by building close, cooperative relationships between overseas offices and local legal representation in order to respond quickly and appropriately in those localities where risk is particularly high.

In addition, the Group provides directors, officers, and

employees with regular training each fiscal year. Also provided is additional specialized training for employees at departments with a high potential risk of facing bribery, and written pledges for compliance are obtained from the employees.

* The Group defines bribery and corruption as the act of offering, promising, or providing entertainment, gifts of money or goods, or other benefits with the intent to improperly influence the counterparty, and the act of receiving or requesting goods or services with the intent to improperly benefit the provider.
 * For more information on our anti-bribery measures, please visit the website below to access our Sustainability Report.
<https://www.smth.jp/english/-/media/th/english/sustainability/report/2021/full/11.pdf>

6 Initiatives to Prevent Insider Trading

Through its "Rules on Insider Information Management," the Group strictly regulates the handling of information that may be obtained during the execution of working duties. In addition, we have established a framework for regular

training on prevention of insider trading, and we obtain written pledges for compliance with internal rules from directors, officers, and employees.

1 Conduct Risk

As a trust bank group, we have a responsibility to meet the deserved expectations of our stakeholders and earn their trust, and we are expected to act in a way that fulfills that responsibility based in the high professional ethics and self-discipline that is born out of the fiduciary spirit.

Any inappropriate behavior that fails to meet these expectations could potentially have a negative impact on our clients, our working environment, the market, and society itself.

Examples would include damage to our credit and other non-financial burdens, or the levying of fines, lawsuit settlements, and other financial burdens.

The Group recognizes these risks as significant, and they

are managed as conduct risk, a sub-category of operational risk.

The Group classifies conduct risk as any action that could have a negative impact on the Group, the working environment, our clients, the market, the financial infrastructure, or society due to an officer or employee of a Group company engaging in behavior that violates professional ethics or otherwise fails to meet expectations among stakeholders or damages their trust in us. Each Group company is working to create a PDCA cycle to regulate this possibility by defining and evaluating conduct risk, implementing risk control measures, and more.

2 Conduct Risk Management Initiatives

The Group recognizes that any situation that could lead to public questioning of the Group's corporate ethics and attitude is a risk, so we consider conduct risk management to be the effort to prevent such situations by regulating behavior that could lead there.

For example, the behavior of each Group company's officers and employees is often a reflection of their own beliefs, and that is where risk begins. It is important for these officers and employees to not simply comply with the rules every day, but to rather return to the position of professional ethics and have a shared understanding that what is important is to act with the customer in mind.

For this reason, conduct risk management in the Group is founded on assumption that reducing risk can be achieved by maintaining professional ethics, having a positive impact on stakeholders, and promoting better and best practices for clients.

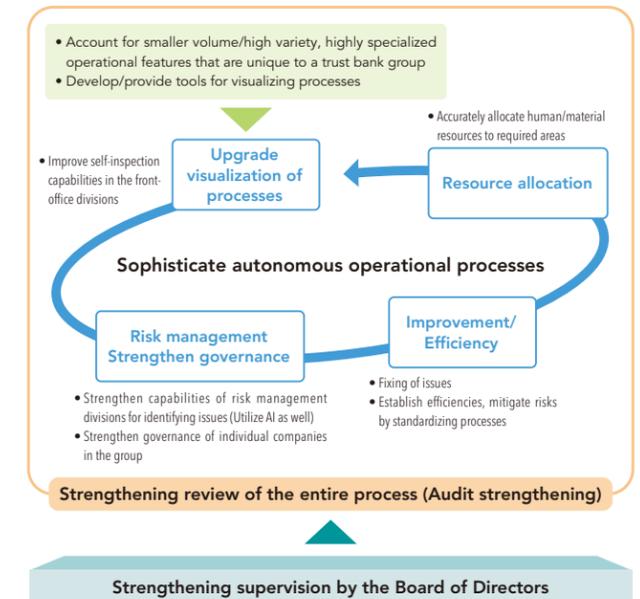
In order to manage conduct risk, the Group is simultaneously working on a combination of measures that include the establishment of a steadfast administrative system that keeps misconduct and other inappropriate behavior in check, the nurturing of a corporate culture that encourages individuals to independently address risks that arise in the course of their work, and incentives to encourage such autonomous behavior.

Primary Conduct Risk Initiatives

- Identification, evaluation, and preventative monitoring for signs of conduct risk
- Collection of information from both inside and outside the Group to gain a better understanding of potential and unrecognized risks
- Cultivation and dissemination of a corporate culture that looks out for risk
- Conducting of employee awareness surveys

The Group considers the enhancement and sophistication of operational quality to be the most important management issue, providing products and services that exceed client expectations are based in the fiduciary spirit that is the foundation that earns the credibility of our clients and society.

Since it became unvail that tallying operations of voting rights exercise forms at SuMi TRUST Bank were conducted inappropriately in 2020, the Group as a whole has tackled to enhance risk governance through true cause analysis and other means. In addition, we have been reviewing operational processes, visualizing operation flows, improving operational quality, and strengthening supervision by the Board of Directors. We will continue to advance autonomous operational process, such as improve operational quality, streamline, strengthen management risk and governance, and optimize resource allocation, considering our low-volume/high-diversity products and highly-specialized operations unique to a trust bank group.



1 Initiatives in FY2021

We built a framework for discovery, analysis, and improvement of issues related to raising and advancing operational quality led by the Business Process Management Department, which is responsible for management and verification of operational quality and operational risk management functions. In addition, we know that having a deeper

understanding of the products, services, and operations each employee is involved in leads to enhanced and sophisticate operational quality, therefore we have strived to watch over the entire operational process and visualize its flow, from the position of our businesses to the products and services that contribute to that position.

2 Future Initiatives

It is important for us to continuously enhance and sophisticate operational quality. We will continue to understand and identify potential risks in operational processes in each business offering product and service, based in the framework

established in 2021. In addition, we will review our management framework to better meet client expectations, promote autonomous PDCA cycles to improve service quality, and promote efforts to establish these initiatives.

3 Strengthening Supervision

The Board of Directors receives executive reports on efforts to govern sophistication to operational quality including visualization of operational processes and on efforts to build an overall framework based on those improvements. It also receives regular reports from the Audit Committee about the results of audits, opinions, and the status of initiatives being undertaken. With these reports, the Board can provide systematic and efficient supervision by verifying the effectiveness of efforts and receiving proposals on how to

improve them. We are seeing steady progress in the establishment of autonomous operational processes within the Group, and the Board will continue to supervise efforts to ensure sustained sophistication of operational quality and the maintenance of effectiveness across the entire management framework.

Column Employee Discussions on Principles and Other Topics

The Group is creating easy-to-use tools that extract the essence of the Group's purpose, mission, vision, values, and other principles to help raise awareness and give employees a more systematic understanding of these concepts.

Employees engage in group discussions where they share opinions to provide practical ideas that can serve as references for any employee whenever they are uncertain about a decision they must make over the course of their work.



1 Compliance with the Finalized Basel III Framework

Triggered by the financial crises in 2008, the Basel Committee on Banking Supervision (BCBS) made the agreement to implement new regulations, called "Basel III." Basel III includes the implementation of higher capital requirements, leverage ratio and liquidity requirements. In Japan, Basel III has been implemented in phased manner from the end of March 2013.

Subsequently, in December 2017, an international agreement was reached on "Finalized Basel III," which aims to constrain the use of internally modelled approaches by banks and to introduce a new capital floor based on the standardized approaches to the risk-weighted assets measurement approach in the calculation of the capital adequacy ratio.

Conceptual Diagram of Risk-weighted Assets Measurement Approach for Credit Risk

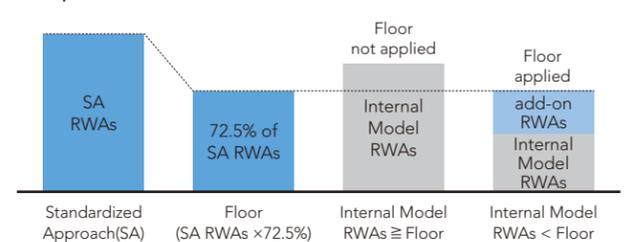
Exposures		Current Standards	New Standards
Equity		Advanced or Foundation IRB Approach	Standardized Approach
Financial Institution			Foundation IRB Approach
Corporate	Large corporate		Advanced or Foundation IRB Approach
	Small and medium-sized corporate		
Specialized Lending (e.g. Real estate non-recourse loan)			

Standardized Approach: Supervisory risk weight according to external credit ratings
 Foundation IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD)
 Advanced IRB Approach: Risk weight calculated based on banks' own estimates of probability of default (PD) and loss given default (LGD)

Financial institutions subject to international standards in Japan will be required to introduce the finalized Basel III framework in 2024*. In April 2022, the Notification of Financial Services Agency that defines regulatory standards in Japan was announced. In preparation for the introduction of the new regulations, the Group will work to achieve the financial resilience targets and maintain stability through capital accumulation and other means. In parallel, we will promote appropriate profitability control and portfolio management to establish the management systems.

* The adoption of the framework was previously scheduled to begin at the end of March 2023, but has been postponed by one year in light of international situations and other factors.

Capital Floor Structure



• In the case where 72.5%* of SA RWAs (Floor) is larger than internal model RWAs, Add-on RWAs are charged.
 * Capital Floor will be subject to a five-year linear phase-in arrangement from the date of implementation of new standards. The applicable multiplier will start at 50% and increase by 5% at the end of each year until the end of Year 5, and it will eventually reach 72.5%.

2 Strengthening of Regulations on Non-financial Risk Areas

In response to the current economic situation, the general framework of financial risk regulations, including capital adequacy, liquidity, and large credit, is being finalized, although there are some adjustments and modifications to the timing and details of implementation. With this background, international organizations and the financial authorities of each country are focusing on tightening and enhancing regulations on non-financial risk areas. Examples of such areas that have been attracting interest recently include:

- Operational resilience
- Incorporation of climate change issues into financial supervision

<Operational resilience>

- Operational resilience refers to the ability of banks to continue "critical operations" in the event of a terrorist attack, cyberattack, pandemic, or natural disaster. The concept was proposed by the Bank of England in 2018 as a comprehensive framework encompassing BCP, cybersecurity, outsourcing management, and similar areas. In 2020, proposals and guidelines related to operational resilience were also issued by the European Commission, the Monetary Authority of Singapore (MAS), the International Organization of Securities Commissions (IOSCO), and the Federal Reserve Board (FRB). The Basel Committee incorporated these approaches into its March 2021 publication "Principles of Operational Resilience."
- As a trust bank group responsible for client asset management and asset administration, the Group is working on developing a compliance framework.

<Incorporation of climate change issues into financial supervision>

- From the standpoint of maintaining financial stability, financial regulators and central banks in countries around the world are considering how to integrate risk arising from climate change into their systems for overseeing financial stability. Proposals for frameworks designed to manage financial risk among financial institutions due to climate change have been made, and they include the Basel Committee on Banking Supervision publication titled Principles for the effective management and supervision of climate-related financial risks, released in November 2021, and the US Office of the Comptroller of the Currency (OCC) publication released in December titled, Risk Management: Principles for Climate-Related Financial Risk Management for Large Banks. Meanwhile, the Financial Stability Institute (FSI) published the regulatory response to climate risks: some challenges in February 2022, and it highlights the necessity for a review of the prudential regulatory framework by financial authorities with due consideration given to the impact of climate-related financial risks on financial stability.
- The Group is increasing our commitment to dealing with climate-related financial risks, through the publication of our TCFD Report 2021/2022 in January 2022, by disclosing initial estimates of greenhouse gas emissions in our investment and loan portfolios (Please see page 78).

1 Basic Initiative Policy

SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business execution system

and the internal management system, SuMi TRUST Holdings and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

2 Internal Auditing Implementation System

(1) SuMi TRUST Holdings

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

2) Functions and Roles

The Internal Audit Department formulates an internal audit plan, taking into account the basic policy on internal audits, which dictates the direction to be taken in the development of SuMi TRUST Group's internal auditing system, as well as significant group-wide risks. After receiving the consent of the Audit Committee, the plan is approved by the Board of Directors. The Internal Audit Department reports the results of the internal audit, without delay to the President and the Audit Committee, while also analyzing the internal audit results, including those for Group companies, and reporting regularly to the Board of Directors.

In addition, the Internal Audit Department, as the department

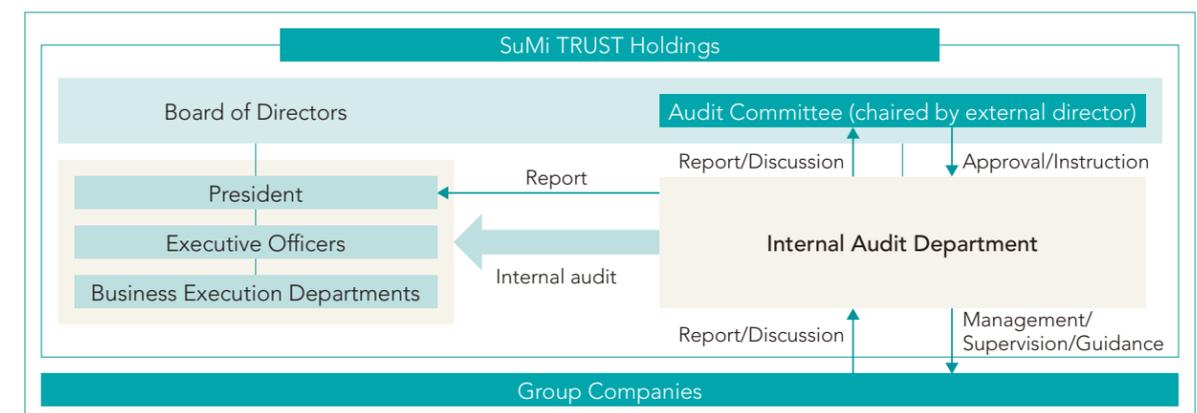
supervising the Group's internal auditing, receives consultations from each Group company regarding the audit plan, and confirms its consistency with the basic policy on internal audits. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits. Each company has formulated its own internal auditing plan in accordance with the Group's basic policy on internal audits, and that policy is decided upon by each Board of Directors in consultation with SuMi TRUST Holdings.

Results of internal audits are reported without delay to the president, the Company and others, and are also reported regularly to the Board of Directors.

SuMi TRUST Group



Development of New Products and Services Supporting Total Solutions

(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." Trust has a long history of developing and offering trust products to solve the issues 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 bank 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.

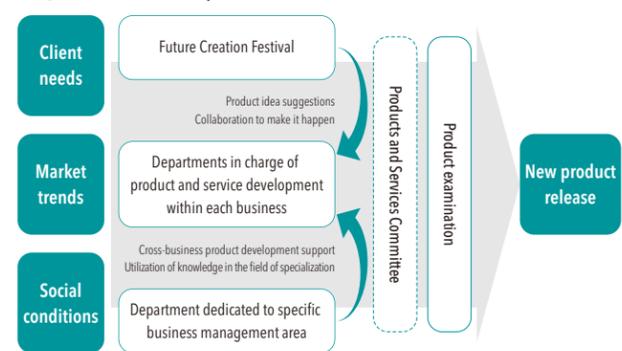
(3) "Future Creation Festival" Employees-initiated propose New Products and Services

Since 2018, the Group has held the Future Creation Festival (known as "Future Fes"), 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 participate, and every year the contest has resulted in various ideas designed to solve social issues and enhance client convenience.

The most important element of Future Fes is that entrants can take on the challenge of commercializing their ideas, and it plays an important role in providing employees with an opportunity for self-actualization and independently contributing to society.

Our "Solitary Trust" product was launched in December 2019 as the first product originating from Future Fes, and since then, new products and services have been released regularly. These products, which were all developed with the goal of eliminating anxiety and inconvenience among our clients, include a service meant to support clients in personal matters of concern in the case of emergency (Solitary Trust), and a smartphone app that can be used to request withdrawals from our tuition fund endowment trust (Receipt submission app). The Group will continue to develop new products and services thereby contributing to society.

System for Development of New Products and Services



Examples of products and services born out of Future Fes



GOOD DESIGN AWARD 2021

Solitary Trust*1



Mago-e-no-omoi Ryoshusho Teishutsu App*2
(For tuition fund endowment trust)



Will trusts*3
(With special clause for pet care)

*1 <https://www.smtb.jp/personal/blind/after/lp02> *2 <https://www.smtb.jp/personal/entrustment/education/app> *3 <https://www.smtb.jp/personal/entrustment/succession/about>

Client-Oriented Initiatives

1 Providing Value to Clients

In a period of dramatic change, both individual and corporate clients are required to build, manage, and review their assets, and also plan for succession. But such activities are becoming increasingly complex and diverse; for this reason, there is a growing need for trustworthy financial institutions. SuMi TRUST Group aims to be the "Best Partner" for both individual and corporate clients. We seek to deliver outstanding value by accurately understanding their needs, and optimally addressing those needs through the provision of total solutions that cover a wide range of highly specialized products and services. We are the only independent a trust bank group in Japan, and this allows us to make effective use both of comprehensive capabilities that combine our banking and trust functions, as well as of diverse trust functions within the Group. In our strives to be fully client-oriented, we have

established a stringent conflict of interest management framework. For further details about the conflict of interest management framework, please see page 116.

The Group is constantly striving to be completely client-oriented, to improve customer satisfaction, and to help solve social issues. Through these activities, we seek to earn the trust of our clients and of society, and to grow hand-in-hand with them. It was for this reason that we formulated and announced our Voluntary Declaration of Consumer Orientation* in June 2019. Since then, every fiscal year, we have published "Results of Initiatives Based on Voluntary Declaration of Consumer Orientation" to document our results and improvements.

* Promoted by the Consumer Affairs Agency, a Voluntary Declaration of Consumer Orientation is a commitment to adopt a consumer-oriented management—a form of corporate management that seeks to improve social value by collaborating and engaging in co-creation with consumers.

2 Implementing a Client-Oriented Approach

In our strives to provide our clients with the products and services best suited to fulfill their genuine interests as their "Best Partner," and to instill a client-oriented approach across all our businesses operations, in September 2016, we formulated and released our policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group ("Policies") and since then we have continued to further strengthen our initiatives by revising them whenever necessary. SuMi TRUST Group has established an extensive organizational structure from the

management level to the working level, and strives constantly to enhance its initiatives in this area.

We periodically announce a report entitled "KPIs for Initiatives Aimed at Becoming Our Clients' Best partner" due to clearly share the results of these initiatives to our clients. These KPIs include those commonly used by financial institutions regarding sales of investment trusts and foreign currency-denominated insurance.

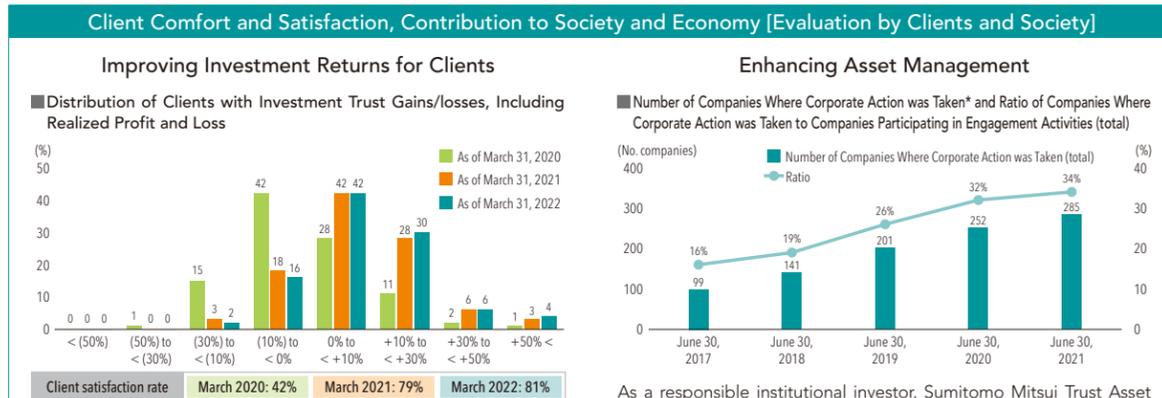
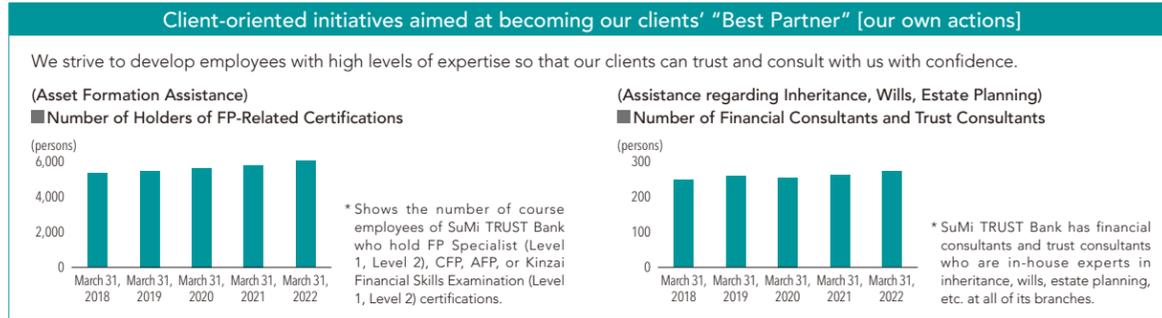
Promoting/Supervising Structure of the Group

	Organization	Initiatives
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee
		<ul style="list-style-type: none"> Oversee Conflict of Interest management for the Group Monitor progress of Fiduciary Duties
SuMi TRUST Bank	Executive Committee	Conflict of Interest Management Enhancement Committee
		<ul style="list-style-type: none"> Discuss important cases Supervise improvements in relevant departments
	Department in charge	Fiduciary Duties & Customer Satisfaction Planning Promotion Dept.
	Compliance Dept.	<ul style="list-style-type: none"> Ensure execution of Fiduciary Duties (FD) and promote Customer Satisfaction (CS) improvements Enhance Conflict of Interest management
Group Companies*	Group-wide	Fiduciary Duties Discussion Panel
		<ul style="list-style-type: none"> Monitor and supervise Fiduciary Duties initiatives at Group companies, and ensure any directives are implemented

* Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Mutual Fund & Insurance Research Institute, and Sumitomo Mitsui Trust Life Partners

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

Through the formation, asset management and asset administration, SuMi TRUST Group seeks both to provide its clients with satisfaction and peace of mind, and to contribute to society and the economy. In addition, we aim to achieve sustainable and stable growth for the Group by improving our estimation in the eyes of our clients and of society, and by becoming our clients' "Best Partner." We regularly disclose indicators regarding our initiatives to become our clients' "Best Partner." As we work to promote and enhance these activities, these indicators are revised as necessary.



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 make every effort to improve returns and realized profits/losses for our clients.

As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management pursues engagement and stewardship activities, including 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 companies that took action corresponding to opinions expressed in their engagement activities

SuMi TRUST Bank earns R&I Customer-oriented Investment Trust Sales Company Rating of "S+" for a second year in succession

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. 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 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 Shaping Corporate Culture to Become Our Clients' "Best Partner"

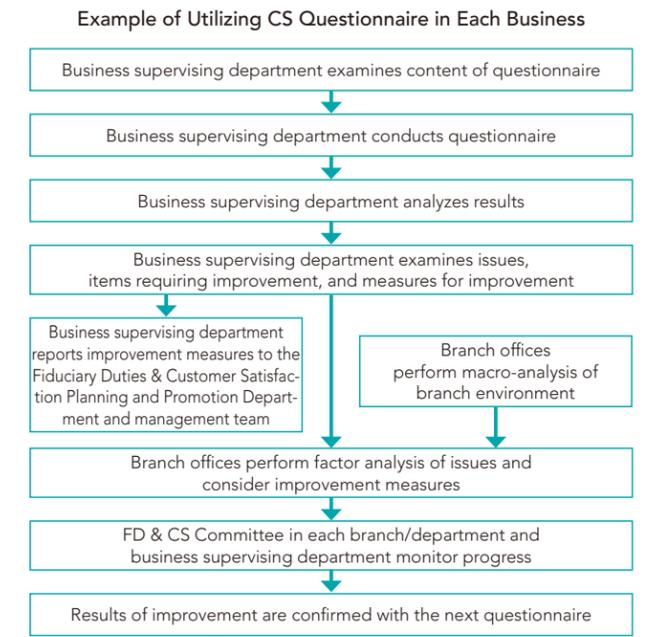
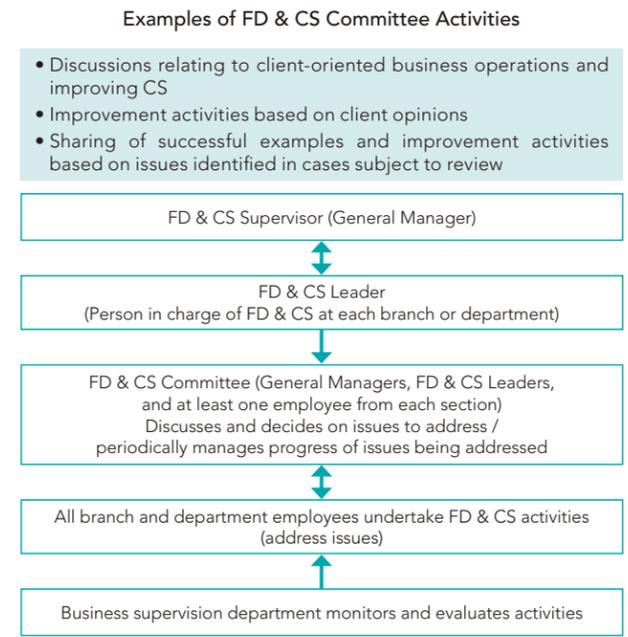
With the objective of entrenching a corporate culture geared towards becoming our clients' "Best Partner," each FD & CS Committee in each branch or department of SuMi TRUST Bank discusses and takes action to make improvements based on feedback from client questionnaires and organizes various training sessions.

Establishment of FD & CS Committees

For the purpose of enhancing FD and improving CS, we have established FD & CS Committees at each of our branch offices and departments; these FD & CS Committees undertake various activities in line with the characteristics of each branch office and department.

Use of Client Questionnaires

SuMi TRUST Bank conducts questionnaire surveys for both corporate and individual clients at each of its businesses to manage and improve the quality of its services. Questionnaire results are analyzed to identify issues that need to be tackled by each business, and to implement initiatives to improve those issues.



* Case study of FD & CS Committee at a SuMi TRUST Bank Retail Business branch or department

5 Initiatives to Link "Voice of Clients" to Enhance Customer Satisfaction

1) SuMi TRUST Bank receives hundreds of thousands of valuable opinions and requests annually from clients and many requests via branch offices throughout Japan and through diverse channels such as call centers and the Group's website. 2) To analyze this client feedback, we use the "CS Voice of Clients Portal" system, the purpose of which is to better meet our clients' needs by making client feedback more 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.



6 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.

Furthermore, we have established a system in which the Compliance Department, which is the department that oversees 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 and other relevant parties and we have a framework to continuously implement necessary improvements and guidance.

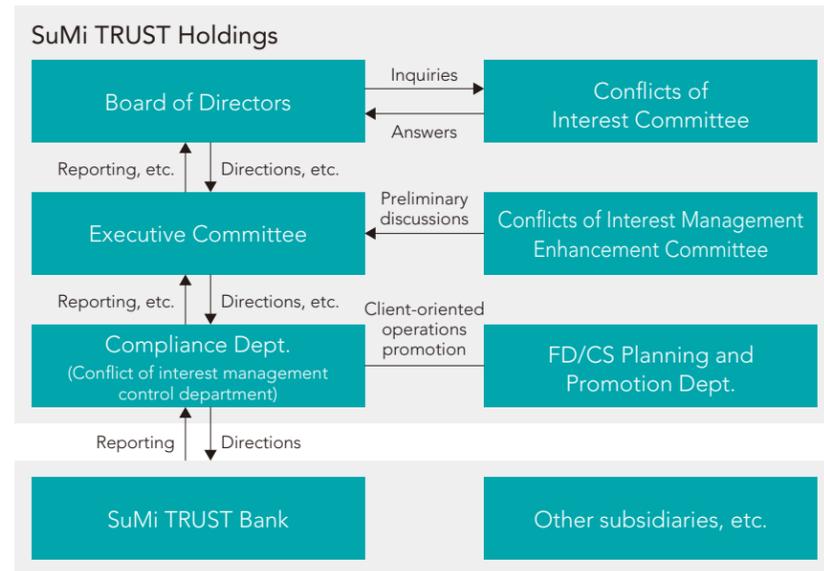
In addition, the Group has established the Conflicts of

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.

The Conflicts of Interest Committee is verifying the effectiveness both of the December 2021 revisions to the Management Policy Concerning Conflicts of Interest, implemented following collaborations with the UBS Group's Wealth Management Business, and of the establishment of the conflict of interest management framework following the April 2022 reorganization of the SuMi TRUST Bank.

* A conflict of interest refers to a situation where there are conflicting interests between the Group and its clients, or between clients of the Group.

Conflict of Interest Management System*1



Conflicts of Interest Committee Members

- Chairperson: Hideki Kanda*2**
Professor, Law School at Gakushuin University
Emeritus Professor, University of Tokyo
- Member: Nobuaki Kato**
SuMi TRUST Holdings
External Director
- Member: Akiko Hosokawa**
Baker & McKenzie
Partner
- Member: Yasuyuki Suzuki**
SuMi TRUST Holdings
Managing Executive Officer
- Member: Yuki Takada**
SuMi TRUST Holdings
Executive Officer

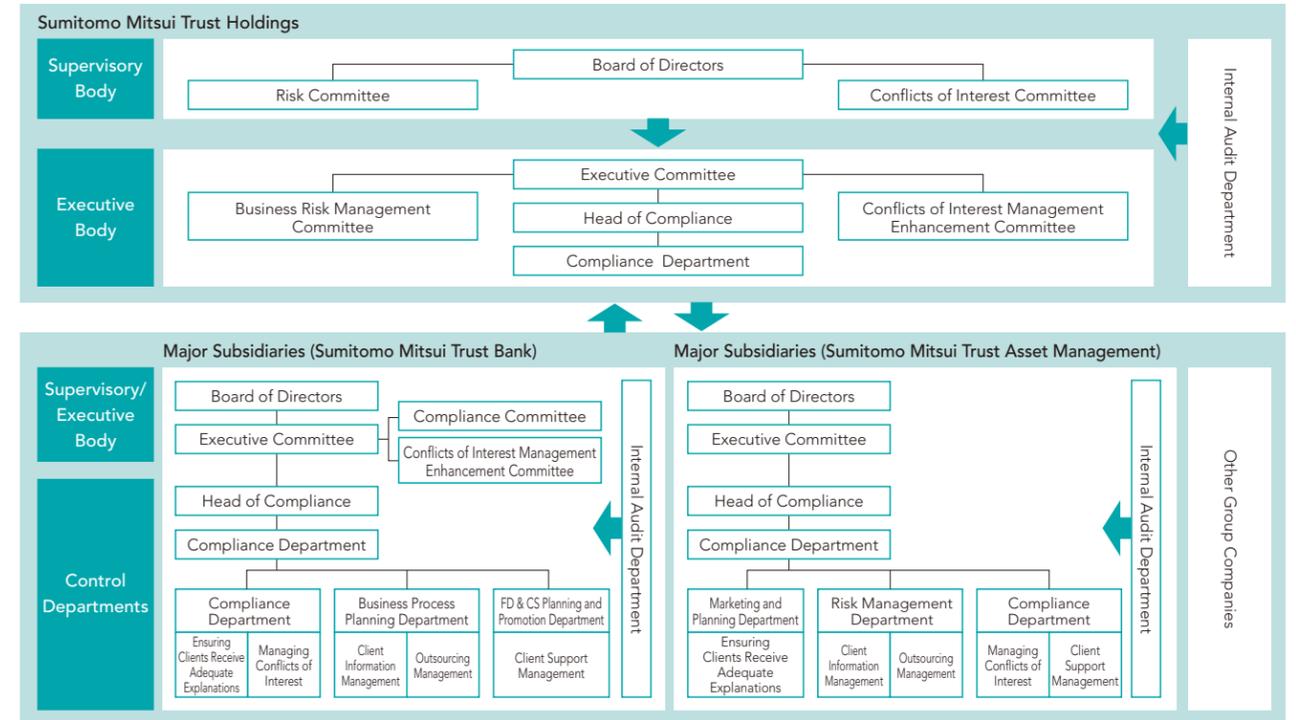
*1 For roles and responsibilities of each management structure and main departments, please see page 113.
*2 External Director, SuMi TRUST Bank

7 Client Protection Management

(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 frameworks 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, enhanced training and improvement.



(2) Client Explanation Management

SuMi TRUST Group offers appropriate and sufficient explanations and easy-to-understand information so that its clients understand and are assured about the financial products and services it provides. Specifically, we have created a client protection management framework, such as thoroughly enforcing the suitability rule* and duty of honesty and fairness, creating a client explanation manual that stipulates appropriate provision of information to clients 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.

We monitor whether our clients have been provided with appropriate information and explanations to ensure their understanding of transactions involving financial products such as investment trusts and life insurance in particular. Where necessary, we revise our solicitation rules to ensure that solicitation and sales activities for financial products are conducted appropriately from the perspective of our clients.

* A rule that prohibits 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 accessing 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.

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.

● Initiatives for Financial Facilitation

SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking mortgage loans as one of its most important social missions.

SuMi TRUST Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and mortgage loan clients for various consultations, and restructuring of loan repayment conditions and other issues.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters and a system at the head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a dedicated telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, SuMi TRUST Group continues to provide appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to provide mortgage loan clients with financial security. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, SuMi TRUST Group endeavors to respond in a flexible and appropriate manner, taking each client's circumstances into account.

In addition, SuMi TRUST Bank has a system under which it respects and abides by the "Guidelines for Management Guarantee," which were adopted in February 2014, and the "Special Provisions on Guidelines for Management Guarantee" (adopted in April 2020), and discloses the utilization status of the guidelines (including the Special Provisions) on its website. The Bank also respects the "Guidelines on Arrangement for Victims of Natural Disaster," which was adopted in April 2016, and the "Special Provisions for the Application of the Guidelines to COVID-19," adopted in December 2020. It is therefore prepared to respond appropriately to consultations from clients directly or indirectly affected by the COVID-19 pandemic, by natural disasters such as the Great East Japan Earthquake, as well as by recent global affairs and increases in resource prices.

● Status of Initiatives to Improve SME Business Operations and to Revitalize Regions

(1) Policy on Management Support Measures for SMEs

SuMi TRUST Bank assists SMEs with efforts to improve and revitalize their business operations by considering their conditions and providing business consultations, management guidance and support for formulating business reconstruction strategies, and other support services.

(2) Framework of Management Support for SMEs

In order to conduct management support for SMEs, SuMi TRUST Bank has established "Financing Facilitation Promotion Offices" in the Wholesale Business Planning Department and in the Personal Loan Business Promotion Department, to prepare a framework to deal appropriately and satisfactorily with various consultations and requests from clients.

In terms of specific measures related to management support for SMEs, branch offices and the head office are engaged in efforts such as support for formulating business reconstruction plans tailored to individual circumstances, and assistance aimed at making progress with business reconstruction plans, taking the industry conditions and the business dealings of individual SMEs into account. Furthermore, SuMi TRUST Bank prepares to support clients in overseas expansion and business succession as well as in electronically recorded monetary claims.

1) Initiatives related to support for overseas expansion

SuMi TRUST Bank has a six-site network that includes New York, London, Singapore, Hong Kong, Shanghai and Thailand. These branches offer financial services such as loans, deposits, foreign

exchange, and derivatives to Japanese client companies who are expanding overseas.

In addition to developing our own offices, we are making efforts to address the growing need for financial services denominated in local currencies through partnerships with leading banks in Asian countries. In Vietnam, we are working to strengthen financial services such as sales finance for Japanese companies that are expanding into the market through the Bank for Investment and Development of Vietnam (hereinafter "BIDV"), with which SuMi TRUST Bank has a partnership, as well as our leasing joint venture company with BIDV (BIDV-SuMi TRUST Leasing Company, Ltd.).

2) Initiatives related to support for business succession

SuMi TRUST Bank provides detailed proposals and prompt information to meet the diverse asset inheritance and business succession needs of both its corporate and individual clients. Tailor-made services for the needs of company-owner and high net-worth clients are provided in collaboration with an affiliate company, Sumitomo Mitsui Trust Wealth Partners, and various specialists such as lawyers and tax accountants.

Financial consultants have been assigned to branches nationwide as immediate counseling service counter so that company-owner clients may consult on any inheritance or business succession concerns or issues they may have. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with clients on matters concerning inheritance, asset inheritance and business succession as well as asset management and asset administration.

Furthermore, we cooperate with our tax accountant corporate partners to hold seminars for business owners on the inheritance and business succession tax system and business succession measures that utilize trusts. These events serve as opportunities to make SuMi TRUST Bank's consulting function more broadly known among people who have never had dealings with a trust bank.

3) Initiatives related to "Densai" (electronically recorded monetary claims)

In order to facilitate fundraising for SMEs, SuMi TRUST Bank has offered "Densai Services" since February 2012. The service is based on the Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members. We also provide "Densai lump-sum factoring services."

Due to the impact of the COVID-19 pandemic, we have been asked by the Zengin Electronic Monetary Claims Recording Network, "densai.net Co., Ltd.," to endeavor to apply the same kinds of financial measures (e.g., deferment of insolvency proceedings) that are applicable under the Disaster Relief Act. We will endeavor to respond to our clients' consultation about the payment of monetary claims already issued in a flexible and appropriate manner, taking each client's circumstances into account.

(3) Status of Management Support Initiatives for SMEs and of Regional Revitalization Initiatives

SuMi TRUST Bank has branches throughout the country. Although it is not engaged in initiatives for the revitalization of specific regions, the Bank carries out initiatives focused on support to improve the business operations of clients at each branch according to their individual circumstances and business dealings.

Examples of Specific Initiatives

- Introduced prospective buyers of idle real estate (buildings for rent and other properties) of clients and brokered the sale of such assets. Contributed to reducing interest-bearing debt of the clients.
- Executed sales mediation services (real estate surveys) for clients to other clients, and contributed to increasing their sales.

1 Basic Philosophy

SuMi TRUST Holdings aims for highly transparent corporate management by striving for timely and appropriate disclosure of corporate information, as well as through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas. Specifically, our top management endeavors

to present our shareholders and investors a deeper understanding of SuMi TRUST Holdings' performance, business conditions, and business strategies directly by actively holding information meetings, in addition to disclosing corporate information in a timely, fair, and accurate manner.

2 Activities

(1) Activities for Individual Investors

SuMi TRUST Holdings engages in various measures to provide individual shareholders and investors with information to better understand the Group. These measures include organizing information meetings, distributing a newsletter for shareholders ("The Trust Newsletter-Business Report"), and setting up a dedicated website for individual investors; following an overhaul in July 2021, the website now features illustrated introductory content. In FY2021, in-person information meetings were again suspended to prevent the spread of COVID-19; however, we participated in an online information meeting organized by a securities firm, and distributed video of the meeting on our website.



For further details, please see our website (Japanese text only).
https://www.smth.jp/investors/individual_meeting/index.html



(2) Activities for Institutional Investors

SuMi TRUST Holdings holds investor meetings on financial results for institutional investors and analysts twice a year, in line with the announcement of full-year and interim results. We also conduct briefings on our management strategy and financial position by participating in conferences organized by securities companies, and by holding one-on-one investor meetings in Japan and overseas. The opinions of institutional investors and analysts obtained through these events are fed back to the management in a timely and appropriate manner, and IR activities are reported to the Board of Directors on a regular basis.

We are also working to enhance constructive dialogue with shareholders. To this end, we are increasing opportunities for dialogue with parties responsible for exercising voting rights, both to report on the progress of our priority issue initiatives as well as to explain the governance and management policies of the Group. In addition, in recognition of the growing importance of ESG (Environmental, Social and Governance), we hold regular IR days and are increasing opportunities for dialogue with investors on this topic.

COVID-19 has continued to make travel difficult both in Japan and overseas; however, in FY2021 we again actively engaged in dialogue with investors through various means such as conference calls and video conferencing.

■ IR Activities Carried Out in FY2021

Investor meetings on financial results for institutional investors and analysts	2 times
Overseas IR events	6 times
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 270 (including 120 overseas investors)
Information meetings for individual investors	5 times
IR DAY	3 times

3 General Meeting of Shareholders

The General Meeting of Shareholders is held in June of each year. Well in advance, Japanese and English-language versions of the convocation notice are simultaneously posted on the SuMi TRUST Holdings website, with printed notices sent by post one week later. Shareholders can exercise their voting rights electronically over the internet, using smartphones or other devices; indeed, we are actively promoting electronic voting by participating in the "Smart Exercise" campaign, which encourages shareholder registry administrators to permit the electronic exercise of voting rights using smartphones and other devices, and by adopting a platform for the electronic exercise of voting rights.

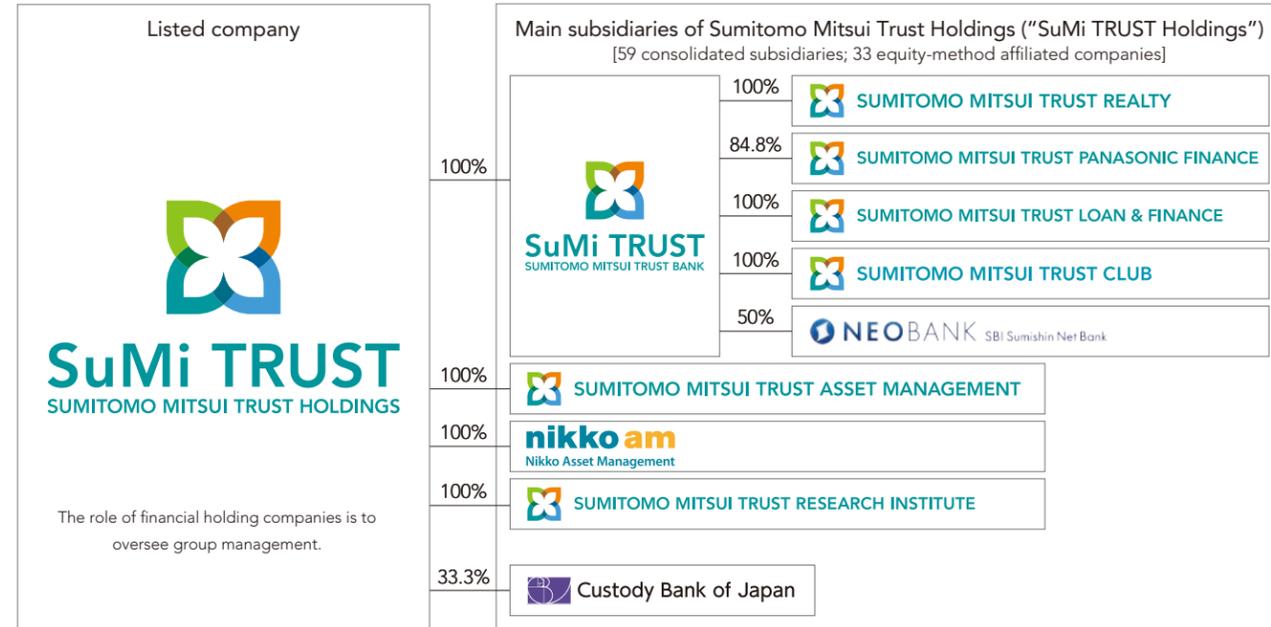
The 2022 General Meeting of Shareholders was held on June 23rd. As in 2021, the date was brought forward to avoid overlap with other shareholder meetings, in a bid to provide shareholders with all appropriate information. An online system was established for shareholders to ask questions about agenda items in advance of the General Meeting of Shareholders. We also conducted a live webcast of the meeting to allow shareholders who were unable to attend to view the proceedings via the Internet.

Notices of resolutions and voting results are promptly posted on our website after the conclusion of the General Meeting of Shareholders, along with video footage of the day's events.

Group Information

SuMi TRUST Group offers its clients optimal and total solutions by leveraging its comprehensive capabilities that integrate both trust and banking functions, as well as the mutual collaboration between SuMi TRUST Bank and the many companies in the Group that specialize in banking, asset management and asset administration, real estate, and various other fields.

(as of March 31, 2022)

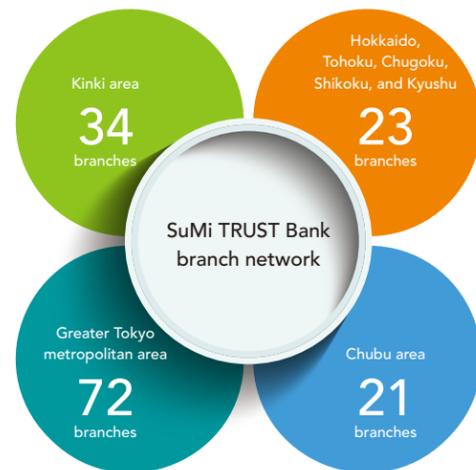


Ratio of ownership with voting rights is shown, including indirect ownership via subsidiaries.

Domestic Network

SuMi TRUST Bank has built a domestic branch network with a well-balanced footprint that is concentrated in the greater Tokyo metropolitan, Kinki, and Chubu regions. Furthermore, SuMi TRUST Bank's internet banking and SBI Sumishin Net Bank offer services nationwide over the Internet.

(as of March 31, 2022)



* The substantial number of branches is 115 when the branches at the same business site are counted on an aggregated basis. For detail of branches, please see pages 8-11 of the Financial Data Section.

Providing online services across Japan



Status

SuMi TRUST Group is a trust bank group and an industry leader in many fields with a core focus on trust-related fee businesses.

Business Category	Item	Value	Market	Rank
Trust (fee) businesses	Assets under management*1	¥127 tr	Domestic financial institutions	No. 1
	Assets under custody*2	¥248 tr	Domestic financial institutions	No. 1
	Balance of corporate pension funds	¥13 tr	Trust banks	No. 1
	Lead manager for corporate pension funds	1,290 cases	Trust banks	No. 1
	Entrusted balance of investment trusts	¥91 tr	Trust banks	No. 1
	Number of shareholders under administration*1	32.13 mn	Trust banks	No. 1
	Real estate-related revenue*1 *3	¥62.7 bn	Trust banks	No. 2
	Number of client companies	¥22 tr	Trust banks	No. 1
	Investment trust/discretionary investment sales volume*3	¥0.99 trn	Domestic banks	No. 2
	Number of will trusts	35,884	Trust banks	No. 2
Banking businesses	Balance of monetary claims in trusts	¥18 trn	Trust banks	No. 1
	Balance of loans to individuals	¥11 tr	Domestic banks	No. 4
	Balance of loans to corporations	¥19 tr	Domestic banks	No. 5
	Total loan balance	¥30 tr	Domestic banks	No. 5

Includes estimates based on our own research (as of March 31, 2022)

*1 Combined value for all Group companies

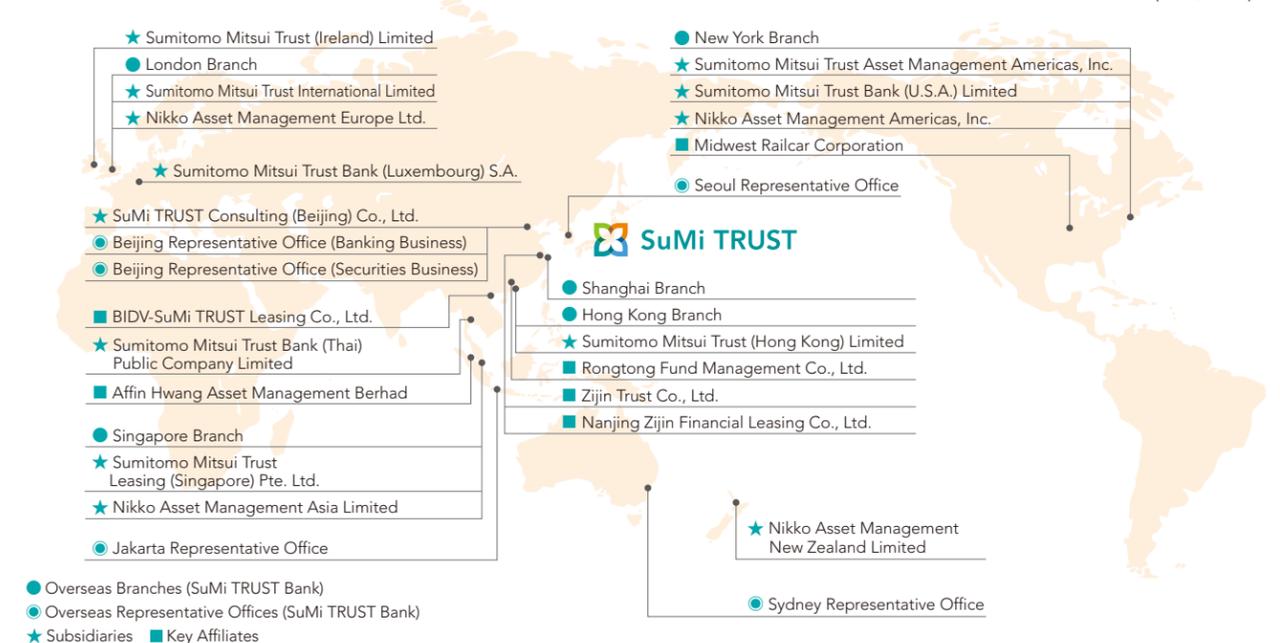
*2 Balance of trust assets (trust banks specializing in asset administration excluded due to their large amounts of re-entrusted trust assets)

*3 FY2021 result

Overseas Network

With our own bases in key markets around the world and through alliances and collaboration with local financial institutions and asset managers, we are working to expand our global presence.

(as of June 30, 2022)

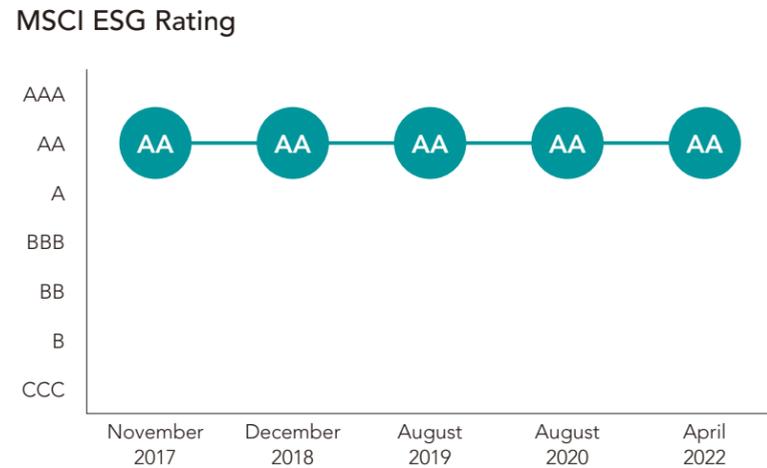


ESG Assessment Organizations

MSCI ESG Rating
(as of April 2022)
AA

Sustainalytics ESG Rating
(as of January 2022)
20.7

FTSE ESG Rating
(as of December 2021)
3.8



Adopted Indexes

<p>2022 MSCI Japan Empowering Women Index (WIN)</p> <p>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>2022 MSCI Japan ESG Select Leaders Index</p> <p>2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>	<p>2022 MSCI ESG Leaders Indexes</p> <p>2022 MSCI ESG Leaders Indexes Constituent</p>
<p>FTSE 4Good Index Series</p> <p>FTSE4Good</p>	<p>FTSE Blossom Japan Index</p> <p>FTSE Blossom Japan Index</p>	<p>FTSE Blossom Japan Sector Relative Index</p> <p>FTSE Blossom Japan Sector Relative Index</p>
<p>S&P/JPX Carbon Efficient Index</p> <p>S&P/JPX Carbon Efficient Index</p>	<p>Bloomberg Gender-Equality Index 2022</p> <p>Bloomberg Gender-Equality Index 2022</p>	

List of Awards*1

SuMi TRUST Holdings		
<p>Work with Pride Gold 2021</p> <p>work with Pride Gold 2021</p>	<p>2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program</p> <p>健康経営優良法人 2022 Health and productivity ホワイト500</p>	<p>2020 Nikkei Annual Report Awards Excellence Award</p>
SuMi TRUST Bank		
<p>J-Win Diversity Award 2022</p> <p>J-Win Diversity Award 2022</p>	<p>2022 ESG Finance Awards Japan</p> <p>2022 ESG FINANCE AWARDS JAPAN SILVER</p>	<p>9th Annual Platinum Vision Awards*2 Grand Prize from the Economy, Trade and Industry Minister</p> <p>プラチナ構想ネットワーク</p>
<p>HDI-Japan Phone Support (Quality) Three Stars</p> <p>3 Stars Quality Service (HDI-Japan 2021)</p>	<p>FY2021 Good Design Award*3</p> <p>GOOD DESIGN AWARD 2021</p>	<p>HDI-Japan Web Support Three Stars</p> <p>3 Stars Support Portal (HDI-Japan 2021)</p>
<p>17th LCA Japan Forum Awards LCA Japan Forum Chairman's Award</p>	<p>FY2021 Special Award, Selection Committee Chairperson's Award (Principles for Financial Action for the 21st Century)</p>	<p>Work with Pride Rainbow 2021</p> <p>work with Pride Rainbow 2021</p>
Sumitomo Mitsui Trust Asset Management and Nikko Asset Management		
<p>Morningstar Award "Fund of the Year 2021" Best Fund Award and Excellent Fund Award</p>	<p>Hundred Million People's Trust Funds Awards 2020, Foreign Equity (excl. Japan) Category First Prize</p> <p>一億人の投信大賞 2020 1位 外国株式部門</p>	
<p>R&I Fund Award 2022 (Defined Benefit Pension Category, Investment Trusts Category)</p>	<p>The Asset Triple A Awards 2021 Best ETF Provider, Japan and Most Innovative ETF</p>	<p>R&I Customer Satisfaction Award 2022 (Investment Trusts Category) Top Excellence Award</p>
<p>Refinitiv Lipper Fund Awards Japan 2022 (Defined Contribution Pension Category, Investment Trusts Category) Best Fund Award</p>	<p>Best of the Best Awards (Asia Asset Management) Best Pension Fund Manager, Best Retail House, Fund Launch of the Year, Best Multi-Asset Manager</p>	

*1 Major awards the Group received in the past two years (2021 and 2022).
*2 Received by the forestry trust.
*3 Received by the solitary trust.

Financial Data

Billions of Yen (Unless specified otherwise)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net Business Profit before Credit Costs	342.2	284.6	285.8	316.7	318.3	232.3	270.5	282.2	289.0	294.7	346.0
Total Credit Costs	(8.9)	6.1	9.1	19.3	(25.9)	(28.5)	2.9	(2.9)	(43.8)	(7.8)	(41.5)
Net Gains on Stocks	(33.9)	(4.2)	(3.7)	(2.1)	29.6	36.4	6.3	13.7	40.1	(43.5)	(38.3)
Of which Amortization of Shares, etc.	(30.3)	(7.7)	(2.3)	(0.3)	(6.3)	(3.8)	0.0	(3.4)	(12.4)	(0.8)	(0.9)
Other Net Non-Recurring Profit	(27.2)	(31.4)	(33.2)	(41.4)	(43.9)	(43.9)	(47.2)	(36.5)	(27.6)	(60.2)	(36.4)
Ordinary Profit	272.1	255.0	258.0	292.4	278.0	196.3	232.6	256.4	257.6	183.1	229.7
Extraordinary Profit	22.8	(26.7)	(11.3)	(59.9)	(4.9)	(5.2)	6.1	(15.0)	(16.9)	16.8	(1.7)
Total Income Taxes	(109.3)	(75.1)	(91.6)	(60.1)	(93.9)	(56.9)	(73.0)	(60.5)	(75.6)	(56.0)	(57.7)
Net Income	185.6	153.1	154.9	172.4	179.1	134.2	165.7	180.7	165.0	143.9	170.2
Net Profit Attributable to Non-Controlling Interests	(20.9)	(19.4)	(17.2)	(12.7)	(12.2)	(12.7)	(11.7)	(6.8)	(2.0)	(1.7)	(1.1)
Net Income Attributable to Owners of the Parent	164.6	133.7	137.6	159.6	166.9	121.4	153.9	173.8	163.0	142.1	169.0
Total Assets	34,376.3	37,704.0	41,889.4	46,235.9	58,229.9	65,453.7	68,356.7	57,029.1	56,500.5	63,368.5	64,633.2
Loans and Bills Discounted	20,636.4	22,391.6	23,824.0	25,550.0	27,525.8	28,040.4	28,190.5	29,025.7	29,703.3	30,506.9	30,876.5
Securities	6,795.7	6,346.0	5,764.4	4,813.3	4,926.2	5,127.7	5,537.6	5,759.5	6,437.5	6,983.4	7,879.2
Total Liabilities	32,039.2	35,373.5	39,448.3	43,518.9	55,525.4	62,662.0	65,484.4	54,298.7	53,909.6	60,646.0	61,887.9
Deposits	22,077.8	23,023.8	24,123.3	25,079.7	26,701.9	36,000.8	37,351.8	31,903.5	30,688.9	33,467.6	33,230.1
Negotiable Certificates of Deposit	3,252.8	4,103.5	5,100.1	6,570.5	7,130.6	7,326.6	6,563.3	6,328.6	5,860.2	7,160.5	6,587.9
Total Net Assets	2,337.0	2,330.4	2,441.0	2,716.9	2,704.5	2,791.6	2,872.3	2,730.3	2,590.9	2,722.5	2,745.2
Treasury Stock	1,817.8	1,711.5	1,901.7	1,860.1	1,966.8	2,031.6	2,127.8	2,242.9	2,334.3	2,416.0	2,517.5
Of which Retained Earnings	696.8	790.1	886.4	970.3	1,087.1	1,159.0	1,263.4	1,387.5	1,495.0	1,581.0	1,682.5
Accumulated Other Comprehensive Income	9.0	134.4	203.5	529.6	410.1	430.9	496.8	410.4	220.8	277.7	198.0
Non-Controlling Interests	510.1	484.4	335.6	326.9	327.1	328.4	246.8	75.8	34.5	27.7	28.7
Consolidated Common Equity Tier 1 Capital Ratio	—	8.30%	9.32%	10.28%	11.36%	11.04%	11.33%	12.18%	12.62%	12.12%	12.31%
Consolidated Tier 1 Capital Ratio	—	9.95%	10.83%	11.45%	13.36%	13.54%	13.74%	14.18%	14.47%	13.51%	13.71%
Consolidated Total Capital Ratio	—	14.10%	14.78%	15.57%	16.75%	16.42%	16.31%	16.77%	17.23%	15.76%	15.61%
Dividend Per Common Share (Yen)*	85	90	100	120	130	130	130	140	150	150	170
Dividend Payout Ratio	30.3%	27.2%	29.3%	29.6%	30.0%	40.9%	32.1%	30.5%	34.5%	39.5%	37.7%
Net Assets Per Common Share (Yen)*	4,131.11	4,707.16	5,110.21	6,186.38	6,181.19	6,437.57	6,897.36	7,008.67	6,822.48	7,192.07	7,249.71
Net Income Per Common Share (Yen)*	385.40	312.76	344.88	403.84	433.30	317.24	403.91	458.91	434.31	379.65	451.40
ROE	9.58%	7.48%	7.13%	7.17%	7.00%	5.01%	6.05%	6.58%	6.25%	5.41%	6.25%

* Value calculated by assuming that the reverse stock split on October 1st 2016 (1 share per 10 shares of common stock) was executed past FY 2016.

• As for derivative transaction, presentation treatment has been changed from net basis to gross basis since the first quarter of FY2021 (general treatment in the Practical Guidelines on Accounting Standards for Financial Instruments). Accordingly, figures as of March 31, 2021 have been updated.

Financial Review

Terms with an asterisk are explained in "Glossary" on page 127.

In the consolidated financial results for FY2021, net business profit surged by ¥51.3 billion year on year to a record high since the management integration. The rise was mainly due to an increase in net fees and commissions and related profit from both the client related business and the asset management business, which was spurred by strong market conditions, coupled with an increase in effective net interest income and related profit in SuMi TRUST Bank.

Despite the increase in credit costs due to deteriorating business conditions of some clients and revaluation of special loan loss provision, the net non-recurring profit line and below increased by ¥26.8 billion year on year to ¥169.0 billion after taking steps to reduce the risk that hedging transactions pose to annual profit and loss. In the second year of the three-year Medium-Term Management Plan launched in FY2020, the plan progressed as envisaged.

Overview of the Financial Results in FY2021

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2021 (B)	Change (B)-(A)	Rate of change
Net Business Profit*	294.7	346.0	51.3	17.4%
Ordinary Profit	183.1	229.7	46.5	25.4%
Net Income Attributable to Owners of the Parent	142.1	169.0	26.8	18.9%
Total Credit Costs*	(7.8)	(41.5)	(33.7)	432.5%
Return on shareholders' equity*	5.41%	6.25%	0.84%	—
Net Income per Common Shares (EPS) (Yen)	379	451	71	18.9%
Net Assets per Common Shares (BPS) (Yen)	7,192.07	7,249.71	57	0.8%

* [Net Income Attributable to Owners of the Parent / (FY-start total shareholders' equity (equity) + FY-end total shareholders' equity (equity)) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2021 (B)	Change (B)-(A)	Rate of change
Net Business Profit*	206.5	242.0	35.5	17.2%
Net Interest Income and Related Profit*	229.9	275.2	45.3	19.7%
Net Fees and Commissions and Related Profit*	163.9	180.8	16.8	10.3%
Net Trading Profit	(33.2)	13.4	46.6	—
Net Other Operating Profit	91.3	21.1	(70.1)	(76.9)%
General and Administrative Expenses	(245.4)	(248.5)	(3.1)	1.3%
Total Credit Costs*	(6.3)	(42.4)	(36.1)	572.8%
Net Non-recurring Profit, etc.	(86.2)	(48.8)	37.3	(43.3)%
Ordinary Profit	114.0	150.8	36.8	32.3%
Extraordinary Profit	15.6	(1.6)	(17.3)	—
Net Income	95.9	113.3	17.4	18.1%

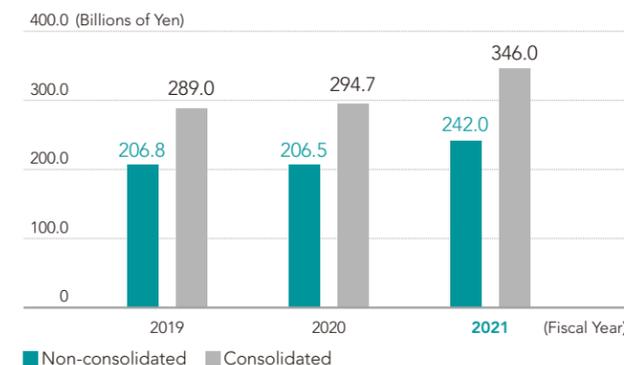
(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

	FY2020 (A)	FY2021 (B)	Change (B)-(A)
Dividend per Share on Common Share (Yen)	150.00	170.00	+20.00

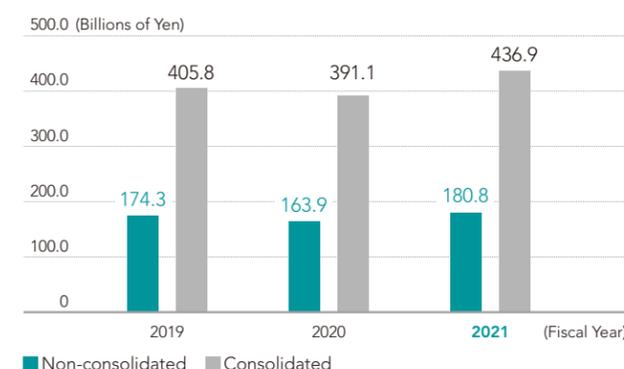
Status of Profit and Loss

Net Business Profit*



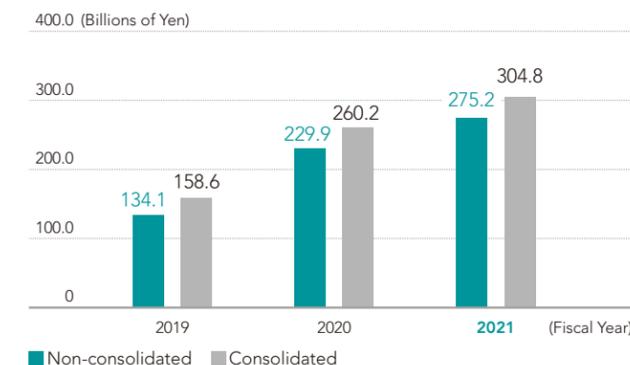
Fee-related businesses unique to the trust bank group grew. In addition, effective interest related earnings increased, with market conditions pushing up the profit, bringing the consolidated net business profit to ¥346.0 billion, which is an increase of ¥51.3 billion from the previous fiscal year and the highest profit since the management integration.

Net Fees and Commissions and Related Profit*



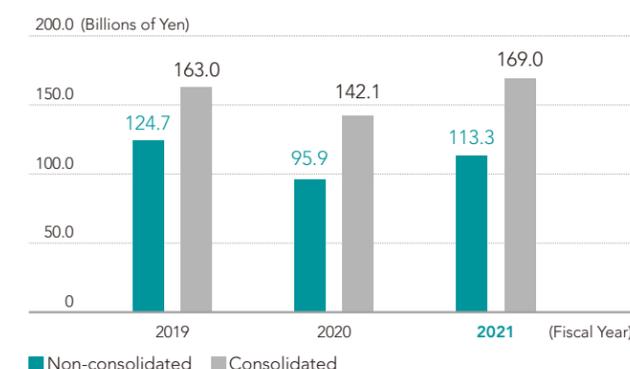
Amid the easing of pandemic related restrictions on business activities, the client related business, such as real estate brokerage services and investment management consulting services, performed well, as did the asset management business spurred by strong market conditions. As a result, net fees and commissions and related profit increased by ¥45.7 billion from the previous fiscal year to ¥436.9 billion.

Net Interest Income and Related Profit*



Net interest income and related profit increased by ¥44.5 billion compared to the previous fiscal year. Effective interest related earnings increased by ¥30.7 billion, including profit attributable to deployment of foreign currency surplus funds, which is included in net other operating profit. The contribution factors include the effect of favorable market conditions amounting to ¥25.0 billion (investment partnerships + approx. ¥13.0 billion), as well as the improvement of loan-deposit income in domestic and international business.

Net Income Attributable to Owners of the Parent



Although credit costs increased due to deteriorating business conditions of some clients and revaluation of special loan loss provision, net income attributable to owners of the parent increased by ¥26.8 billion from the previous fiscal year to ¥169.0 billion, mainly due to the increase in net business profit. For the net non-recurring profit line and below, we recorded realized losses on bear funds that exceeded gains on sales due to steady progress in reducing strategic shareholdings, as steps to reduce the risk that bear funds pose to annual profit and loss associated with the expansion of unrealized losses.

Glossary

Net Business Profit

Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

Total Credit Costs

Costs incurred in posting allowances for losses on loans and writing off loans.

Net Interest Income and Related Profit

Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

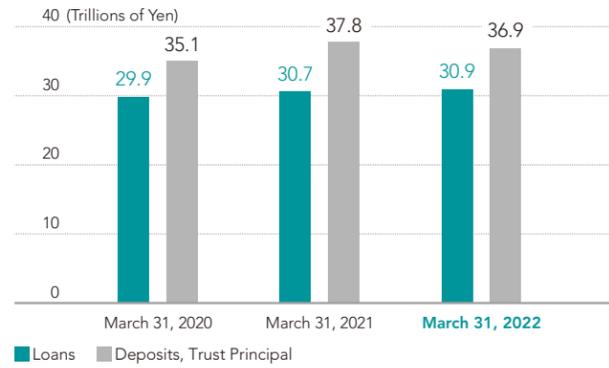
Net Fees and Commissions and Related Profit

Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Financial Status

Terms with an asterisk are explained in "Glossary" on page 128.

Loans and Deposits (Non-consolidated)

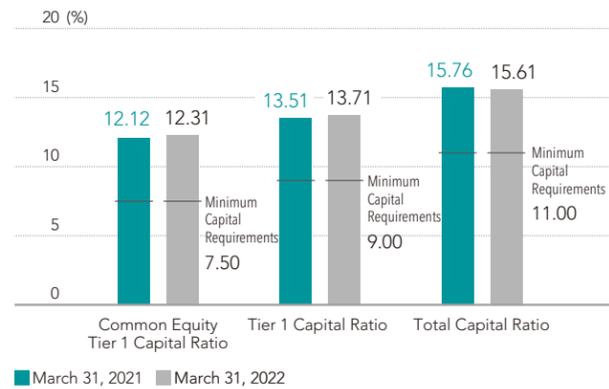


Loans increased while deposits decreased

Loans and bills discounted increased by ¥0.2 trillion from the end of the previous fiscal year to ¥30.9 trillion as a result of a decrease in loans to corporations and an increase in mortgage loans. Deposits decreased by ¥0.9 trillion to ¥36.9 trillion, mainly due to a decrease in time deposits from corporate clients.

* Deposits include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

Capital Adequacy Ratio, etc.* (Consolidated)

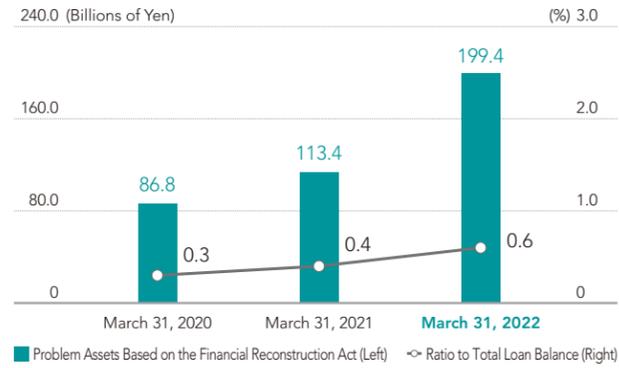


Coverage levels remain well above regulatory standards

Common Equity Tier 1 capital ratio increased by 0.19 percentage points from the end of the previous fiscal year to 12.31%. The increase was mainly due to a decrease in equity index futures in the global markets business. Total capital ratio decreased by 0.15 percentage points from the end of the previous fiscal year to 15.61%. Common Equity Tier 1 capital ratio as well as the total capital ratio remain well above the corresponding regulatory required levels of 7.50% and 11.00%, respectively.

Basel III:
Basel III is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel III, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013 in a phased manner. Basel III newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.

Problem Assets Based on the Financial Reconstruction Act* (Non-consolidated)



Ratio to total loan balance remains low at 0.6%

The total balance of problem assets based on the Financial Reconstruction Act increased by ¥86.0 billion compared to the end of the previous fiscal year to ¥199.4 billion, with the ratio to total loan balance remaining at a low level of 0.6%, after an increase by 0.2%. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the ratio was 77% for doubtful loans and 37% for substandard loans, both of which are deemed sufficiently high.

Glossary

Problem Assets Based on the Financial Reconstruction Act
Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

Bankrupt and Practically Bankrupt
Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

Doubtful
Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

Substandard
Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

Capital Adequacy Ratio, etc.
Basel III defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

Common Equity Tier 1 Capital
Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

Tier 1 Capital
Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

Total Capital
Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

Corporate Information (as of June 30, 2022)

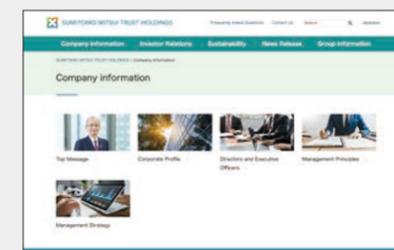
Registered Trade Name: Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment: February 1, 2002 (Change of trade name: April 1, 2011)
Main Business: With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (8) as its key functions:
 (1) Supervising management strategies
 (2) Supervising financial management
 (3) Supervising human resource management
 (4) Supervising general affairs management
 (5) Supervising business process management
 (6) Supervising risk management
 (7) Supervising compliance management
 (8) Managing internal auditing
Capital: 261,608,725,000 Yen
Stock Exchange Listings: Tokyo, Nagoya Stock Exchanges
 Tokyo (Prime Market), Nagoya (Premier Market)
Securities Code: 8309

Rating Information (as of June 30, 2022)

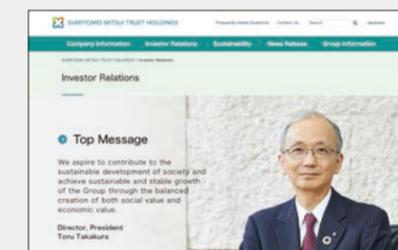
Entity	Agency	Long-term	Outlook	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—
	R&I	A	Positive	—
	S&P	A	Stable	A-1
Sumitomo Mitsui Trust Bank	Moody's	A1	Stable	P-1
	Fitch	A-	Stable	F1
	JCR	AA-	Stable	—
	R&I	A+	Positive	a-1

Website

Please go to our website for specifics on our Group.



Company information
https://www.smth.jp/english/about_us



Investor Relations
<https://www.smth.jp/english/investors>



Sustainability
<https://www.smth.jp/english/sustainability>



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