



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Sumitomo Mitsui Trust Holdings, Inc. IR DAY

July 7, 2023  
Sumitomo Mitsui Trust Holdings, Inc.

Today's theme

# Corporate business strategy at Medium-Term Management Plan

Sumitomo Mitsui Trust Holdings, Inc. executive officer

Sumitomo Mitsui Trust Bank Limited Deputy President

Shigeki Tanaka

1. SuMi TRUST Group's corporate business
2. Initiatives to improving ROE for each corporate clients
3. Growth strategy of corporate businesses(five key strategies)
4. KPI of corporate businesses

# 1. SuMi TRUST Group's corporate business

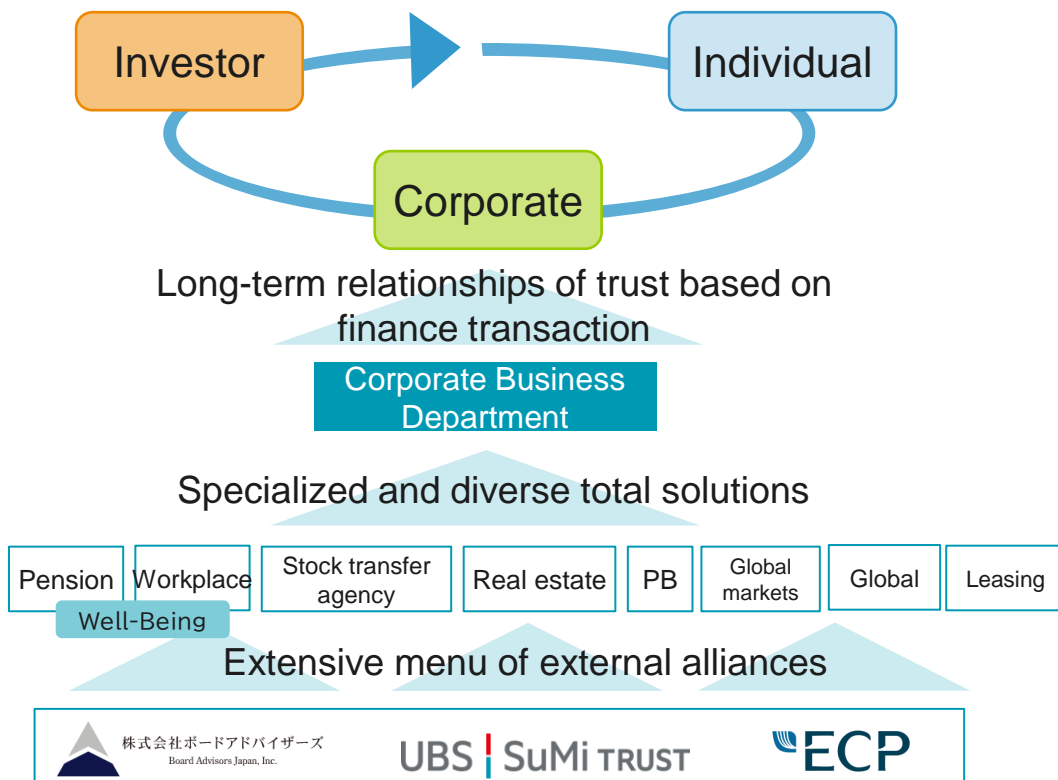
Goal of corporate business (Aspiration by FY2030)

**“Best partner for clients and society”**

<Clients>Contribution to enhance clients' corporate value through support for transition toward ESG/Sustainable management

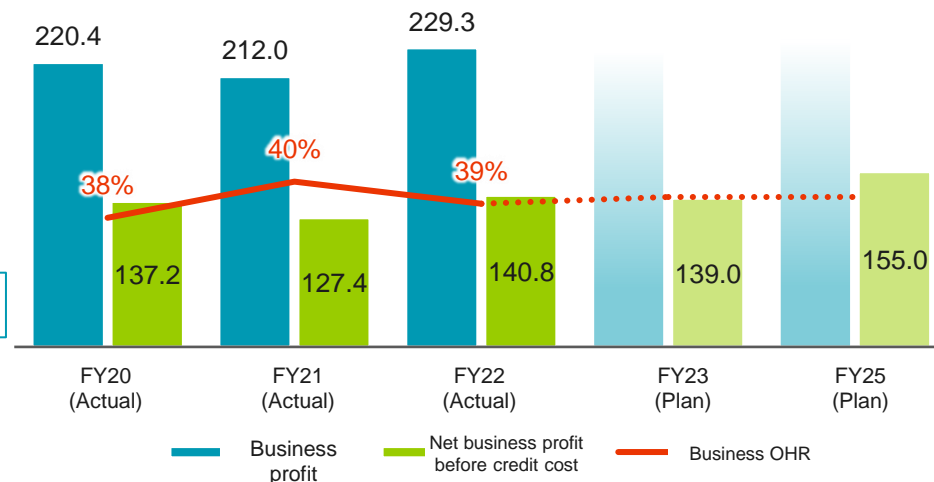
<Society>Contribution to create social value through virtuous circulation of funds, assets and capital, and sound development of capital markets

Business model of corporate business



Develop business as a **nexus** that leverages contacts with diverse economic entities and stakeholders

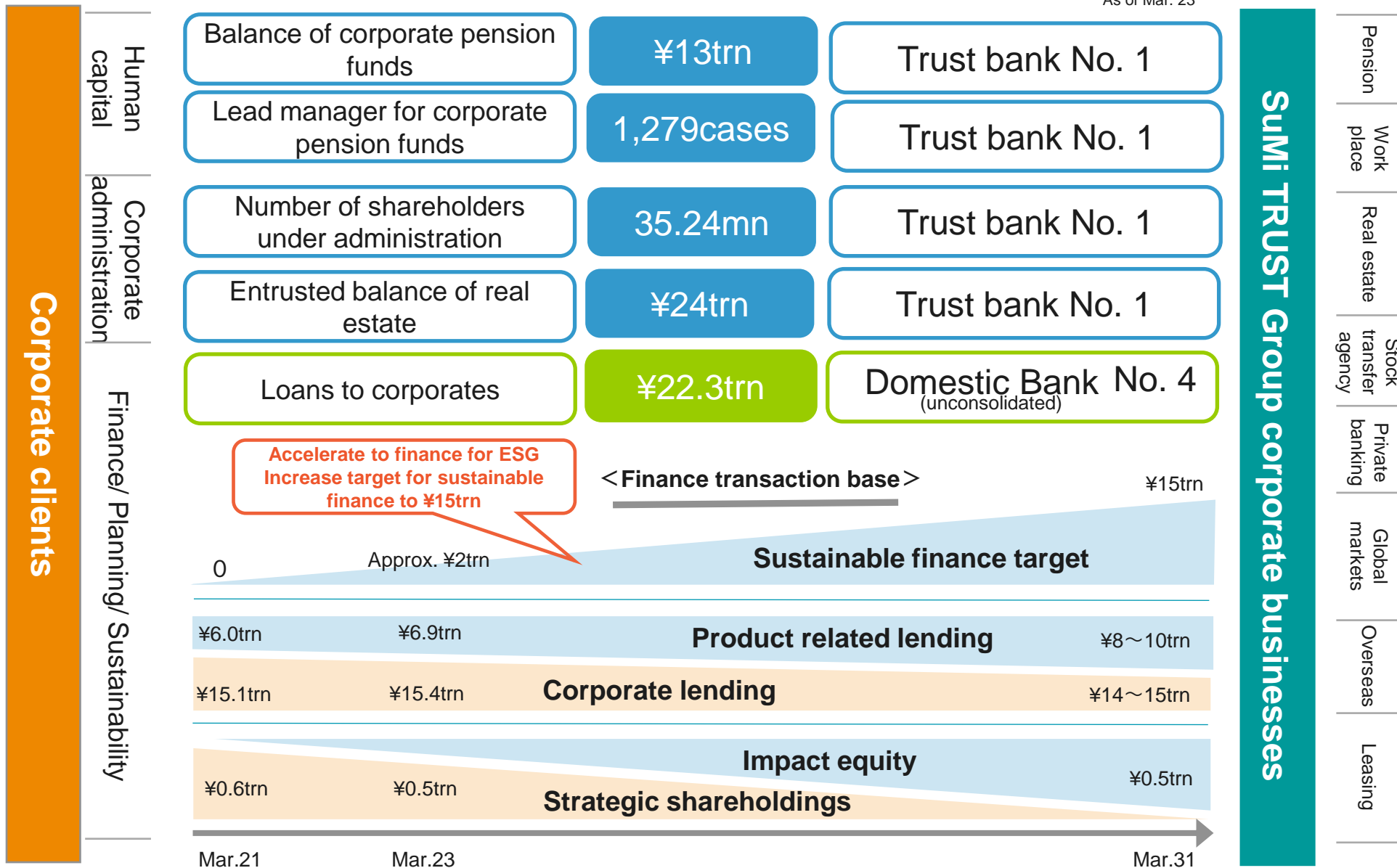
Business profit (Consolidated, JPY bn)



(\*1) Change the scope of aggregation due to the reorganization of business on Apr.1,2022, recalculating figures for FY20 based on new scope (unaudited)

# (Ref.) Status of SuMi TRUST Group

As of Mar. 23

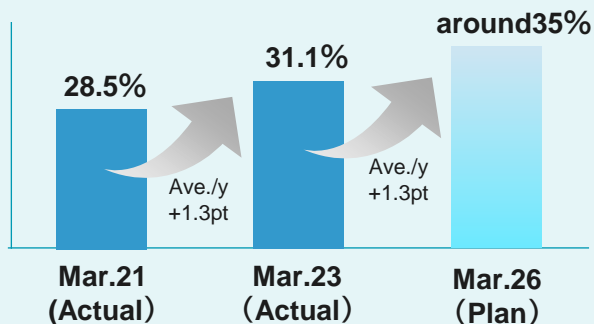


## 2. Initiatives to improving segment ROE(corporate clients)

- Unchanged medium- to long-term policy to improve ROE, and achieve to improve ROE by shifting to ESG and other growth areas

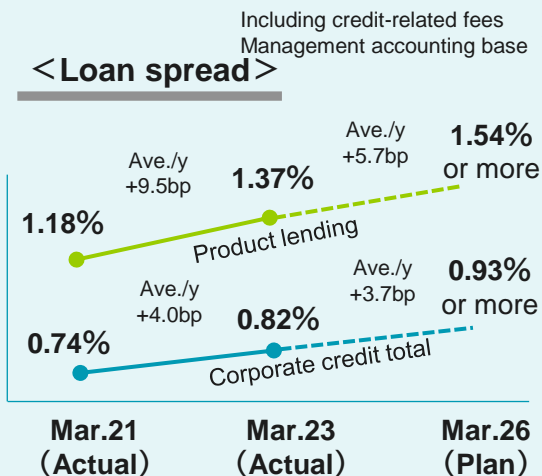
### Initiatives for ROE improvement

#### < Product lending ratio >



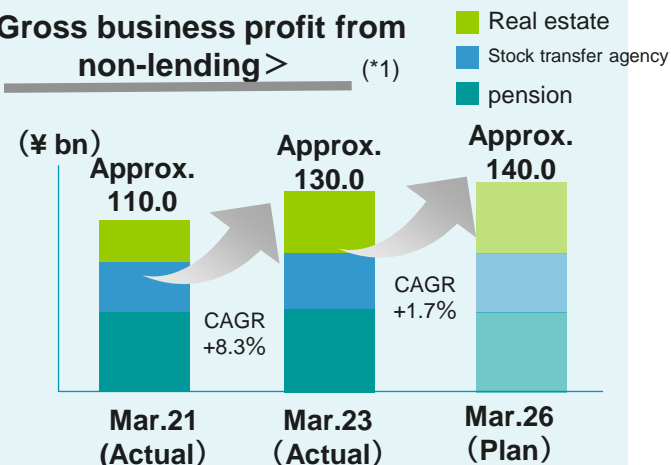
Shift to product lending

#### < Loan spread >

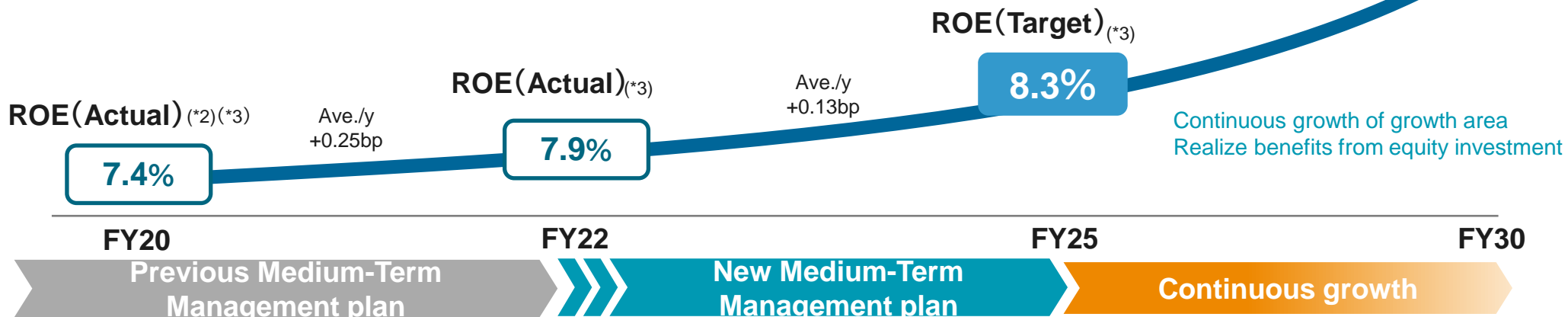


Appropriate pricing

#### < Gross business profit from non-lending > (\*1)



Expand overall transactions



(\*1) Management accounting base. Includes gross business profit in investor services business and retail business from corporate clients.

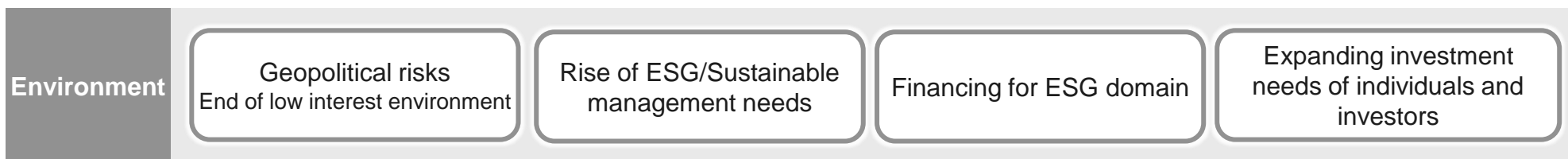
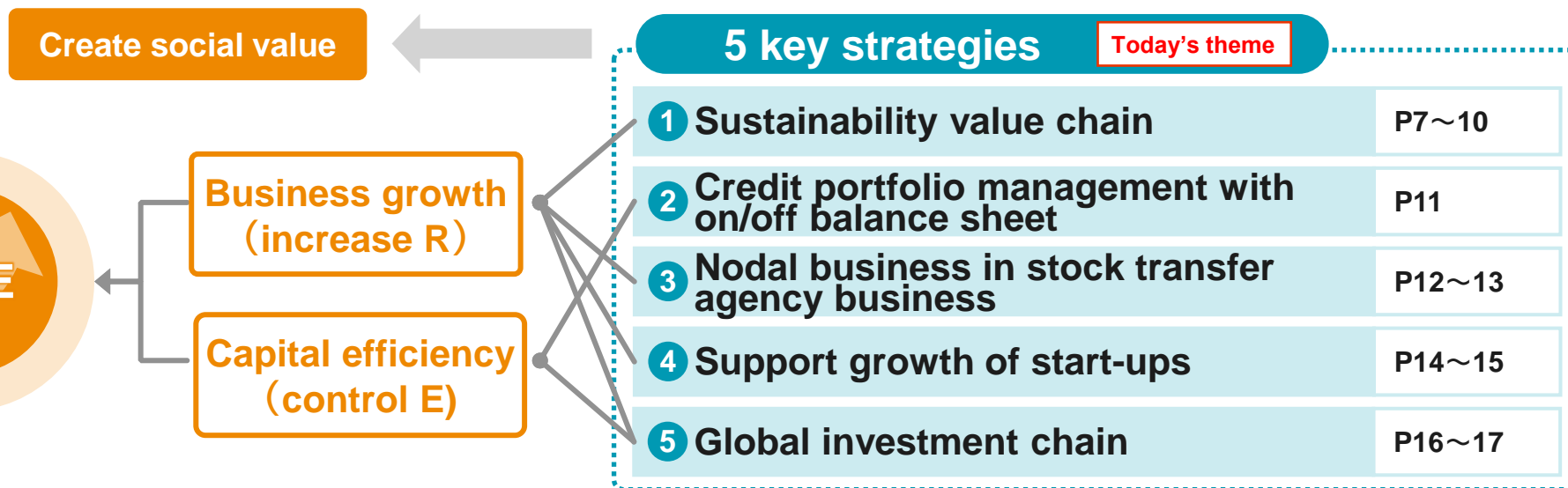
(\*2) Change the scope of aggregation due to reorganization of business on Apr.1 22. Recalculate the figures for FY20 based on the new scope (unaudited). (\*3) Includes profit for pension related business.

### 3. Summary of corporate business strategy at Medium-Term Management Plan



Aspiration by FY2030

“Best partner” for clients and society

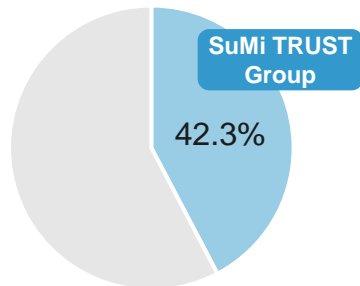


# (Ref.) Key strategy of SuMi TRUST Group/ contribution to circulation (Corporate business)

Contribution to creation of social value

Sound development of capital market through nodal point of stock transfer agency business

No.1  
In domestic markets  
Stock transfer agency(\*)



Promote engagement for individuals, corporates and investors

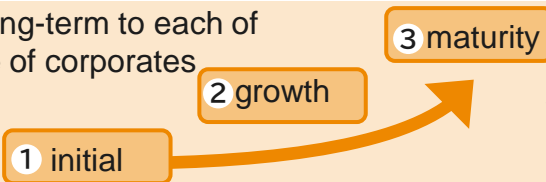


Consulting based on accumulated data

3 Nodal point in stock transfer agency business

Enhance corporate value by providing specialized and diverse solutions

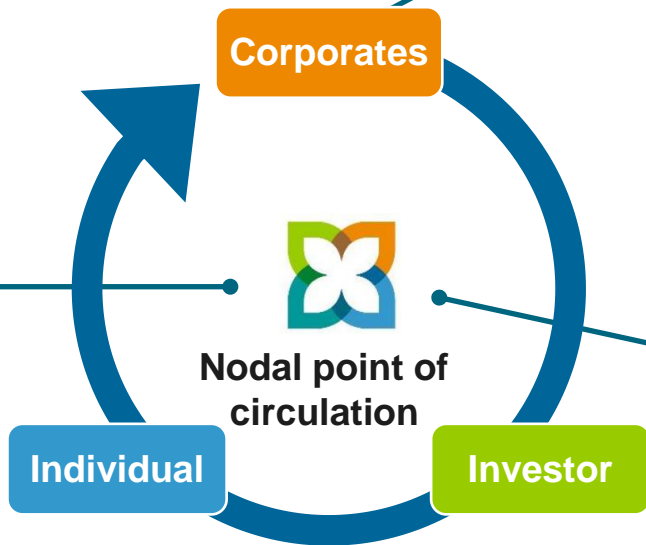
Stay close over the long-term to each of the growth phase of corporates



specialized and diverse total solutions

1 Sustainability value chain

4 Support for start-ups



Virtuous circulation of funds, assets and capital by utilizing domestic and overseas investors' funds

Develop and provide financing opportunities for ESG domain



Funds from overseas investors and financial institutions

ECP APOLLO

2 Credit portfolio management with on/off balance sheet

5 Global investment chain

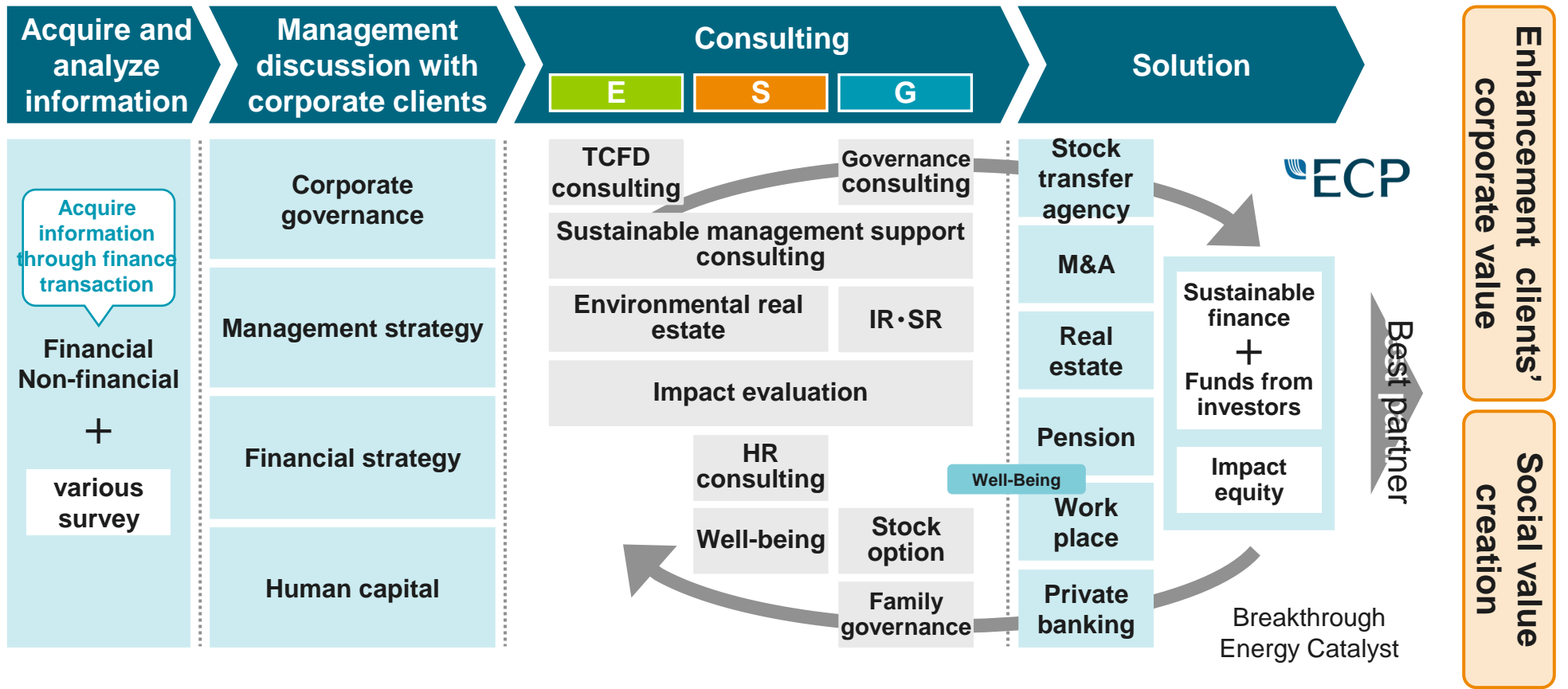
(\*) Combined total of SuMi TRUST Bank, Tokyo Securities Transfer Agent and Japan securities Agent

### 3. Growth strategy ~sustainability value chain

- Provide total services for visualizing of management issues, consulting and solutions based on long term relationships of trust with our clients

Management issues

- E** Enormous finance needs for decarbonization
- S** Enhancement of human capital management
- G** Sophistication of corporate governance

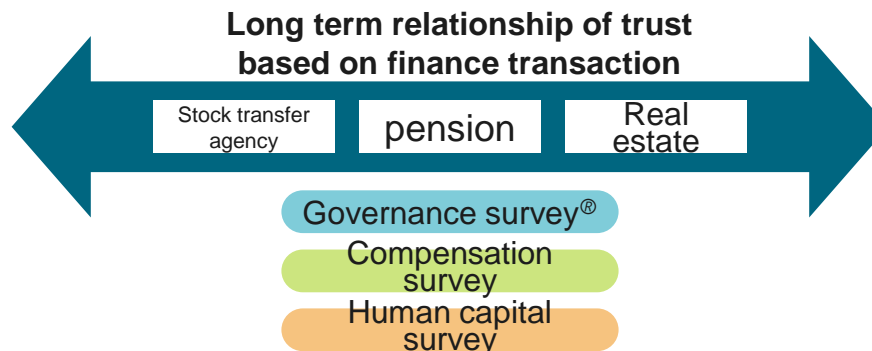
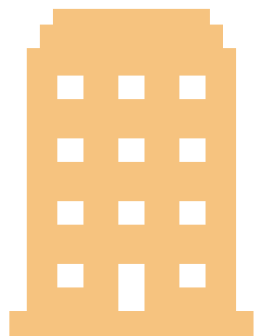


Long-term relationships of trust based on finance transactions



# (Ref.) Example of sustainability value chain

## Company A



- Relationship between finance, planning, human capital and other departments
- Multi-layered management discussion

### A company's management issues

#### Financial

- Secure funds for growth investment
- Maintain financial discipline
- Improve earning power
- Review non-core businesses



#### Non-financial

- Value creation in wide range of businesses
- Initiatives to reduce CO2
- Increase renewable energy use
- Compliance with Corporate governance code
- Employees' well-being



Best partner

### SuMi TRUST Group's solution (provided)

Arrange scheme of property ownership

- NRL arrangement (with investors)
- Equity finance 三井住友トラスト・パナソニックファイナンス
- Real estate brokerage

property	loan
	equity

Project finance

Positive impact finance

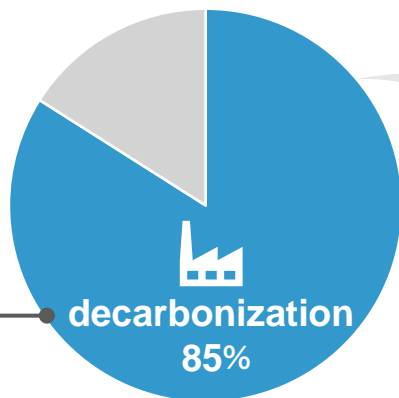
Sell non-core business(M&A)	Trust-type equity compensation plan
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Foreign shareholder identification survey	Financial education for employees(DC)
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# (Ref.) Portfolio plan of impact equity investment

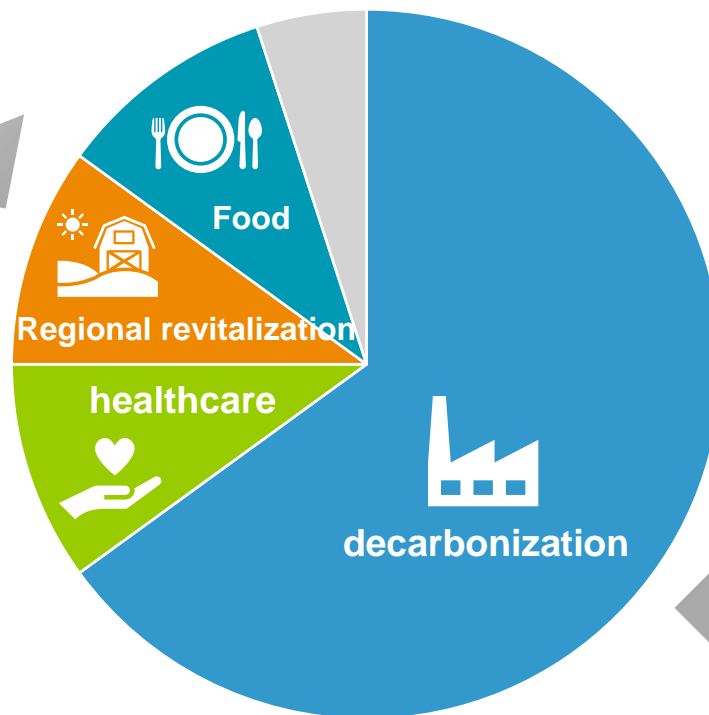
As of Mar.23

Proprietary investments  
Approx. ¥50bn



Aspiration for FY2030

Proprietary investments Approx. ¥50bn



Target return of portfolio  
**IRR of more than 10%**  
(per year)

- **Small to medium risk :**  
IRR4~5% or more
- **Medium to large risk:**  
IRR15~20% or more

Priming proprietary investments to attract investor funds



**Domestic and overseas investor**

## 【Example】

### Exergy Power Systems, Inc.

Social issue: Instability of electric power due to the spread of renewable energy

- Next-generation Power type Battery based on proprietary technology
- Provide services to enable seamless switching to private power generation

エクセルギー電池®



## Portfolio plan for FY2030

Focus on healthcare, regional revitalization and food, with the aim of contributing to regional ecosystem and the age of 100-year life, while focusing on decarbonization to promote ESG and sustainable management for our corporate clients.

# (Ref.) Positive Impact Evaluation Framework

Selected as a model case of e "Green Finance Model Creation Project for FY2022" by the Ministry of Environment

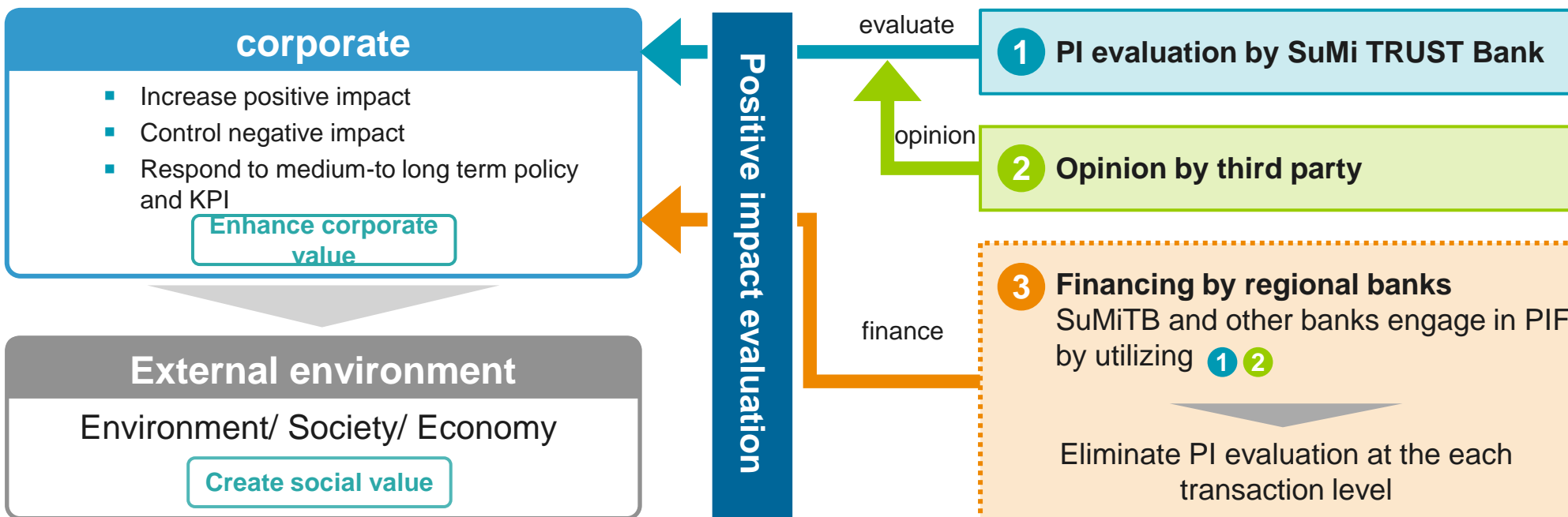
## Positive Impact evaluation framework



PIF x SuMi TRUST

<b>Features</b>	Other financial institutions can use SuMi TRUST Bank's Positive Impact evaluation as a reference for their own PIF initiatives Promote the further spread and development of impact finance	Arranged by SuMi TRUST Bank <div style="border: 1px solid red; padding: 5px; color: red; text-align: center;">                     Increase in number of cases and volume                 </div>	<ul style="list-style-type: none"> <li>Before introduction (Mar.19-Jul.22): 31 cases(approx.¥240.0bn)</li> <li>After introduction (Aug. 22-May.23) : 23 cases(approx.¥220.0bn)</li> </ul>
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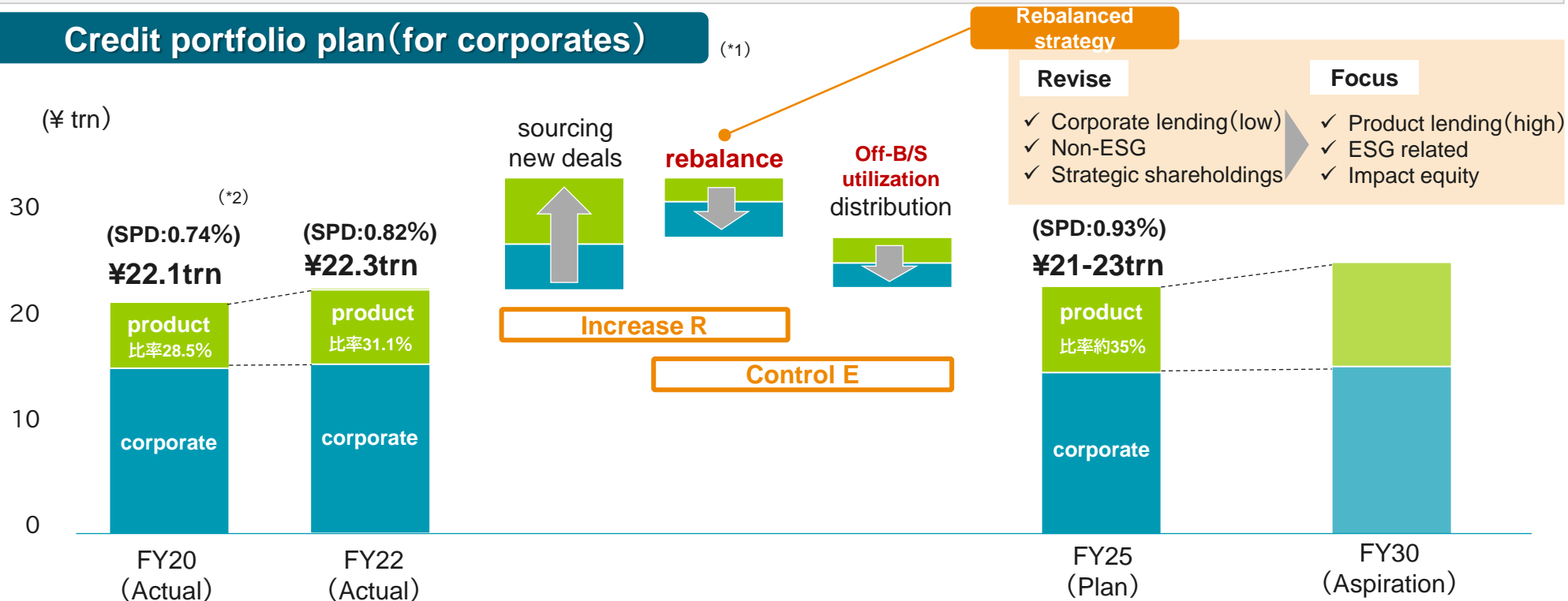
## Positive Impact (PI) evaluation scheme



### 3. Growth strategy ~credit portfolio management with on/off balance sheet

- Improved capital efficiency through rebalancing and off-balance sheet utilization while expanding sourcing of new deals centered on sustainable finance

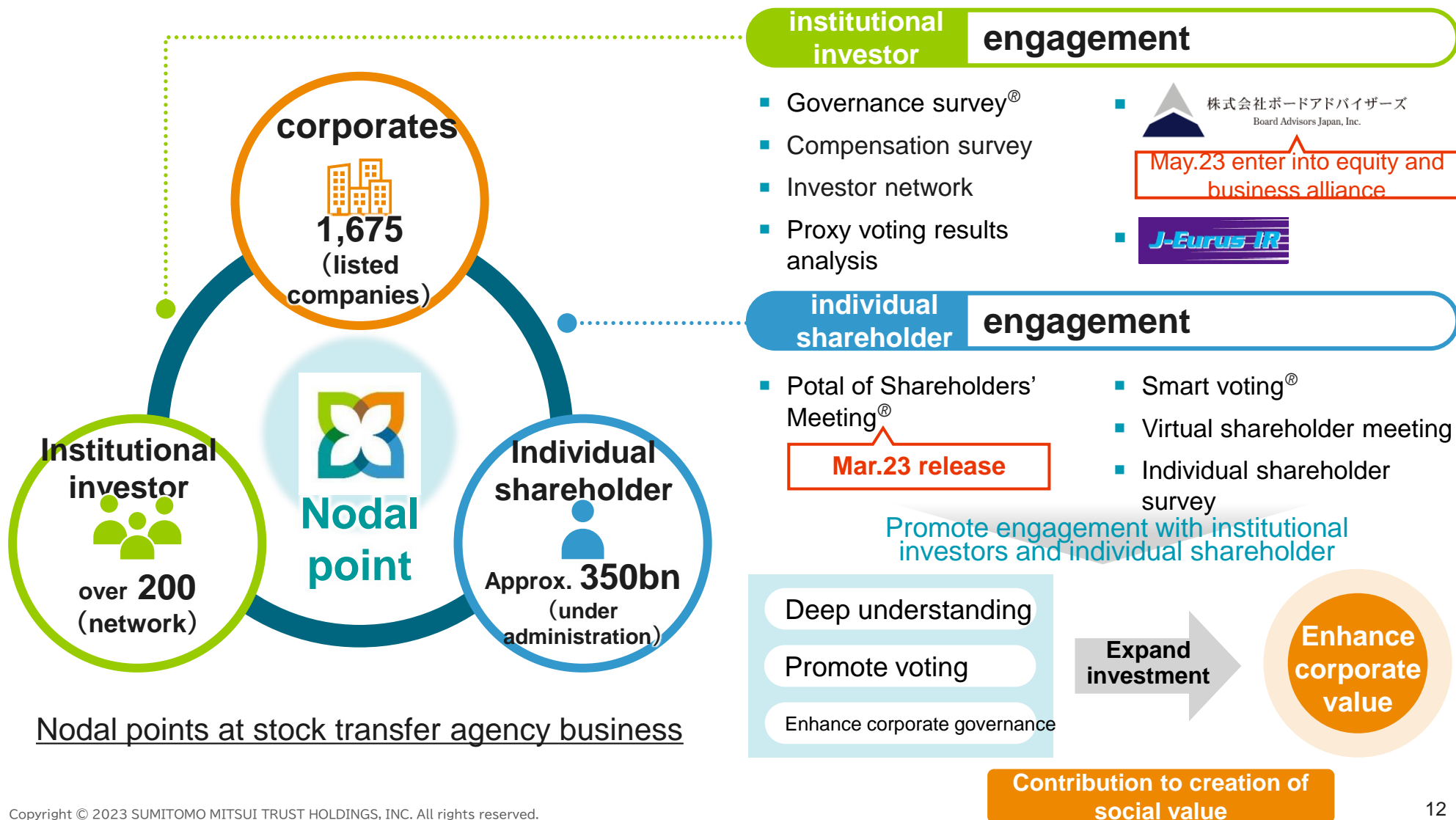
#### Credit portfolio plan (for corporates) <sup>(\*)1</sup>



(\*)1 Exclude strategic shareholdings and equity investments    (\*)2 Including credit-related fees. Management accounting base  
 Copyright © 2023 SUMITOMO MITSUI TRUST HOLDINGS, INC. All rights reserved.    (\*)3 Cumulative total from FY21 (proprietary investment + funds from investors)  
 (\*)4 Cumulative total of SuMiTB's distribution amount for institutional investors from FY21

### 3. Growth strategy of corporate business~ Nodal business in stock transfer agency business

- Contribute to sound development of capital markets by promoting engagement with corporates, individuals and investors through the nodal point of stock transfer agency



Nodal points at stock transfer agency business

# (Ref.) Example of engagement with corporate, individual and investors

## Support sophistication of corporate governance

### Governance survey®

**1,879** companies<sup>(\*1)</sup>

Biggest survey in corporate governance

Participants: approx.50% of listed company

### Compensation survey

**1,123** companies<sup>(\*1)</sup>

Analyze compensation levels and composition by position

Target: 20,000 executives

Our strength is consulting based on overwhelming data

### Expand solution

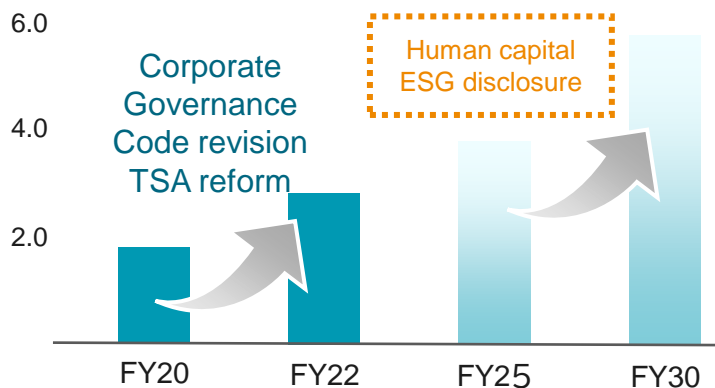
- Support global IR/SR of Japanese corporates



- Support nomination and succession at large corporates



### < Governance consulting fee (¥bn) >



## Promote exercise of voting rights by individual shareholders

environment

Increased presence of individual shareholders as recipients of cross-shareholding dissolution

issues

Promote exercise of voting rights by individual shareholders

measures

Improve convenience for voting  
Behavioral change to electronic

### Smart voting®

**1,226** companies<sup>(\*2)</sup>

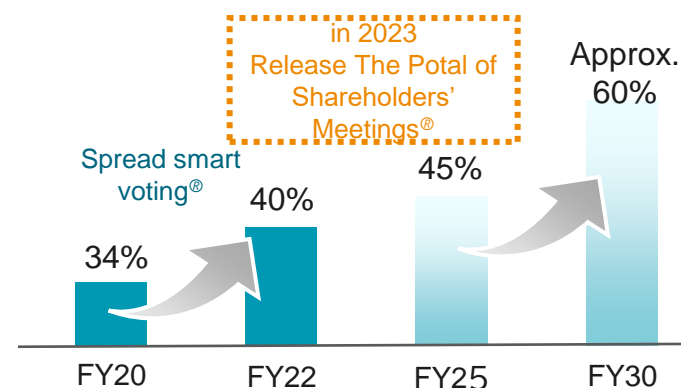
Easily exercise voting rights by smartphone

The Potal of Shareholders' Meeting®

**86** companies<sup>(\*2)</sup>

One stop service from convocation notice to exercising of voting rights

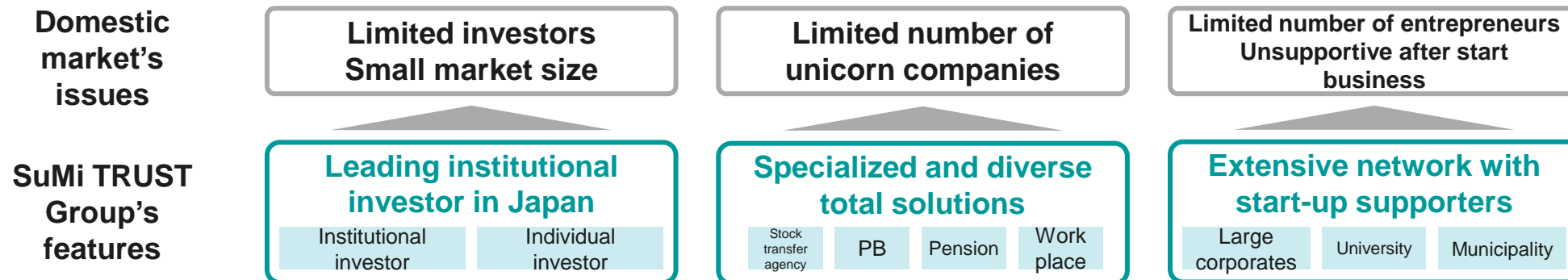
### < Individual shareholder voting ratio >



(\*1) Participated in FY22 (\*2) Aggregated until Jun. 23

### 3. Growth strategy of corporate business~ Support growth of start-ups

- Contribute to the expansion and development of the startup market by leveraging our characteristics



#### Support for start-up growth by SuMi TRUST Group

Previous Medium-Term Management Plan	New Medium-Term Management Plan
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- Establish support system
- Strengthen solution

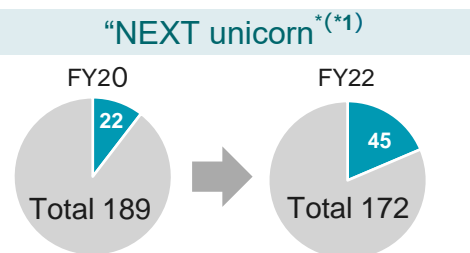
- Establish a dedicated start-up headquarters organization
- Strengthen support for around IPO start-ups
- Establish and manage CVC fund
- Conduct a start-up survey

**① Creation of circulation of funds in capital market**  
Funds from institutional and individual investors into start-up segment through providing finance to growth capital

**② Support for unicorn candidate companies**  
Establish new organization that supports for start-ups around IPO and provide support menu for listed companies (corporate governance, IR)

**③ Contribution to expand start-up ecosystem**  
Contribute to expand start-up ecosystem in Japan by providing contents and tools utilizing our group's network

#### Achievement

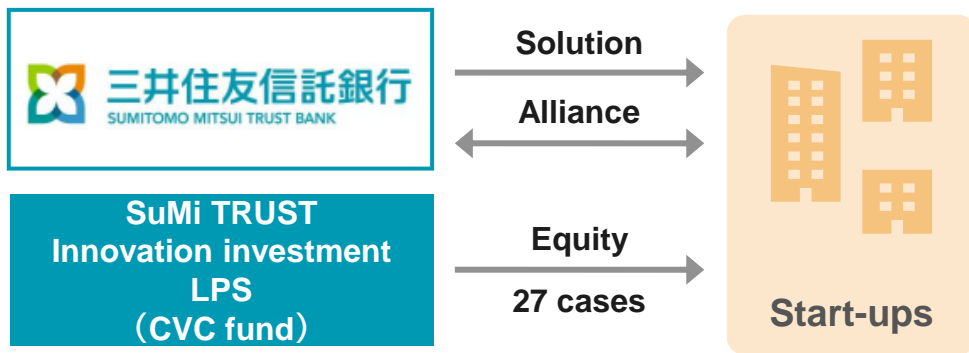


Status of progress	
CVC investment	27 companies (cumulative)
Survey participants	528 companies (in FY22)
Pitch event	12 events (in three years)

(\*1) Nikkei "Next unicorn survey" target companies that has relationships with our group

# (Ref.) Example of initiatives for start-ups

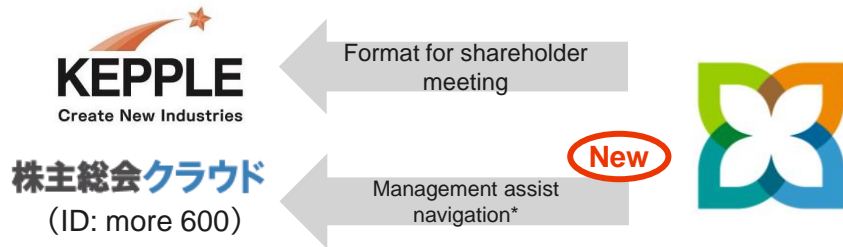
## CVC fund(Equity fund for SuMi TRUST Group)



### 【Example of business collaboration with an invested company】

Equity by CVC fund + business alliance

Provide tools for shareholder meetings and shareholder digital administration



#### \* Management assist navigation

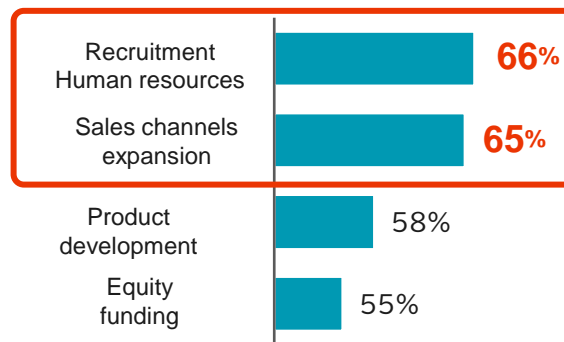
Introduce support services provided by SuMi TRUST Group and partners at shareholder meeting cloud

## Start up survey 2023

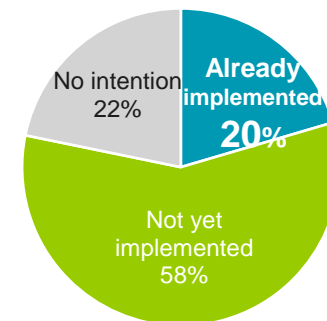
Period	from Nov.28 2022 to Feb. 20 2023
contents	<ul style="list-style-type: none"> <li>Compare and analyze start-up management, feedback to participants</li> <li>Contribute to growth of start-up segment with solving issues and management strategy</li> </ul>
participants	528companies <b>biggest survey of start-ups in Japan</b>

### Survey result summary(excerpt)

#### Start-ups' challenges



#### Status of overseas expansion



purpose of survey

- Build start-ups ecosystem originated by SuMi TRUST Group through providing value through continuous survey
- Develop and strengthen our solutions based on the challenges faced by each clients (building pension framework, business matching, overseas expansion)



### 3. Growth strategy of corporate business~ Global investment chain

- Globalize and add value to the functions offered through collaboration and cooperation (networking) with global financial institutions and other partners

#### What is the Global investment chain?

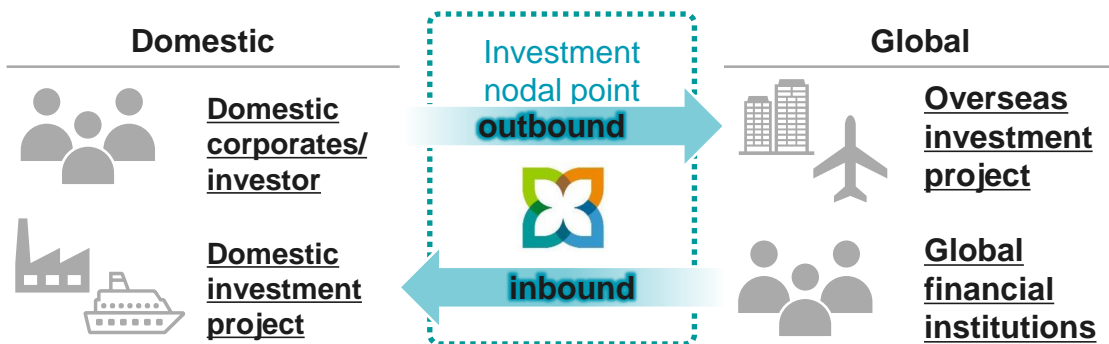
##### SuMi TRUST Group's core competence as a social infrastructure

- Taking the lead in making investments
- Provider of investment opportunities, asset management and asset administration function
- Platformer connecting corporates and investors etc.

#### Global Investment chain

##### Expansion of functions that support investments

- Increase investment opportunities in private assets by domestic investors
- Funds from global investors into domestic markets related to social issues



#### Example

### APOLLO

- Asset manager with a world-class track record in the private assets
- AUM \$597.7bn (As of Mar. 23)

- \$1.5bn Investment in private assets
- Collaboration for creation of domestic private assets market

### ECP

- Private equity manager specializing in power energy and environmental infrastructure
- Total power generation capacity 2.9GW

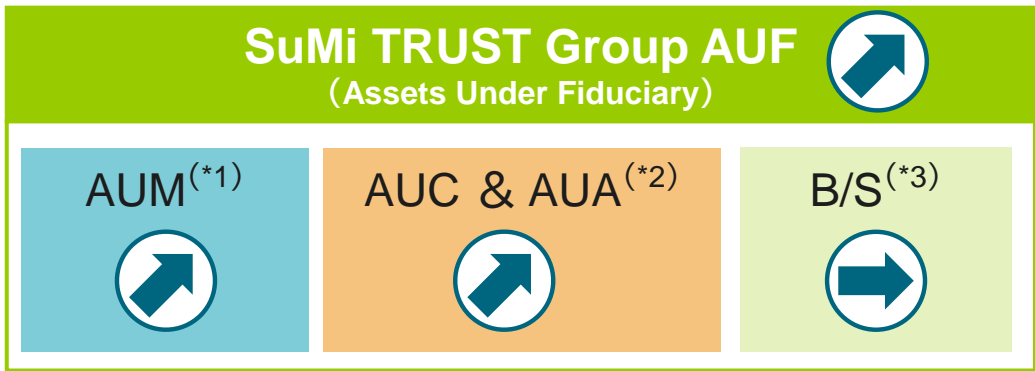
- Investment in ECP and ECP's flagship fund
- Contribution to solve corporate clients' issues related to decarbonization transition

# (Ref.) Global investment chain (role of corporate business)

Corporate business promotes collaboration and cooperation (networking) with overseas financial institutions

Expansion of global investment chain

Realize a virtuous circulation of funds, assets, and capital

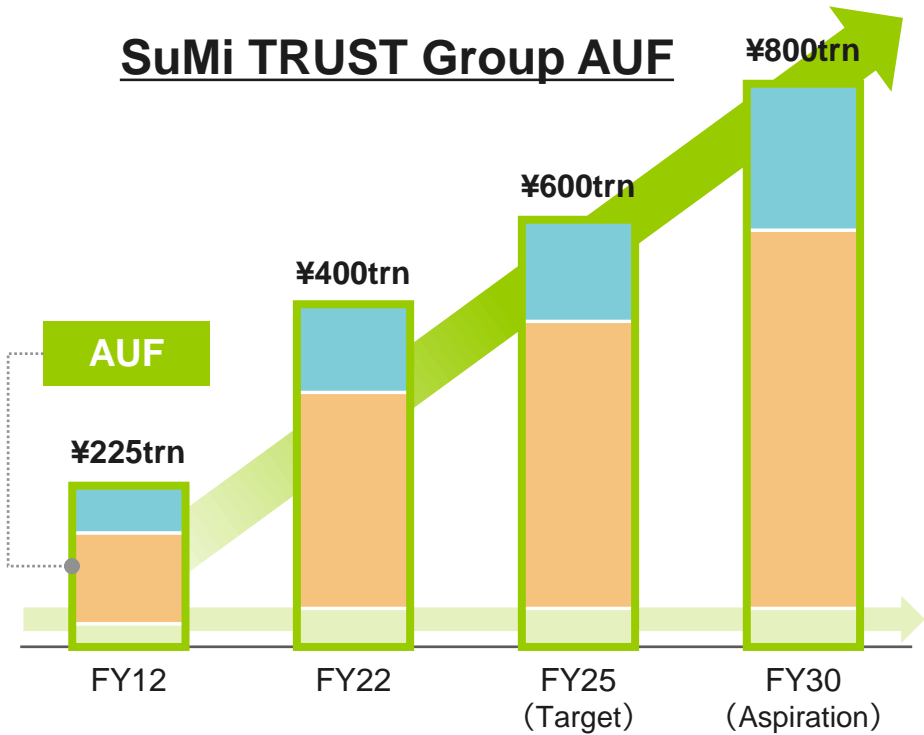


Business growth  
(increase R)

Capital efficiency  
(control E)

Contribute to expand profit and AUF

- Capture investment and asset administration needs of investors
- Accelerate inflow of risk money into domestic assets (real estate etc.)



(\*1) Assets Under Management (\*2) Assets Under Custody / Administration (\*3) Balance Sheet

## 4. KPI of corporate business

### Balanced creation of both social value and economic value (ROE improvement)

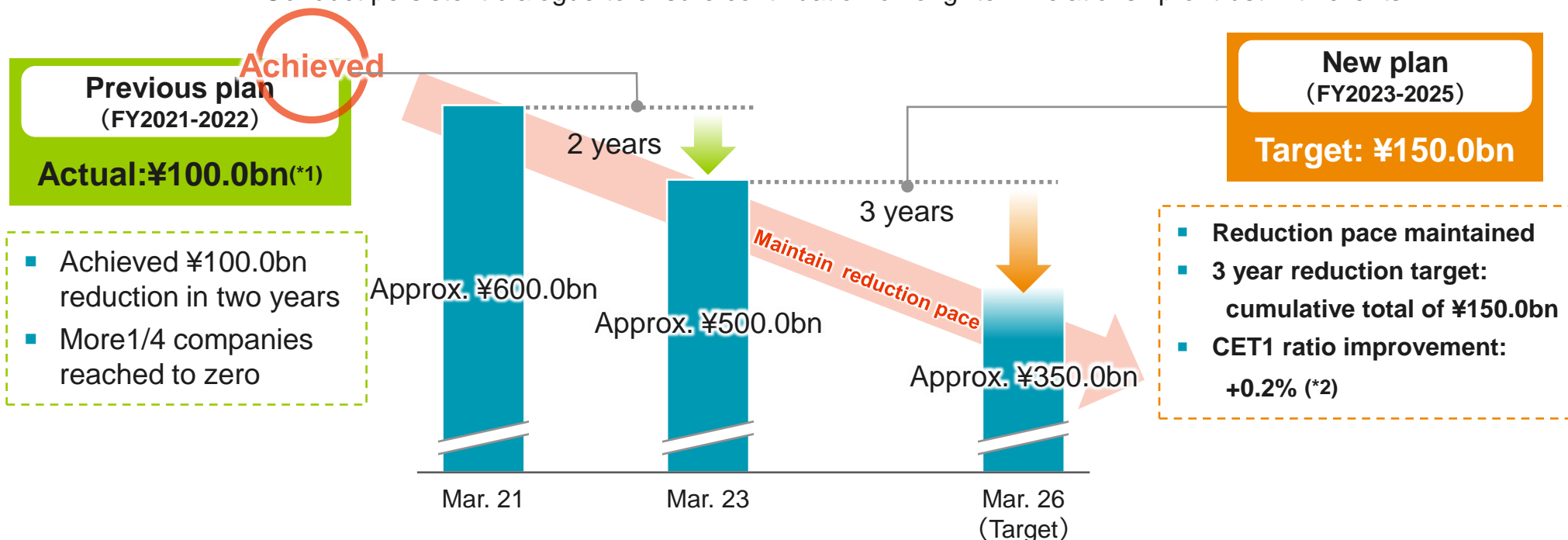
		FY22	FY25	FY30	
		Actual	Plan	Aspiration	Concept
on Balance sheet	Corporate lending	¥15.4trn	¥14~15trn	¥14~15trn	From Corporate lending to product lending
	Product lending	¥6.9trn	¥7~8trn	¥8~10trn	
	Strategic shareholdings (at cost)	Approx.¥500bn	Approx.¥350bn	Continue dialogue to zero	From strategic share holdings to impact equity
	Impact investment	Approx.¥50bn	Approx.200bn	Approx.500bn	
off Balance sheet	Distribution(loan) <sup>(*1)</sup>	Approx.¥2.5trn	Approx.¥8trn	Approx.¥20trn	Control risk weighted assets
Non- financial	Sustainable finance	Approx.2trn	Approx.6trn	Approx.15trn	Expand financing to ESG domain
	Individual shareholder voting ratio	40%	45%	Approx. 60%	Sound development of capital markets

## Announcement of reduction of strategic shareholdings to zero (May, 2021)

We shall not hold any “strategic shareholding as a conventional stable shareholder.”

### Cost basis balance of strategic shareholdings

Conduct persistent dialogue to ensure continuation of long-term relationship of trust with clients



### Proxy voting

- Exercised voting rights according to voting rights guidelines for strategic shareholdings at SuMi TRUST Bank since Jun. 2022
- Emphasize pre-engagement activities that lead to enhance corporate value for investors

\*1: Achieved ¥100.6bn reduction exclude sold and repurchased shares in FY20/4Q

\*2: Estimate based on actual results as of the end of Mar. 23 (finalized Basel III basis), incorporating a reduction in RWA equivalent to the reduction target (¥150 bn) for the new plan period.

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