



# SuMi TRUST IR Day

July 14<sup>th</sup> 2021

Sumitomo Mitsui Trust Holdings

## 1. Accelerate Business unique to the trust bank group and Enhance/Sophisticate operational quality

Kazuya Oyama, President, SuMi Trust Bank

## 2. Our group governance

Shinichi Saito, Director (external director),  
Sumitomo Mitsui Trust Holdings

## 3. Initiatives on diversity and inclusion

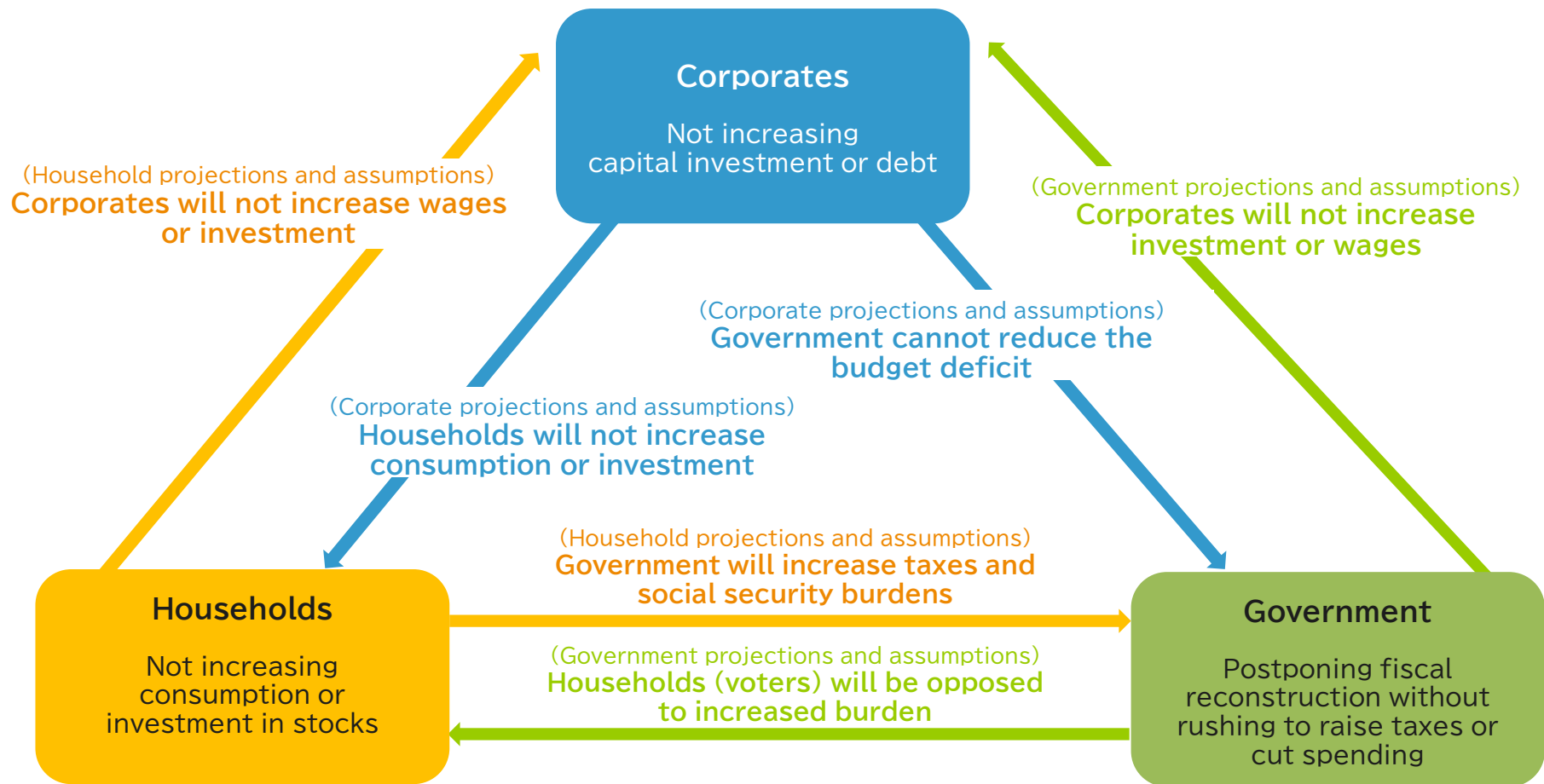
Hiroko Kawamoto, Director (external director),  
Sumitomo Mitsui Trust Holdings

1. Accelerate Business unique to the trust bank group and Enhance/Sophisticate operational quality

Kazuya Oyama, President, SuMi Trust Bank

# 1. Structural Issues in the Cycles of Funds

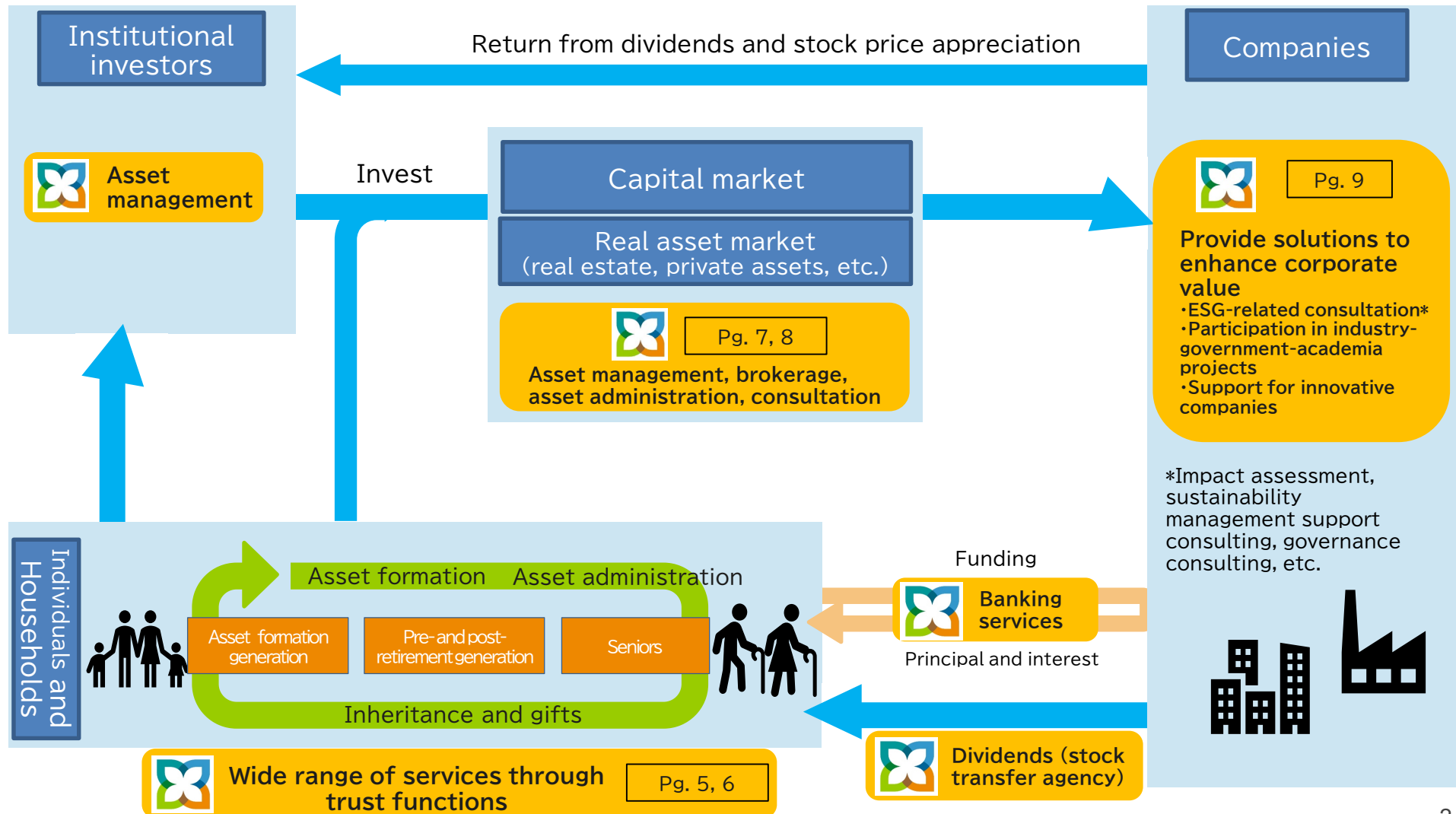
- The thoughts and actions of households, corporates, and governments have led to structural stagnation in the cycles of funds



Decarbonization will provide an opportunity for "everyone" to start moving all at once  
It will bring investment opportunities to investors and households

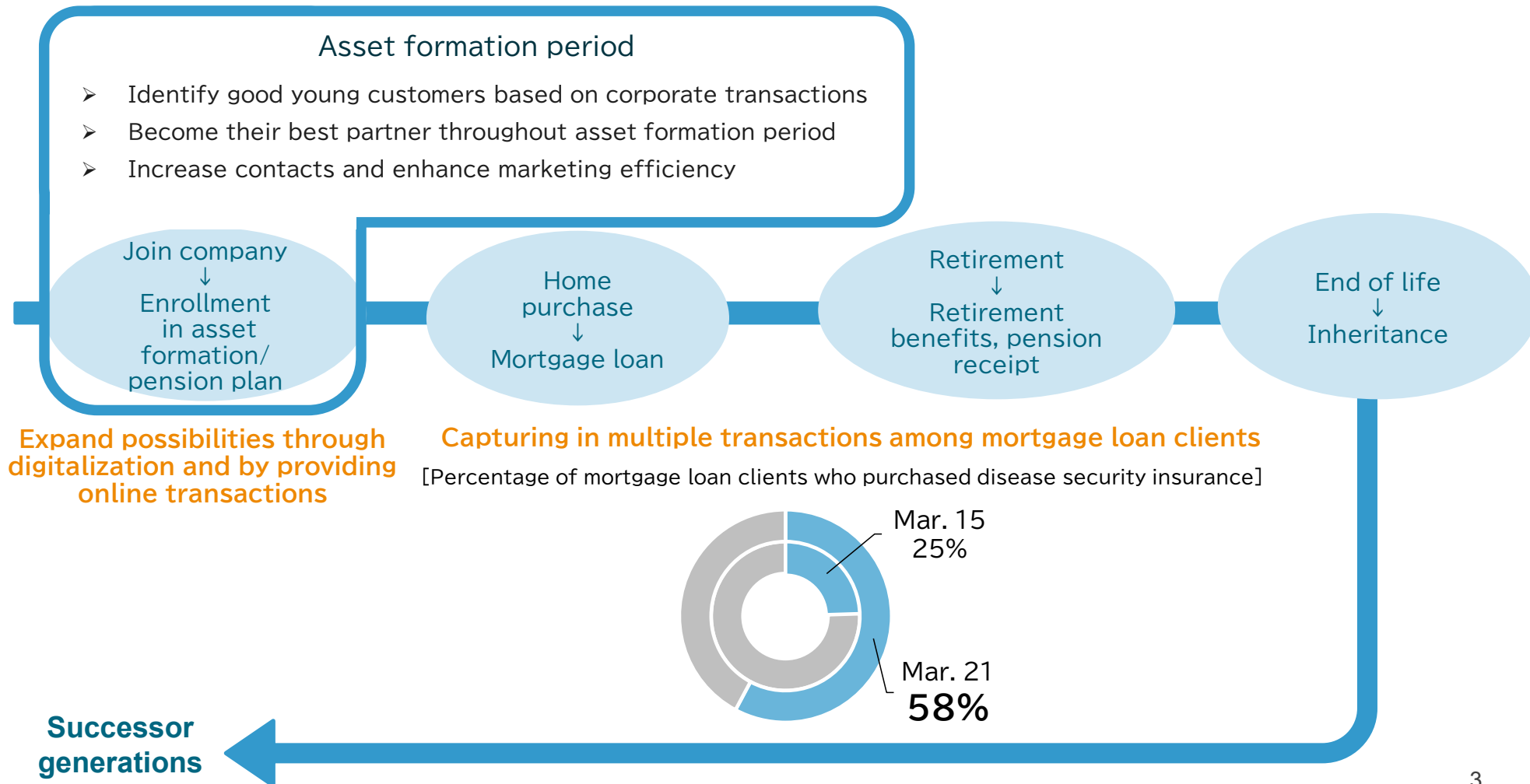
## 2. Contributing to the Virtuous Cycle of Funds, Assets, and Capital ~ Investment Chain ~

- In various situations, SuMi TRUST group will contribute to “a virtuous cycle of funds, assets, and capital that brings increased corporate value to households”



### 3. Growth Associated with Virtuous Cycle: Individuals and Households

- Focused on business opportunities in the three major lifetime events (home purchase, retirement, inheritance)
- In addition, a renewed focus on pension/work place contacts from the start of employment

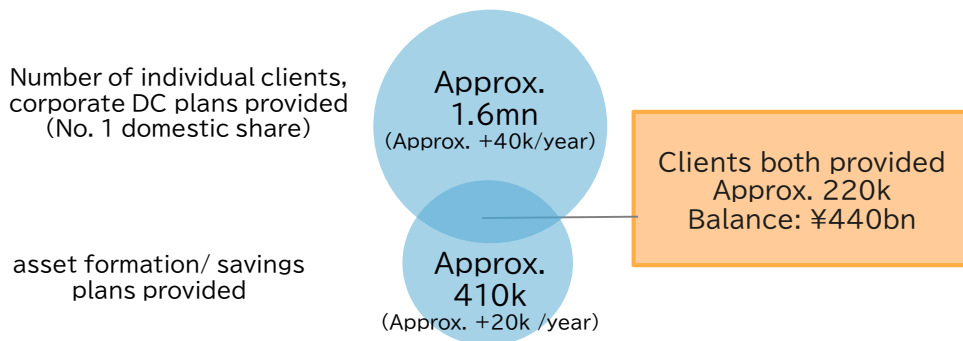


## 4. Growth Associated with Virtuous Cycle: AssetFormation Generation Group Business for Individuals Based on Corporate Relationship

### ➤ Building assets for the future, funding the investment chain

#### Work Place client base

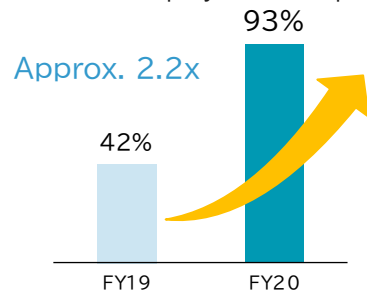
Transactions with good individual clients acquired through corporate relationship



Figures in parentheses “( )” indicate the pace of increase in recent years.

#### DC matching contribution rate

Example of a new employee at Company A



Active use of online tools

Significant increase in matching contribution rate from the previous fiscal year

#### Leverage into real estate business

Business expansion opportunities utilizing accumulated comprehensive information on pension/retirement plans and corporate housing property

- Target-focused marketing  
Mortgage loan clients: Approx. 350k  
Of which, work place clients: Approx. 10k
- Win-win-win relationship in terms of employee benefits

(Employees of client company)  
Solve problems related to housing and retirement funds

(Client company)  
Improve employee engagement

**Win-Win-Win**

(SuMi TRUST) Develop into real estate transactions, etc.

#### Online based marketing

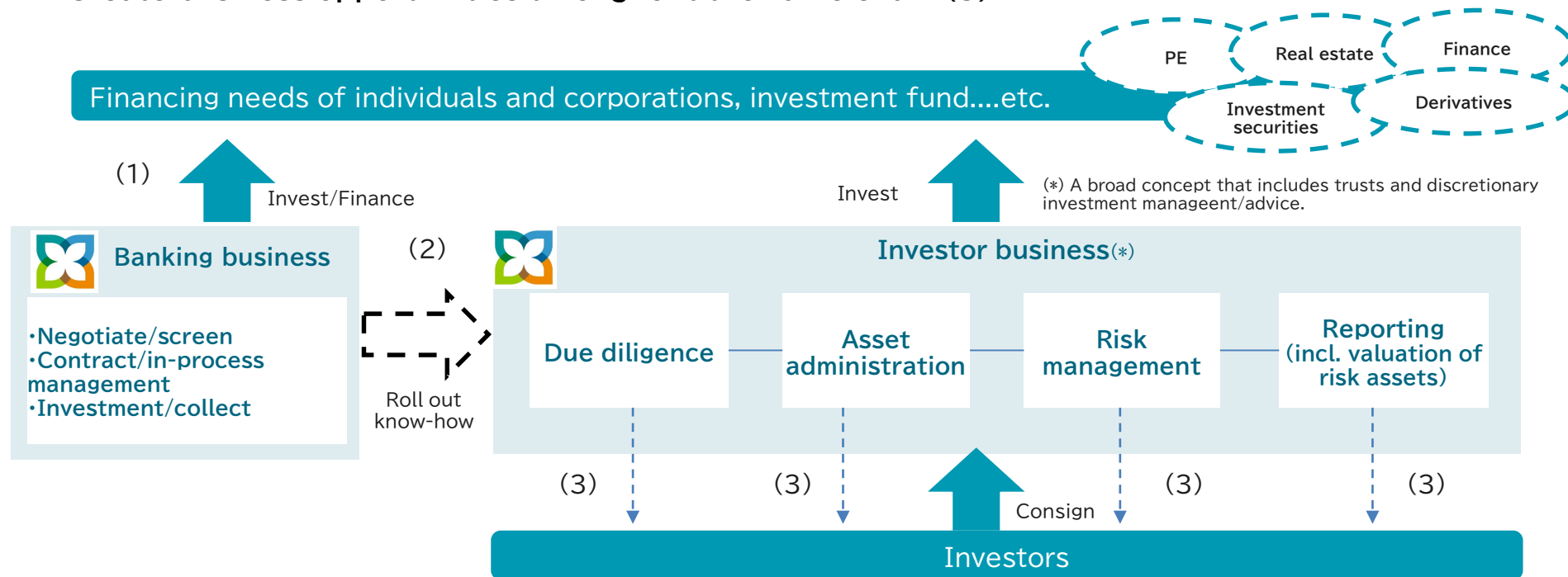
Continuous contact with asset formation generation who prefer online rather than face-to-face

- Cross-sectional use of DC, work place, and mortgage infrastructure
- Plan to launch an app that simulates future asset holdings and provides information on asset formation



## 5. Growth Associated with Virtuous Cycle: Expand Asset Management and Administration Services Originating From Investment/Financing

- Build up sourcing and discernment capabilities through investment in banking business (1)
- Roll out accumulated know-how to product selection and management services for investors (2)
- Create business opportunities throughout the value chain (3)



### Our Features

1. Long-term private asset investment experience in banking business, proven track record in same-boat investment taking risk together with investors, extensive experience in sourcing domestic and international loans
2. Rolling out of our experience of investing in various assets (funds) to the gatekeeper business for investors, while responding to changes in the economy and markets
3. Establishment of long-term and continuous business relationships with investor clients, ranging from product selection to transfer of funds, management of investees, and investment reporting



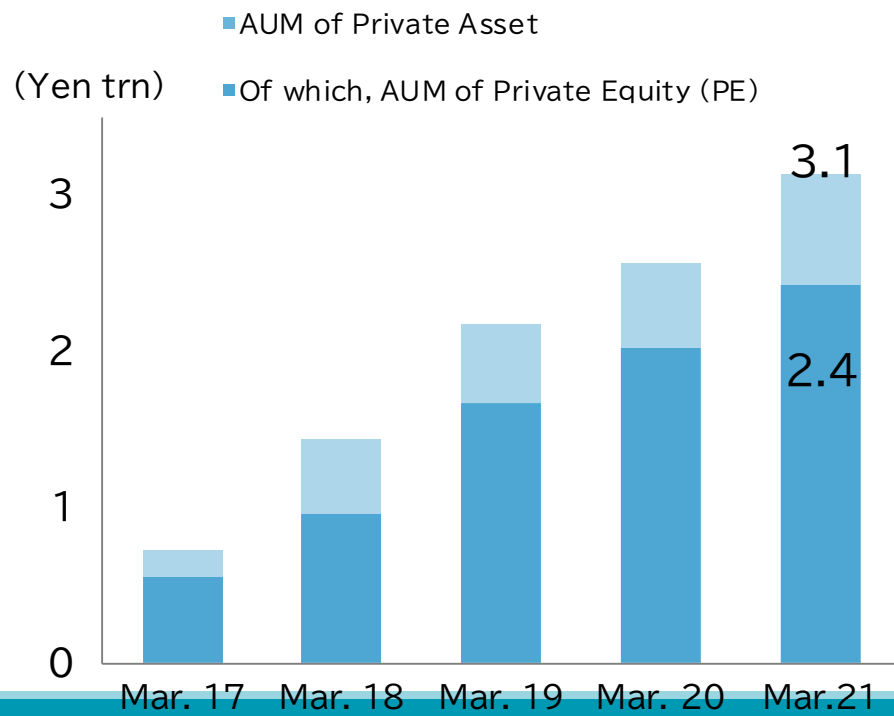
## 6. Growth Associated with Virtuous Cycle: Private Assets

- Focus on providing ESG investment opportunities and expanding the investor base to achieve sustainable AUM growth

### Private asset AUM

Organically combine the functions and know-how of banking and trust to expand investor AUM and create stable streams of revenue

[Private asset AUM, private equity (PE) AUM]

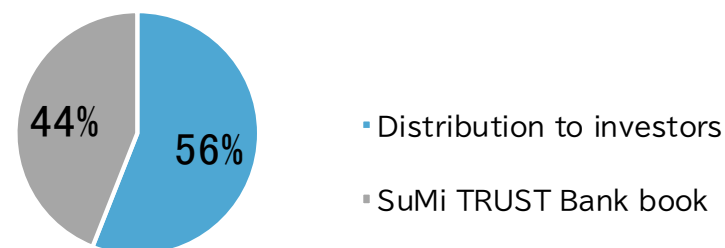


### Expansion of investment opportunities

Expand ESG investment opportunities for investors by leveraging banking functions

[Our renewable energy Project Finance arrangements]

Total arrangements in FY20: approx. 350 billion yen  
⇒ Over 50% sold to investors



Opportunities to expand the range of investors by utilizing our trust function

Social infrastructure fund

Renewable energy fund

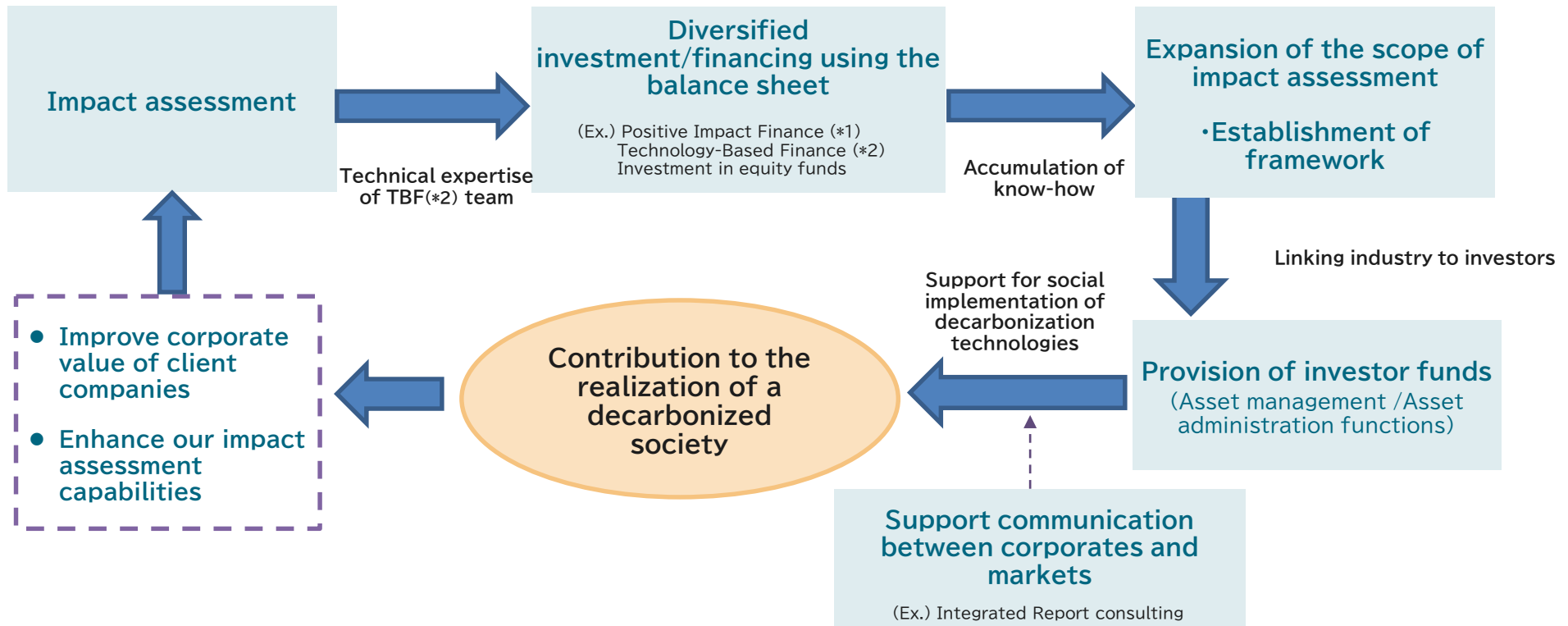
Smaller units,  
standardized  
format

(ex.)

Regional banks  
Non-profit  
corporations

## 7. Decarbonization Trend: Cycle of funds leveraging Impact Assessment

- Linking the massive finance demand from industries to investors' investment needs
- Aim to expand from banking to investor business in the area of decarbonization



### Demonstrate trust origination functions while utilizing the balance sheet

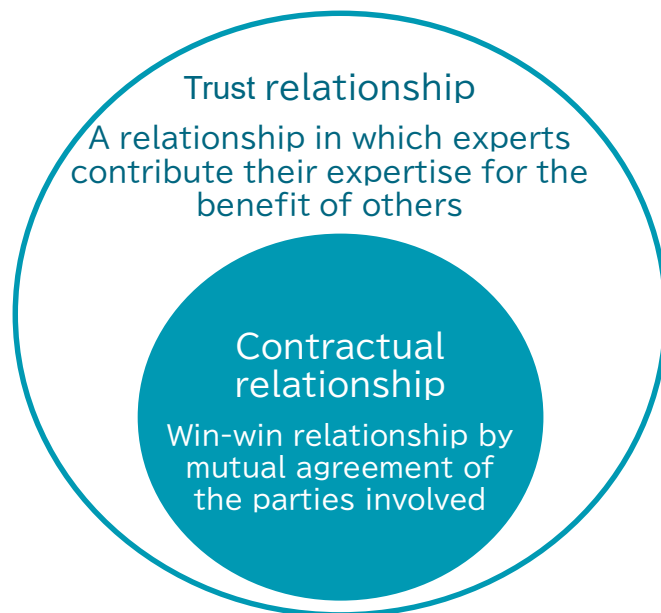
(\*1) Positive Impact Finance (PIF): Investment and financing that comprehensively analyzes and evaluates the impact of a company's supply chain on the environment, society, and the economy (from a birds' eye view), sets specific KPIs for the positive/negative impacts of business activities, and incorporates them into the contract terms.

(\*2) Technology-Based Finance (TBF): Investment and financing that makes decisions based on scientific evidence to encourage the social implementation of technologies and systems that solve environmental, social, and economic problems.

## 8. Key Theme: Enhance/Sophisticate operational quality

### > Revisit to the basics, enhance and sophisticate business quality based on a trust relationship

#### Difference between a trust relationship and a contractual relationship



#### Contractual relationship

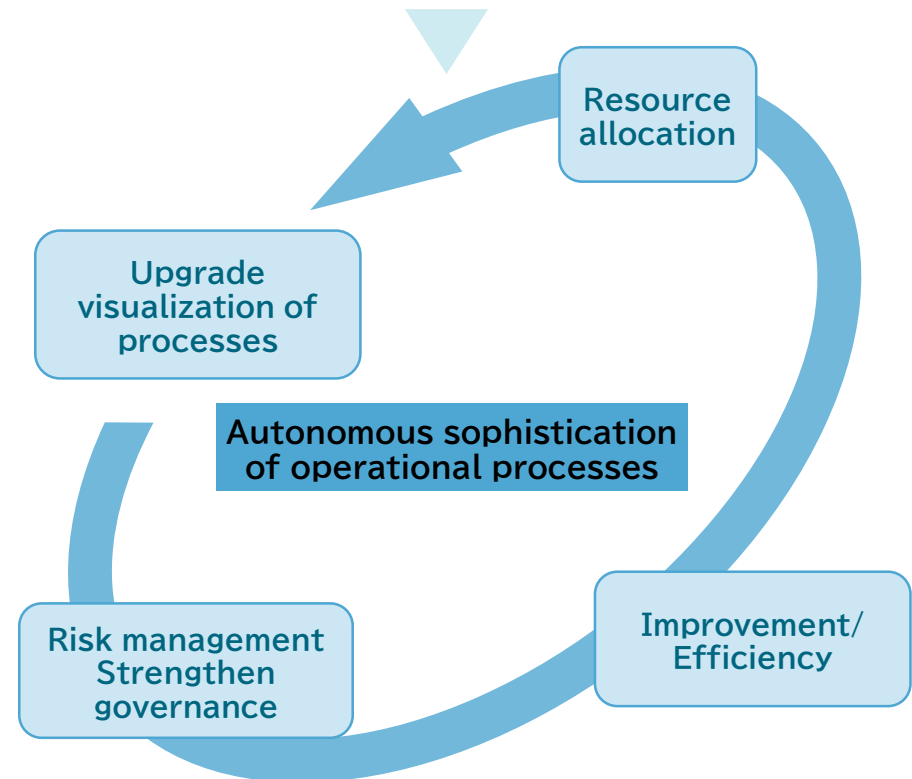
- Pursuit of short-term profits
- A dilemma that the relationship may impede the medium- to long-term growth of society as a whole

#### Trust relationship

- High expectations from clients and society
- Provide business quality exceeding expectations as experts

#### Further enhance/sophistication of business processes

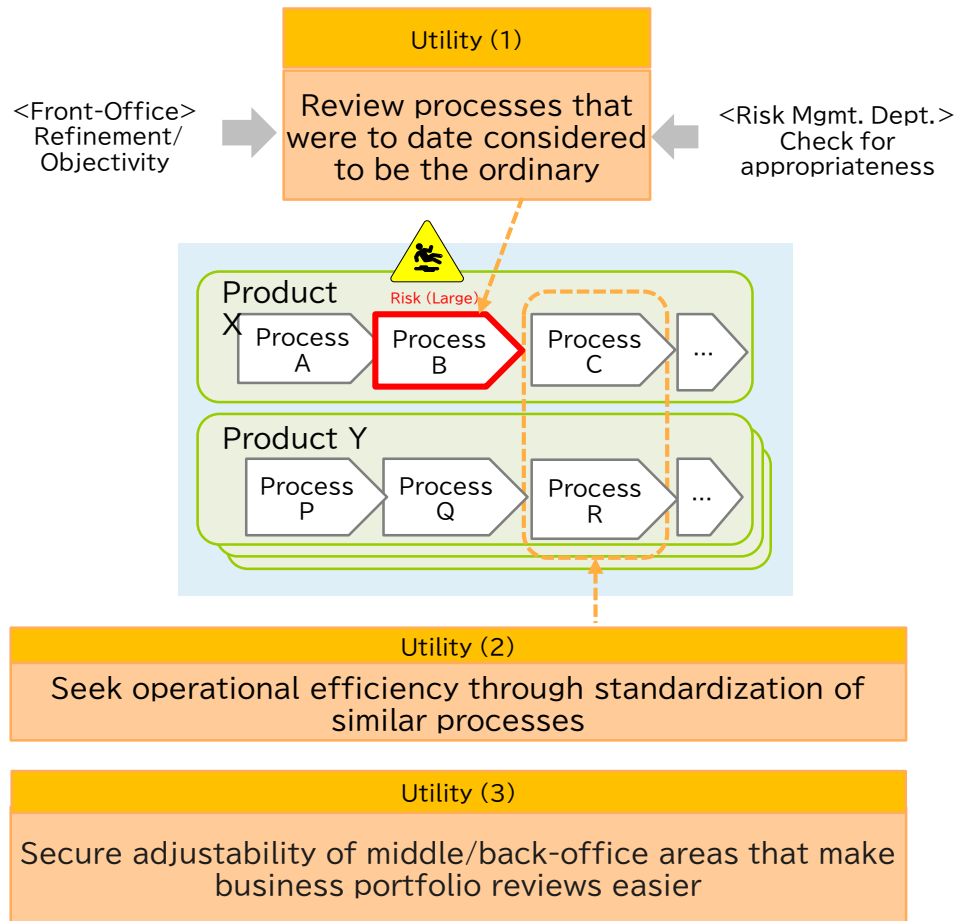
- Account for smaller volume/high variety, highly specialized operational features that are true to a trust bank group
- Develop/provide tools for visualizing processes



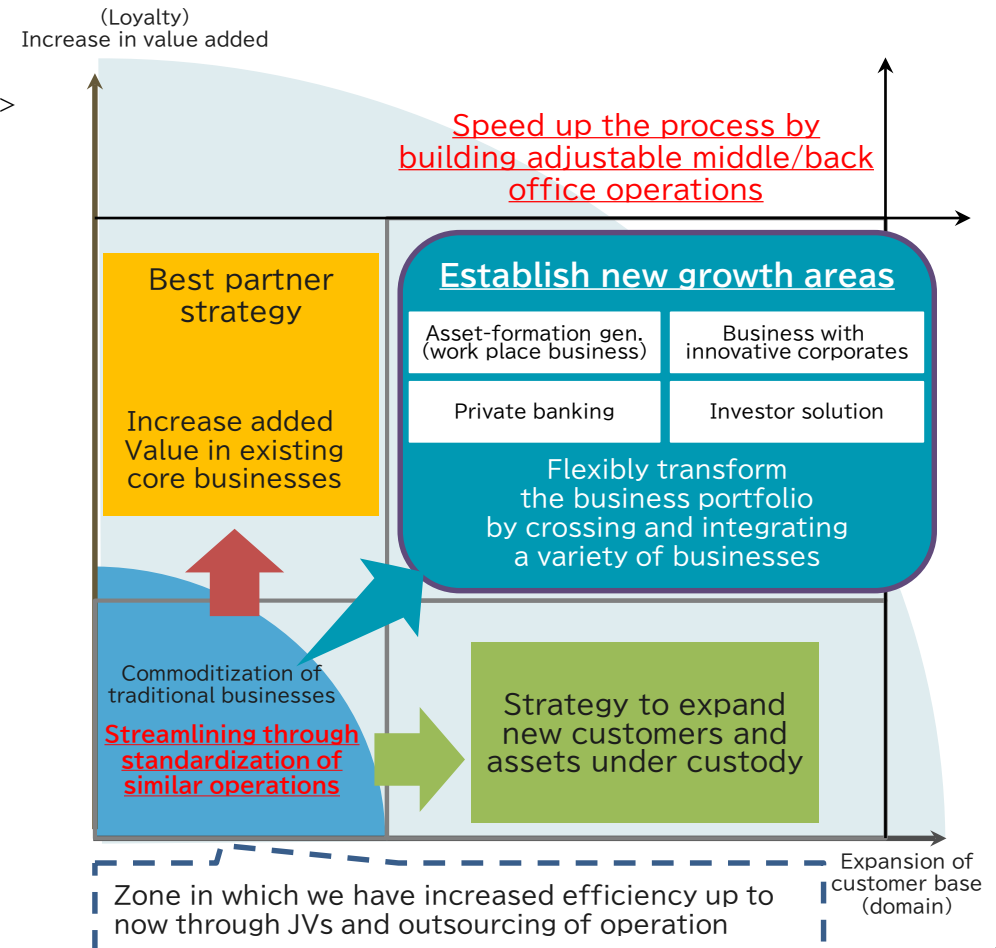
## 9. Creating a System for Shifting to Growth Areas

- Shift to growth areas by working on the advancement of variability

### Utilities from enhancing visualization of processes



### Construction of a variable business portfolio



## 2. Our group governance

Shinichi Saito, Director (external director),  
Sumitomo Mitsui Trust Holdings

# Agenda

## Contents to be covered today

1. Self introduction
2. SuMi Trust's group governance structure
3. Status on the demonstration of the Audit committee's function
4. Track record of the Audit committee's activities
5. Response to incidents
6. Future challenges
7. Expectations for the Sumitomo Mitsui Trust Group

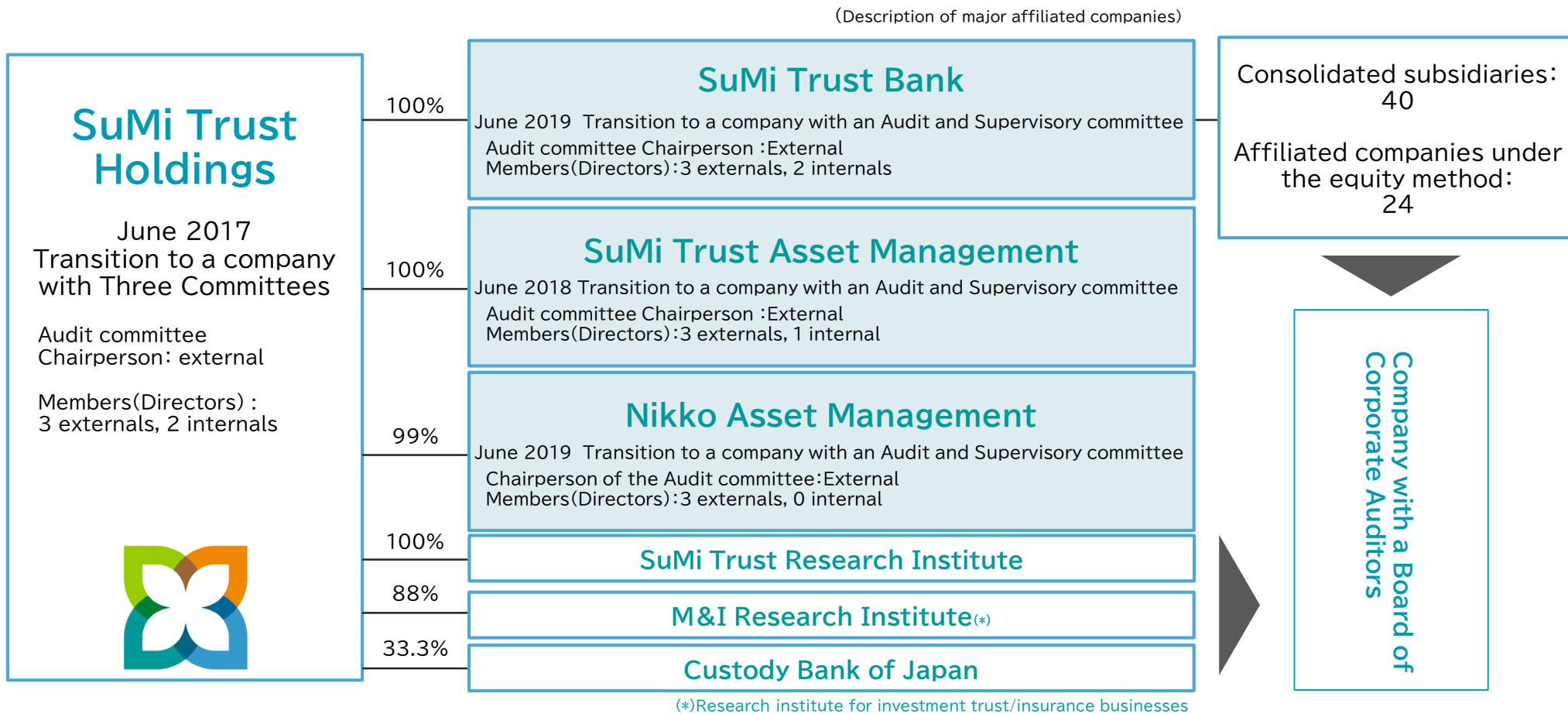
# 1. Self Introduction

## Career Summary

|                  |  |
|------------------|--|
| Apr. 1971        | Joined Marubeni-Iida Co., Ltd. ("MC") (currently, Marubeni Corporation)  |
| June 2001        | Appointed Executive Officer and General Manager of the Finance Department of MC  |
| Apr. 2002        | Appointed Executive Officer and General Manager of the PR/IR Department of MC  |
| Jan. 2003        | Joined Ernst & Young Global Finance Services Co., Ltd.   |
| July 2005        | Appointed Representative Director of Ernst & Young Transaction Advisory Services Co., Ltd. ("EYTAS")   |
| July 2009        | Appointed Representative Director and CEO of EYTAS   |
| July 2010        | Appointed Managing Director, General Manager of the Accounting and Business Development Division of the Global Markets Office of Ernst & Young ShinNihon LLC |
| May 2013         | Appointed Representative Director, President and CEO of Japan Industrial Solutions, Ltd. ("JIS")   |
| <b>June 2013</b> | <b>Appointed Corporate Auditor (External Auditor) of SuMi TRUST Holdings</b>   |
| July 2014        | Appointed Director of UNITIKA LTD.   |
| June 2015        | Appointed Director of Sharp Corporation  |
| Oct. 2016        | Appointed Representative Director, CO-CEO of JIS   |
| Jan. 2017        | Appointed Director of Meikoshokai Co., Ltd. (Current Position)   |
| <b>June 2017</b> | <b>Appointed Director of SuMi TRUST Holdings (Current Position)</b>  |
| Dec. 2018        | Appointed Chairman & Representative Director of JIS (Current Position)   |
| Oct. 2020        | Appointed External Director of The Prudential Gibraltar Financial Life Insurance Co., Ltd. (Current Position)  |
| Oct. 2020        | Appointed Chairman of the Board of Regions Capital Partners Co. Ltd (Current Position)   |

## 2. SuMi Trust Group's governance structure ①

### 【Sophisticating SuMi Trust Group's governance structure】

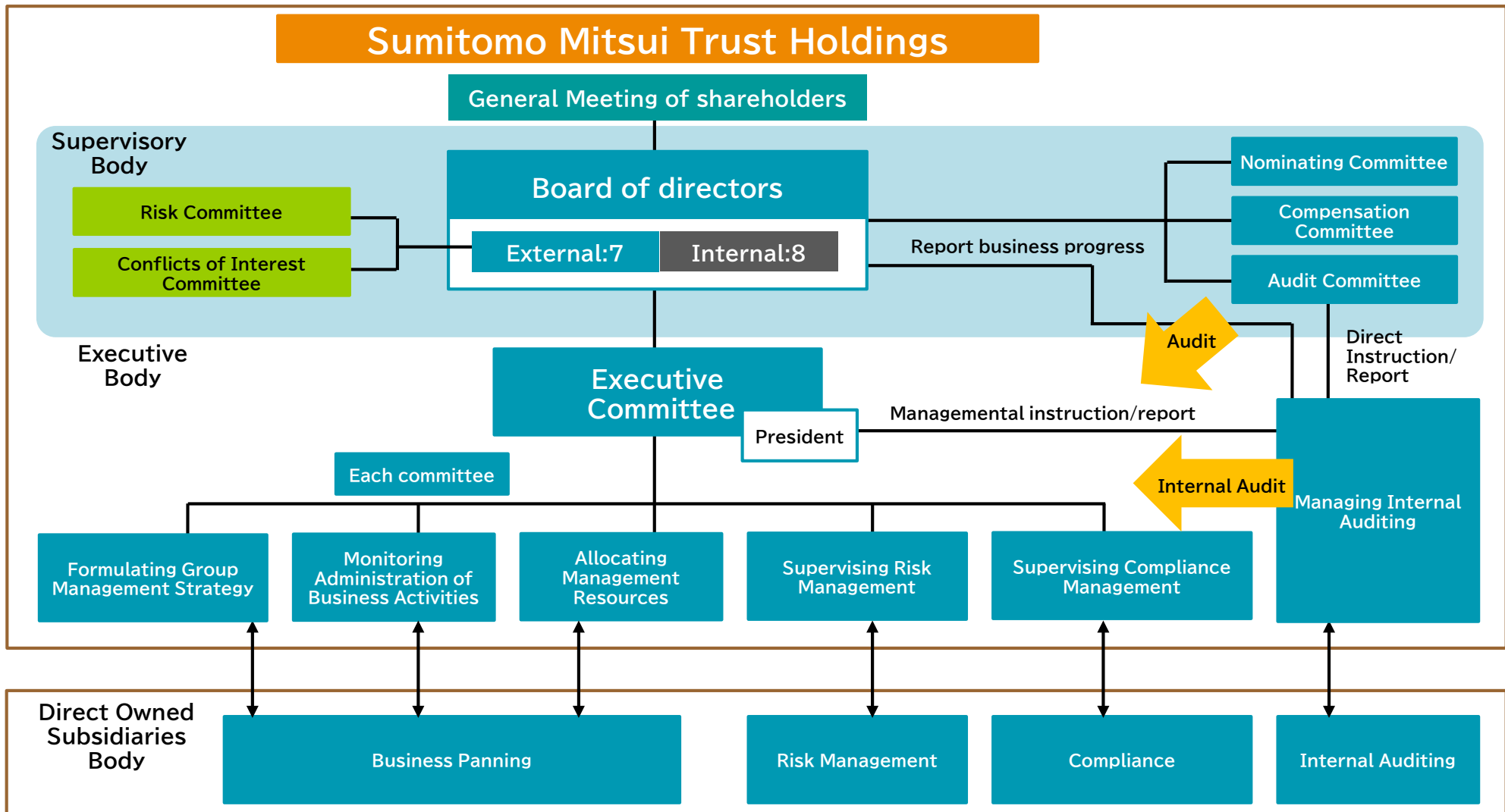


### 【Changes / positive impact from the transition】

- Improve effectiveness of audits/enhance supervisory functions of the BOD
  - ✓ Enhance organizational audits by leveraging collaboration with auditing bodies, internal audit functions
  - ✓ Quarterly reporting to the BOD



## 2. SuMi Trust Group's governance structure ②



### 3. Status on the demonstration of the Audit committee's function

#### 【 Focal points to the Audit committee's initiatives 】

- Sophisticate the entire group's governance structure/internal control
- Clarify responsibilities/authorities of the three lines of defense
- Visualize risks and share risk information
- Keep an eye on sense of value/corporate culture that are the base of governance



Continually pointed out enhancing the above 4 focal points and materialized a certain level of structure

## 4. Track record of the Audit committee's activities

### Audit activities

| Meetings   |                             | Numbers of meetings<br>in FY2020 | Attendance |           |
|--|-----------------------------|----------------------------------|------------|-----------|
|  |                             |                                  | full-time  | external  |
| Audit Committee                                      |                             | 16                               | ○          | ○         |
| Meeting<br>attendance                                | Board of director's meeting | 18                               | ○          | ○         |
|  | Executive committee         | 150                              | ○          | —         |
| Discussion with Representative Executive officer     |                             | 3                                | ○          | ○(partly) |
| Interview with GMs of front offices(※1)              |                             | 29                               | ○          | —         |
| Interview with Officers of front offices             |                             | 14                               | ○          | ○         |
| Interview with risk management departments(※2)       |                             | 75                               | ○          | —         |
| Interview with executive officers of risk management |                             | 6                                | ○          | ○         |
| Discussion with Internal audit department            |                             | 29                               | ○          | ○(partly) |
| Interview with Presidents of subsidiaris(※3)         |                             | 12                               | ○          | ○         |

(※1)In terms of front offices categorized 1st line of diffence

(※2)Of which PT for verification of stock transfer agency operational process:17meetings

(※3)Including discussion with Chairperson of the Board of Directors' Meeting. Held joint audit meetings with SMTAM and NAM

# 5. Response to incidents

【 How was the issue of inappropriate tallying of voting rights exercise forms observed?】

- Issue regarding shareholders' proxy voting that is directly linked to the core of governance
- A material issue that can potentially damage all stakeholders' expectations/trust towards our Group
- Weakened awareness of importance of operations/inherent risks
- Lack of enough visualization of daily operational processes and control of maintaining operational quality

【Actions taken】

- Reporting was received immediately after the occurrence of the incident and the structure for grasping facts at the executive departments were checked
  - ✓ Sufficiency of “independence”, “neutrality”, “expertise” were audited
- Observation and assessment was made at the audit committee upon reporting from executive departments to the full- time audit committee member about the progress of investigation. After that, reported to the BOD and shared feedback with executive sides furthermore
  - <Focal points of the audit >
  - ✓ Proper validation of facts, fundamental identification of the root cause and a feasible preventive measures in accordance with the findings, sufficient allocation of management capital, appropriate public disclosure



Proposed reviewing the Risk management rules

⇒Made reporting risk related information from the 1<sup>st</sup> line to the 2<sup>nd</sup> and 3<sup>rd</sup> lines obligatory

## 6. Future Challenges

Understanding  
the status quo

Have achieved certain levels of internal control/overall risk management structures

Future  
challenges

Improve effectiveness of audits that support the BOD in acting as a checking function to management

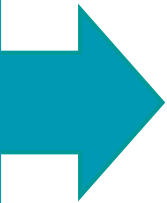


<For improving effectiveness of the audit function>

- Sophisticate organizational audits through enhanced collaboration between the overall group's audit function and business management side furthermore
- Enhance dialogue with management and executive side
  - ✓ Continuous follow-ups on recognition and understanding of audit findings, and status of responses to the findings
  - ✓ Proper sharing information with the BOD

## 7. Expectations for the SuMi Trust Group

Permeation of “Purpose”  
throughout the whole the  
Group



- Cultivate corporate culture and enhance risk awareness
- Enhance operational structure for continuous improvement of business quality

Sophistication of the  
Group’s risk management



- Establish “Visibility” of operational processes
- Develop a risk map common across the three lines of defense

Investment into growth  
area for “offense”  
Resources allocation for  
“defense”



- Materialize of sustainable growth

### 3. Initiatives on diversity & inclusion

Hiroko Kawamoto, Director (external director),  
Sumitomo Mitsui Trust Holdings

# 1. Self introduction



Hiroko Kawamoto

Sumitomo Mitsui Trust Holdings  
Director  
Member of the nomination committee,  
member (chair-person) of the compensation committee

(June 2016~June 2017 Director of Sumitomo Mitsui Trust Bank )

## ➤ Career highlights

- 1979: Joined All Nippon Airways Co., Ltd. (“ANA”) Osaka airport branch as a cabin attendant
- 1986: Moved to Narita airport branch and worked as an initial member of regular international flights
- 1999: Promoted to cabin manager
- 2009: Installed as Senior Vice President (*shikkoyakuin*), Inflight Services of ANA after general manager of human resource development in Inflight Services
- 2013: Installed as Executive Vice President (*torishimariyaku shikkoyaku*)
- 2014: Installed as Executive Vice President (*torishimariyaku jomu shikkoyaku*)
- 2016: Installed as Executive Vice President (*torishimariyaku senmu shikkoyaku*)  
Acted as the Director for Operation Division, ANA Brand Inflight Services Division, Promotion of Diversity of ANA, Promotion Officer for the Tokyo Olympic and Paralympic Games, etc.
- Installed as Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd. (“ANASRI”) from 2017  
After being the chairperson of the Board of ANASRI, installed as the Advisor of ANASRI in 2021 (Current position )  
(ANA SRI HP: [www.ana.co.jp/group/ari/](http://www.ana.co.jp/group/ari/))

Concurrent positions: External Director of Renaissance Incorporated, External Director of East Japan Railway Company, Director of Japan Volleyball Association, and Director of New National Theatre Foundation other than Sumi Trust Holdings



## 2. Environment surrounding SuMi TRUST Group and importance of D&I

### Environment

Various social issues are revealed and severeness of them has accerated  
Evaluation axis of business community has been changing

### Importance of D&I

#### 1. Culture that mutually accepts diverse sense of values

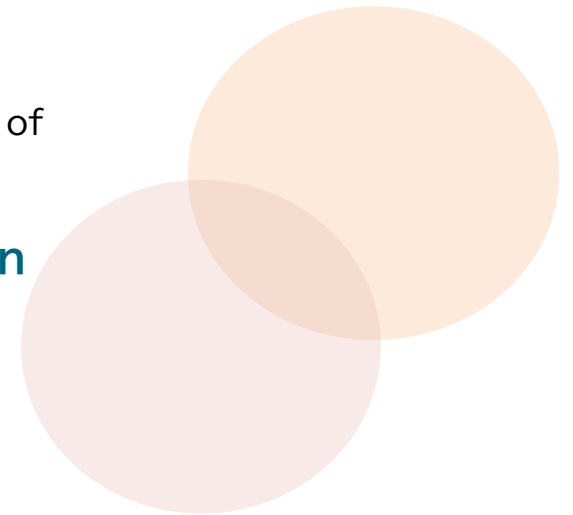
- Ability to understand the various social challenges and diversifying clients' needs
- Flexibility to accept new capabilities from both inside/outside of the organization

#### 2. Comfortable work environment, job satisfaction

- Invigorate the organization, boost productivity

#### 3. New ways of thinking

- Attitude to pro-actively engage in new attempts according to environmental change



### 3. Positioning of D&I in SuMi TRUST Group

Declare **"Offer a work place 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"** as the management principle (mission) and aim for business management that considers D&I as a prerequisite

Message from both presidents on D&I thinking (※)



Mr. Takakura, Director, President of SuMi Trust Holdings

Creating a workplace where diverse talent can show their values and are connected based on trust will be the key to SuMi TRUST Group's growth

D&I is the source for creating unique added values through interaction between diverse talents

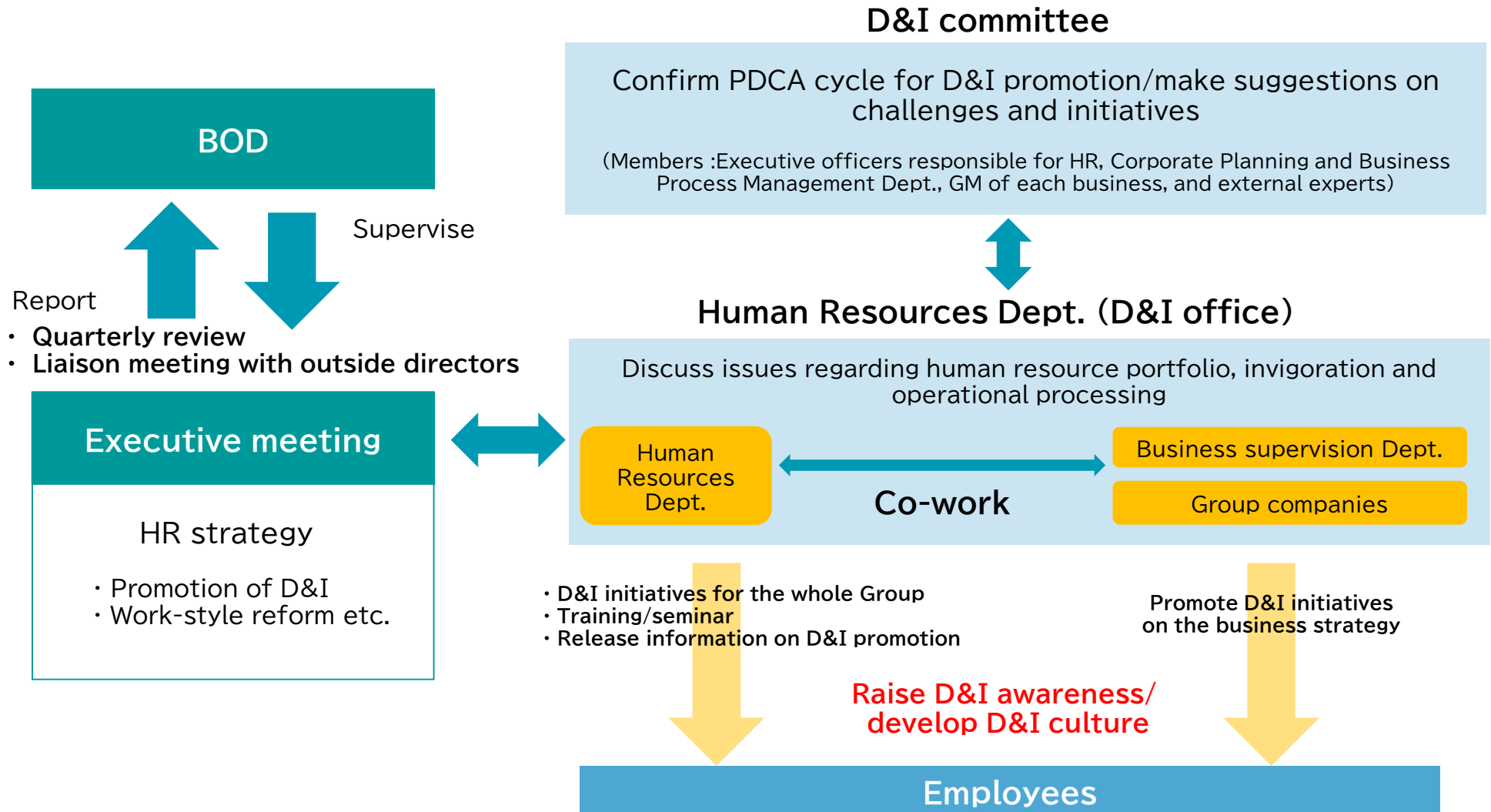
Our D&I philosophy of leveraging interaction among diverse talents and versatile capabilities of trust to display the ability to generate new businesses is the substantive strength of SuMi TRUST Group

Further promote initiatives to bring positive impact to the society/economy and materialize sustainable growth together with the clients and society



Mr. Oyama, President of SuMi Trust Bank

## 4. Framework for promoting D&I

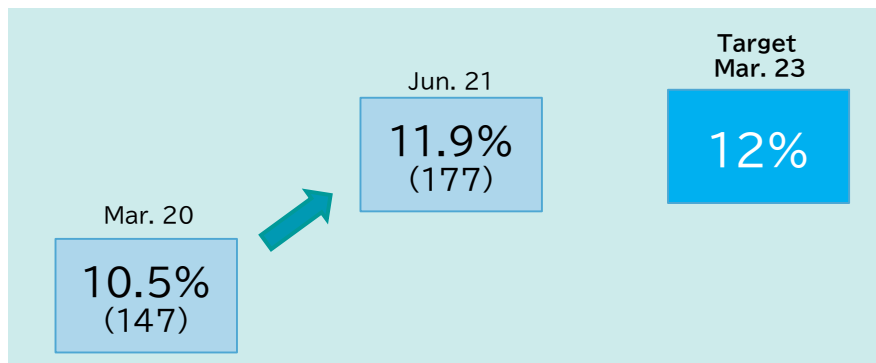


# 5. Women's Active Participation and Advancement ~Progress of KPIs~

## Current KPI goals and status of progress

### ◆ Women above section manager level (※1)

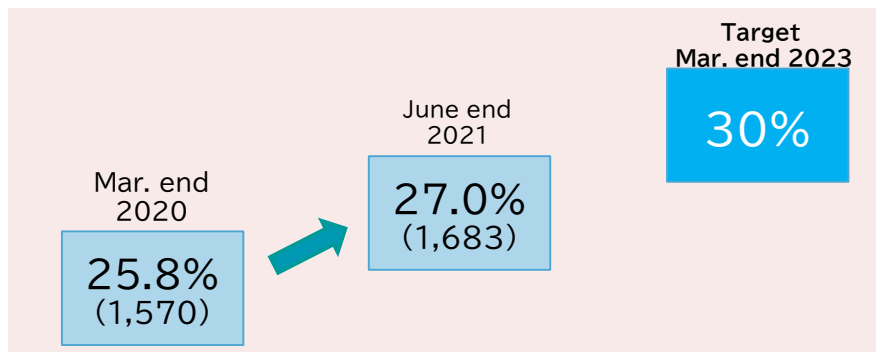
~ Faster than assumed ~



(※1) Standards changed to promote women's active involvement in the organization's decision-making roles

### ◆ Women responsible for management operations (※2)

~ Progress as assumed ~

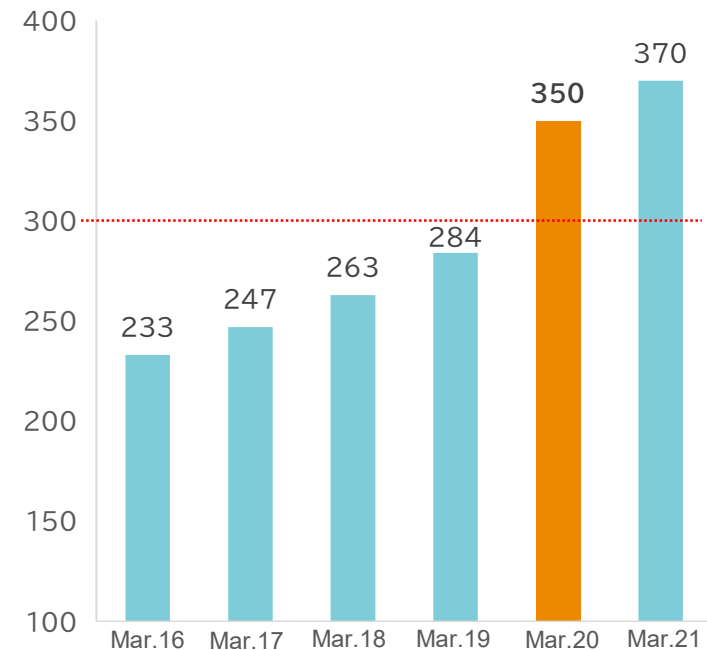


(※2) Roles managing a certain number of people

## (Reference) Results of achievement on previous KPI targets

Mar. 20 target: 300 female above section manager

50 more than the set goal



## 6. Women's Active Participation and Advancement ~Appointment as directors ~

### External board directors

#### SuMi Trust Holdings



Kaoru  
Kashima



Hiroko  
Kawamoto

#### SuMi Trust Bank



Michiko  
Achilles



Junko Sasaki

### Executive officers

#### SuMi Trust Holdings

- ◆ Director in charge of well-being promotion  
(Photo on the right)
- ◆ Director in charge of Research Dept.

#### SuMi Trust Bank

- ◆ President of SuMi Trust bank (USA) Limited
- ◆ GM of Tokyo Business Dept.



Miyo Yajima

### Fellow officers(※)

#### SuMi Trust Bank

- ◆ Stock transfer agency  
(governance/ consulting)
- ◆ Global markets

(※) Those appointed at director levels as talent possessing superior expertise/competency

# 7. Women's Active Participation and Advancement ~Examples of initiatives~

## Initiatives to date

### ◆ Training programs

No. of participants  
in FY 2020

|  |            |
|--|------------|
| <b>Study sessions by directors for educating candidates of deputy general manager/section manager</b><br>(Small group study sessions for supporting active involvement of women )          | <b>15</b>  |
| <b>Training for future candidates of section manager</b><br>(Training to promote active involvement at section manager levels in the future considering unique features of each business ) | <b>223</b> |
| <b>Career design training</b><br>(Life event support training targeting women of 6 <sup>th</sup> year anniversary since joining the company as new graduates )                             | <b>174</b> |
| <b>Training to enhance awareness of shorter working hours</b><br>(Training for managers on how to welcome back employees returning from maternity leave/childcare leave)                   | <b>85</b>  |

~ Training for future candidates of section manager ~



## New initiatives (Launch scheduled for Oct. 21)

### ◆ Sponsorship program

~ Program offered to women employees by senior employees in extending support not only on business matters but also on career development ~

**Executive officers are scheduled to personally act as sponsors to promote women into executive officer and general manager posts**

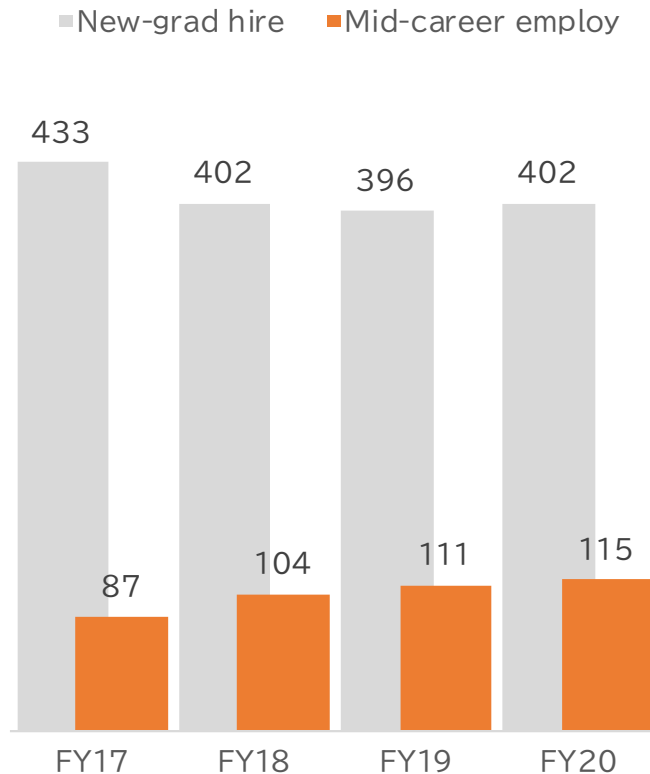
### ◆ Mentoring program

~A mechanism to endorse promotions through in-house information sharing on status of women's active participation and advancement, and support for networking in addition to offering career consulting ~



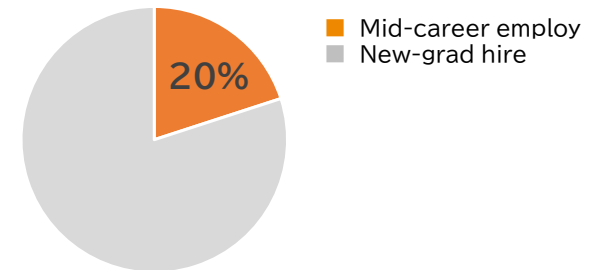
## 8. Proactive inclusion of Diversity : Mid-career employees playing active roles

Hiring (\*)



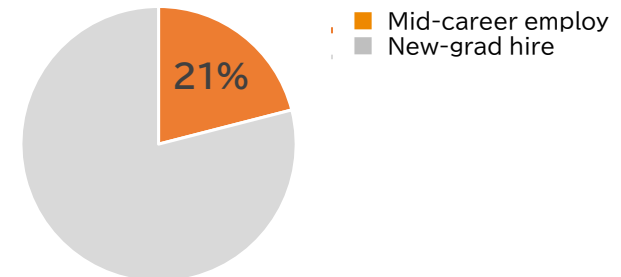
(\*) Sumitomo Mitsui Trust Bank

Ratio of mid-career employee



Total: employees 10,617 (Mar. 21)

Ratio of mid-career employees in managerial positions and above (\*)



Total: employees in managerial positions 1,755 (Mar. 21)

# 9. Proactive inclusion of Diversity

## :Examples of mid-career employees playing active roles



### A new team specializing in science that leverages diversity and expertise ~Technology-based Finance (TBF) Team~

#### Feature

Team established in April 21 consisting solely of mid-career employees in science fields (currently 6 members)  
Creates new added value through synergy among highly specialized personnel in diverse fields



Yosuke Suzuki  
Doctor of  
engineering



Takahide Haneda  
Doctor of  
engineering

I have felt the need for strategic technological development through HEMS demonstration tests\*, innovative batteries research, and the development of exhaust-gas treatment systems for Europe.

I think that financial institutions can take a bird's eye view of policy, finance, and technology, and contribute to the social implementation of valuable technologies.

The timing of this team being launched was one of the reasons why I decided to join SuMi TRUST.

(\*) Abbreviation for Home Energy Management System



I worked for an energy company doing R&D related to biomass, hydrogen, and fuel cells.

Feeling the limitations of technology alone, I hope to contribute to the social implementation of new energy devices and the realization of a decarbonized society with the power of technology and finance.

Specifically, we believe SuMi TRUST has wide-ranging opportunities for taking on challenges across a longer term horizon relative to other commercial bank peers



#### What is Technology-based Finance (TBF) Team?

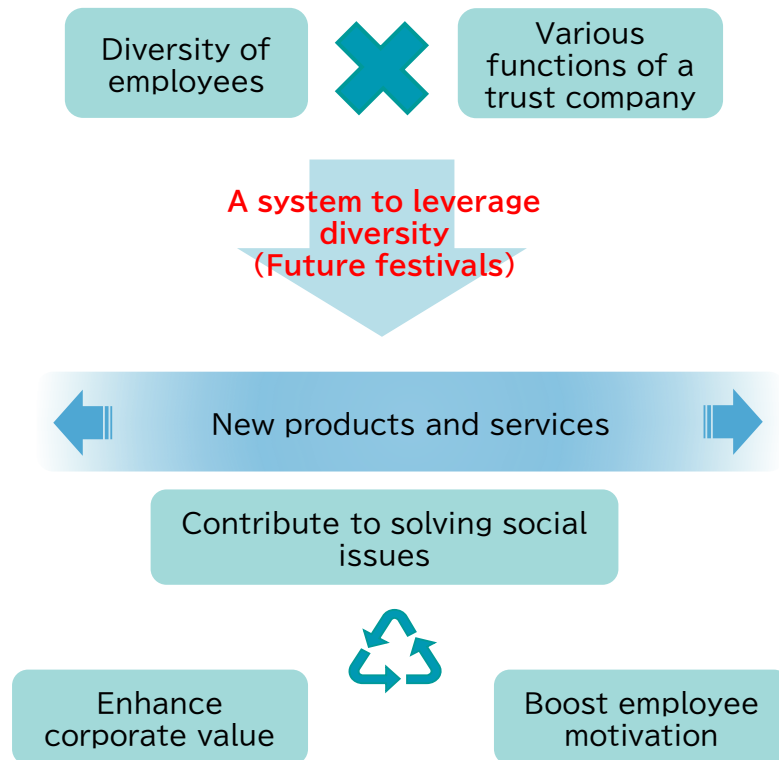
An organization established to promote innovation and support the social implementation of superior technologies, based on our own understanding of technologies, particularly in green-related fields. Through these activities, we aim to create new business opportunities for SuMi TRUST Group.



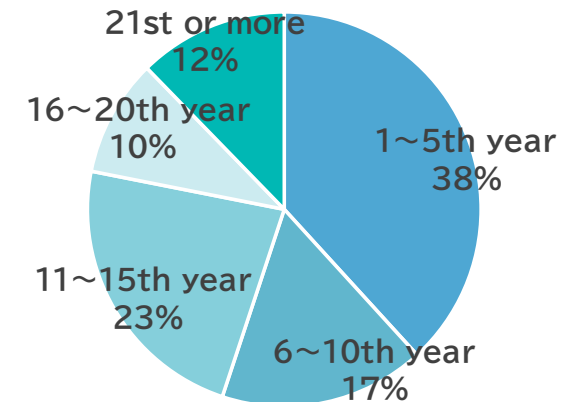
# 10. Proactive inclusion of Diversity: “Future festivals”

## What are “Future festivals”?

- An in-house contest for employees to create new products and businesses on their own
- Offers proactive support for the commercialization of projects selected in internal competitions



## Breakdown of applicants by the length of employment



## Trust for Single Old Age (Solicity Trust)

(Started offering in Dec. 2019)



## ~Solving personal concerns in case of emergencies~



Ideas have been put together based on things picked up through conversations with customers as the branch's asset management advisor.

The process of materializing my own ideas into concrete form by co-working with product development professionals was very rewarding despite the difficulties faced in commercializing the ideas.

Proposer Asset management advisor and Senior financial consultant

# 11. SuMi TRUST Group companies' D&I initiatives

Promote D&I in line with each companies' uniqueness



Sumitomo Mitsui Trust Management and Nikko Asset Management participating 30% club as Investor Group members



(Administrative subsidiary of SuMi TRUST Bank)



Consulting firm of IR and corporate governance consisted only of women  
(joined SuMi TRUST Group from Feb 20)

- ◆ Ratio of female employees involved in management operations

76%

Platinum “Eruboshi”(\*)  
certification  
(Only 13 companies certified nation-wide)

- ◆ Ratio of female employees using the work-life balance support system

25%



(\*) What is Platinum “Eruboshi” is?

A Certification granted to companies that have met a certain level of conditions such as displaying particularly admirable progress of initiatives etc. among companies certified with “Eruboshi”, a certification system based on the “Act on the Promotion of Female Participation and Career Advancement in the Workplace”, offered by the Ministry of Health, Labor and Welfare.

# Appendix

# Promoting active participation of global employees

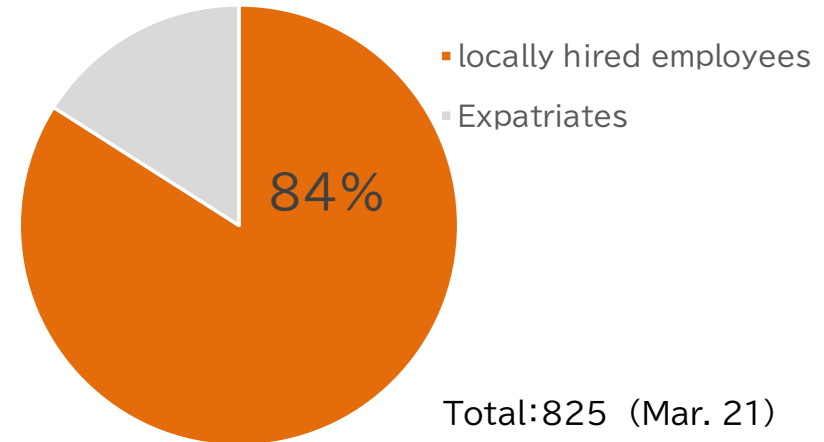
## Interactive event with foreign branch employees



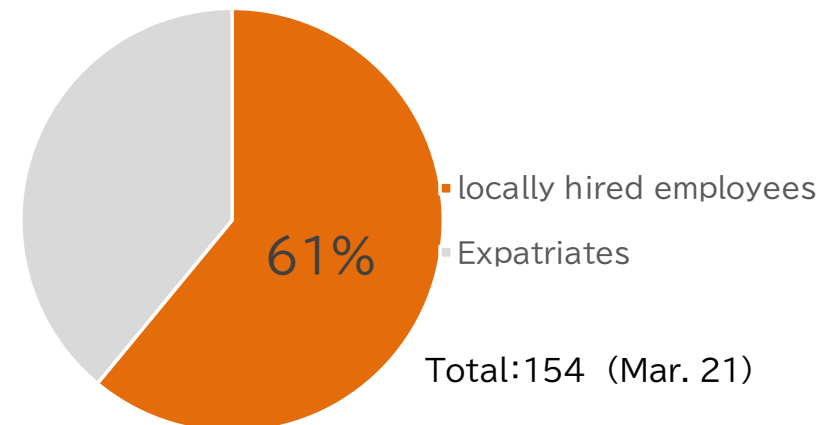
Joined 13 employees from 13 countries in 2019 Study session for our business strategy and Japanese business culture as well as visiting Sumitomo Yuhoen(in Kyoto) to understand the roots of the Group

(※)SuMi TRUST Bank

### Breakdown of employees in overseas locations



### Breakdown of section heads in overseas location



# Initiatives for LGBTQ friendly company

## PRIDE Index(※1)



FY20

- Sumitomo Mitsui Trust Holdings, Sumitomo Mitsui TRUST bank, Sumitomo Mitsui Trust Asset Management, and Sumitomo Mitsui Trust Business Service got “GOLD” award as a Group
- Nikko Asset Management got “GOLD” award on its own

### In-house initiatives

#### ~ Fostering LGBTQ understanding and Allies~

- ◆ Preparation for agreement with “Business for Marriage Equality(※2)”
- ◆ Foster considerate language and behavior through training

Ally means “friend” and it refers to “someone who understands and supports LGBT people”

### Initiatives for supporting clients

#### ~ Developing and providing products and services for wider range of clients ~

- ◆ Housing loan for same-sex partners (since Jan, 18)  
Enable to use paired mortgage loan with a public qualification for same-sex partners

- ◆ Housing will (since Mar. 21)  
Enable to leave home property to your loved one



(※1) An index operated by work with Pride (WWP), a voluntary organization that promotes diversity management and provides support to make it take hold.

(※2) A campaign is organized by three non-profit organizations operating in Japan for companies to show support in requesting equality in marriage laws in Japan. BME’s purpose is to create a visualization of companies that are willing to support the request to equalize marriage laws in Japan.

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