

June 2, 2023

To: whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.

**Supplementary Explanation of Agendum 2 of the Ordinary General Meeting of
Shareholders for the Twelfth Fiscal Period**

Sumitomo Mitsui Trust Holdings, Inc. (Toru Takakura, Director and President Executive Officer, “SuMi TRUST Holdings”) has confirmed that Institutional Shareholder Services, Inc. (“ISS”), a proxy advisory firm, has issued a report recommending a vote “against” proposals for the election of some candidates for directors in Agendum 2 (Matters concerning election of fifteen (15) Directors) of the Ordinary General Meeting of Shareholders for the Twelfth Fiscal Period to be held on Friday, June 23, 2023.

The following is our opinion regarding ISS's recommendation for a vote against those proposals. We ask for our shareholders' understanding of our proposals after reviewing the Convocation Notice of the Ordinary General Meeting of Shareholders and the following opinion of SuMi TRUST Holdings.

1. Details of ISS' Recommendation to Vote Against the Proposals

ISS recommends a vote against the election of each of the following candidates for directors for the following reasons.

Candidate number	Candidate name	Reason for ISS's recommendation to vote against the proposals
1.	Toru Takakura	ISS recommends a vote against a company's top executive if the company allocates a significant portion (20 percent or more) of its net assets to strategic shareholdings.
5.	Tetsuo Ohkubo	
10.	Hiroko Kawamoto	This candidate worked for a company whose shares are held by the company in question for strategic shareholding purposes (*).

(*1) ISS uses "shares held for reasons other than pure investment purposes" and "deemed shares held" in the annual securities report.

2. Our View

(1) Regarding the Recommendation to Vote Against Candidate Nos. 1 and 5

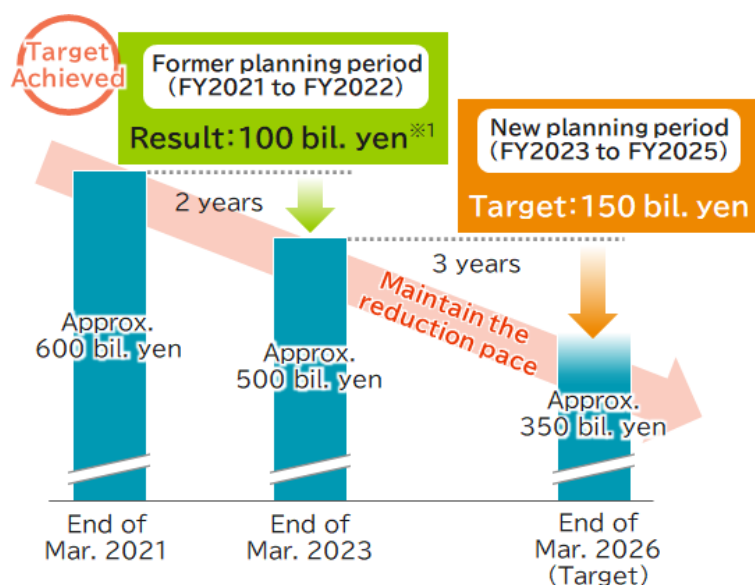
Toru Takakura assumed office as President Executive Officer in April 2021 and then Director, President Executive Officer in June 2021, after serving in position as an Officer in charge of

the Corporate Management Sections of SuMi TRUST Holdings. In addition, he also has experience serving as an Officer in charge of the Corporate Management Sections of Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST Bank”) and as an Officer in charge of fiduciary services business; therefore, he has extensive knowledge and experience with regard to management administration and business operations of a trust bank group. SuMi TRUST Holdings expects that, by using his experience of corporate management and business management accumulated thus far, he will play a leading role in achieving the sustainable growth of SuMi TRUST Group and the enhancement of SuMi TRUST Group’s corporate value, in a position of leading SuMi TRUST Group’s overall management. Accordingly, SuMi TRUST Holdings nominated him as a candidate for Director.

Tetsuo Ohkubo has experience serving in positions supporting a part of corporate management as an Officer in charge of the Corporate Management Sections of SuMi TRUST Holdings, and has led the management toward the development of SuMi TRUST Group, which has a wide range of business domains, including banking, asset management and asset administration and real estate-related businesses, as Director and President from June 2017 to March 2021, and assumed office as Chairman in April 2021. He has wide experience in corporate management in general and expert knowledge of the overall business of SuMi TRUST Group. SuMi TRUST Holdings expects that, by using his knowledge and insight of corporate management and business management accumulated thus far, he will provide further contribution to the sustainable growth of SuMi TRUST Group and the enhancement of SuMi TRUST Group’s corporate value by advising on decision making and supervising business execution. Accordingly, SuMi TRUST Holdings nominated him as a candidate for Director. Given that Ohkubo is a non-executive director, he is not subject to the "recommendation to vote against a company’s top executive" as specified in ISS's criteria for exercising voting rights, so we believe ISS's recommendation to vote against that election is not in line with SuMi TRUST Holdings’ actual situation.

ISS has recommended voting against the election of both of these candidates because SuMi TRUST Holdings allocates a significant portion (20 percent or more) of its net assets to strategic shareholdings. However, in May 2021 after the appointment of Takakura as President, SuMi TRUST Holdings announced, as its “View under the New Management,” for the purpose of improving capital efficiency and also contributing to the sound development of Japan’s capital markets, a policy that SuMi TRUST Group, in principle, shall not hold any “stock for strategic purposes as a conventional stable shareholder” and decided to aim to reduce strategic shareholdings by 100 billion yen (on an acquisition cost basis) over the two-year period ending March 2023. This policy was a major shift in policy regarding strategic shareholdings but made possible under Ohkubo and Takakura’s strong leadership, which was considered while Ohkubo serves as President and it was adopted as a new policy when Takakura assume office as President. Further, over the past two years, SuMi TRUST Bank has conducted persistent dialogues with an aim to maintain long-term fiduciary relationships with clients and has

achieved the above reduction targets. Then SuMi TRUST Bank completed the sale of shares of more than one-fourth of the clients who are listed companies of which SuMi TRUST Bank held stock for strategic purposes as of the end of March 2021, resulting in a zero balance. SuMi TRUST Bank is also working to make effective use of its management assets for sustainable growth by using the investment capacity created by divestitures to make impact equity investments through which SuMi TRUST Bank will facilitate initiatives for issues such as measures against climate change and decarbonization as an investor.



*1 Excluding the increase in acquisition cost resulting from the sale and repurchase in 4Q2020, the actual reduction was 100.6 billion yen.

In addition, even during the period that SuMi TRUST Bank continues to hold those shares, it will work to sustainably enhance its corporate value and demonstrate its role in providing solutions with the aim of resolving issues through dialogue with its clients.

As part of that effort, in November 2021, SuMi TRUST Bank announced the criteria for exercising voting rights for strategic shareholdings, and it has been engaging in dialogues as necessary before exercising voting rights and has been able to demonstrate the effectiveness of engagement in those dialogues.

SuMi TRUST Group's policy is to maintain the current policy from April 2023 onward, and it has announced a new plan to maintain the reduction pace of the past two years and set a new target of reducing strategic shareholdings by a cumulative total of 150 billion yen (on an acquisition cost basis) over the three-year period ending March 2026.

Going forward, while continuing to engage in active dialogue with corporate clients and gain their understanding, we will continue to work towards steadily reducing its strategic shareholdings.

For details, please refer to Topic II on page 37 of the Convocation Notice of the General

Meeting of Shareholders.

(2) Regarding the Recommendation to Vote Against Candidate No. 10

In electing external directors, SuMi TRUST Holdings shall elect people who meet the following qualifications from among those who have deep insight and abundant experience in the areas which the Directors are required to possess as skills to address SuMi TRUST Holdings' priority issues (materiality), i.e., "corporate management", "finance, accounting", "legal affairs, risk management and compliance", "trust, asset management and asset administration", "digital, IT and technology", "internationality" and "sustainability," which includes knowledge and experience related to social, environmental, and DE&I issues.

- (i) A person who satisfies the Independence Standards of SuMi TRUST Holdings and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings
- (ii) A person who fully understands SuMi TRUST Holdings' management principles and the social responsibilities and roles as a trust bank group, and who can supervise the management of SuMi TRUST Holdings and give accurate and appropriate opinions and advice

ISS cited the fact that Ms. Kawamoto worked at ANA Holdings, Inc. ("ANAHD"), which has a strategic shareholding affiliation with SuMi TRUST Bank, as the reason for its recommendation to vote against the proposal to elect Ms. Kawamoto as an external director. However, SuMi TRUST Holdings believes that there is no problem regarding Ms. Kawamoto's independence from the following perspectives.

- ✓ The average annual amount of transactions between ANAHD and SuMi TRUST Holdings and its group companies in the immediately three (3) preceding fiscal years has been less than one percent (1%) of each of (i) the consolidated sales of ANAHD and (ii) the consolidated gross profits of SuMi TRUST Holdings.
- ✓ SuMi TRUST Bank, a subsidiary of SuMi TRUST Holdings, holds common stock of ANAHD, but the number of shares held is less than one percent (1%) of the total number of issued shares of ANAHD.

Ms. Kawamoto is a female corporate executive who has been comprehensively responsible for the overall management of the company and promotion of activities for women at All Nippon Airways Co., Ltd., therefore, she has extensive knowledge and experience with regard to corporate management and diversity and is providing advice mainly from such perspectives at the Board of Directors.

As a Chairperson of the Compensation Committee, she has contributed to further enhancing the Board of Directors' supervisory functions by reviewing the method of reflecting ESG performance evaluations in executive compensation.

She has therefore been selected as a candidate for director with the expectation that she will continue to apply her accumulated knowledge and insight to the management of SuMi TRUST Holdings by supervising business execution and providing advice on general management matters.

Ms. Kawamoto retired from her position as an adviser to ANA Strategic Research Institute Co., Ltd. in March 2023.

Please refer to pages 8 through 35 of the Convocation Notice of the Ordinary General Meeting of Shareholders of SuMi TRUST Holdings for the qualifications required of external directors, the background of each candidate for director and other relevant information.

The above is SuMi TRUST Holdings' opinion on ISS's recommendation for a vote against those proposals. We ask for our shareholders' understanding of our proposals after reviewing the Convocation Notice of the Ordinary General Meeting of Shareholders of SuMi TRUST Holdings and the above opinion of SuMi TRUST Holdings.

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