

100<sup>th</sup>  
Anniversary

SUMITOMO MITSUI TRUST HOLDINGS

# Integrated Report 2024

—Annual Report—



Trust for a flourishing future

SUMITOMO MITSUI TRUST GROUP

# Trust for a flourishing future

Entrusting your vision to someone  
begins with belief in the world.

We work to ensure that your future flourishes,  
by exploring your story, breaking fresh ground,  
cultivating assets, and nourishing our society.

Always with honesty, adapting with agility.

Going beyond anticipation to conviction.

Fulfilling the duty we earn through trust,

for the next 100 years and more.

Because when you flourish, so too will the world.

This year, SuMi TRUST Group celebrated its 100th anniversary.

To mark this anniversary, our Group has established the phrase, "Trust for a flourishing future" as our Purpose and Brand slogan.

# Contents

2	100th Anniversary Special
6	CEO Message
14	Purpose
16	Value Creation Process
18	Materiality
22	Expansion of Assets Under Fiduciary through Virtuous Circulation
24	Progress of the Medium-Term Management Plan (FY2023–2025)



## Theme. 1 Impact Materiality

28	Enhancement of Asset Management and Asset Administration
32	Digital Innovation
34	The Age of 100-year Life
36	Networking
38	ESG/Sustainable Management



## Theme. 2 Financial Materiality

50	Financial Highlights and Non-financial Highlights
52	Message from CFO
57	Our Initiatives to Reduce Strategic Shareholdings
58	Business Strategy
66	Communication with Stakeholders



## Theme. 3 Governance and Management Framework Materiality

70	Human Capital
80	External Directors Panel Discussion
84	Corporate Governance
91	Our Directors and Executive Officers and Composition of the Board of Directors of Our Group's Core Subsidiaries
94	Fiduciary Spirit
99	Internal Auditing
100	Risk Management
105	Initiatives for Financial Facilitation
106	Security (Information Security Risks and Cybersecurity Measures)
108	Compliance



## Data Section

112	Group Information and External Evaluation of SuMi TRUST Group
114	Financial Data
116	Corporate Information

## Editorial Policy

---

We have published this integrated report so that all stakeholders including investors can understand SuMi TRUST Group's initiatives. Our Group has contributed to the development of our country as a provider of "Trust for a flourishing future" since its foundation. This report describes specific initiatives and corporate value enhancement that we will work on to further promote the "virtuous circulation of funds, assets and capital" through the next 100 years in pursuit of our Purpose. In applying our editorial approach, we strive to improve and expand not only financial information but also non-financial information such as business models, human capital strategies, corporate governance and sustainability, 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 Financial Data Section, Sustainability Report, or visit our website.

## Reporting Coverage

---

Reporting period: From April 2023 to March 2024 (partially including information on and after April 1, 2024)

Scope of reporting: Sumitomo Mitsui Trust Group;

including Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, and other subsidiaries and affiliated companies

# 100 Years of History with Clients



In 2024, Sumitomo Mitsui Trust Group celebrates its 100th anniversary. In 1924, the year after the Trust Act and the Trust Business Act came into force, Mitsui Trust became the first trust company in Japan to be established under the acts, with Sumitomo Trust established the following year in 1925. Please take a look at the 100 years that our Group and the trusts have been working with business operators and investors.

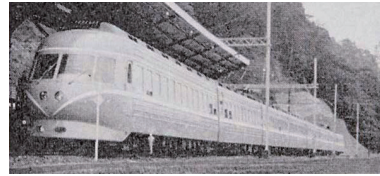
## Businesses operators



Landscape of shipyards playing a vital role for Japan's economic growth (Around 1955, Tokyo Ishikawajima Shipyard in Toyosu)  
Photo credit: Port and Harbor Promotion Association, Tokyo Metropolitan Government

### Loan trusts contribute to postwar reconstruction and rapid economic growth

Japan was in the midst of postwar reconstruction and needed a funding mechanism to directly support the funding of urgent and essential equipment such as electric power development and shipbuilding. In response to this, the trust industry became a provider of funding for equipment to support Japan's postwar reconstruction efforts and rapid economic growth through "loan trusts", which were developed and launched as a proprietary product in 1952.



Odakyu Electric Railway's first-generation Romancecar, the first vehicle under a trust (1957)

### Movable equipment trust

Among the movable equipment trusts introduced in Japan based on the methods of American railway companies, the first vehicle under a trust was Odakyu Electric Railway's first-generation Romancecar, which began operation in 1957 as a limited express train. The movable equipment trusts have contributed to the development of transportation infrastructure in Japan by expanding the scope of entrustment to include vessels and buses.

### Started providing stock transfer agency services

In 1958, we entered the stock transfer agency business to manage the shareholder registry and contributed to the development of the capital market by providing appropriate and qualified operations such as transferring names and stock certificate administration.

1950s

1930s

1920s

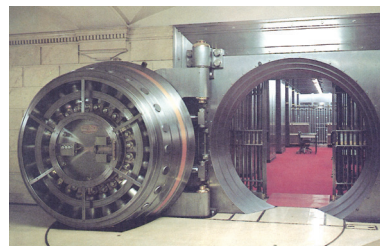


Mitsui Trust Head Office building, the Mitsui Main Building

### Establishment of Mitsui Trust (1924)

Established as the first trust company in Japan under the Trust Act and the Trust Business Act.

### Establishment of Sumitomo Trust (1925)



Vault for custody services (Mitsui Vault, made by Mosler Safe Company)

### Preserving clients' valuable assets

After experiencing the Great Kanto Earthquake, we once again became keenly aware of the importance of property management, so we installed a robust large safe vault and started providing safe deposit and custody services.



Urban redevelopment project (Rokko Island)

### Creating a new cultural area with land trust

Land trusts, which were developed by the Trust Companies Association of Japan in 1973, started being developed in earnest around the mid-1980s in connection with redevelopment projects through which a trust bank takes charge of the administration and management of land as an expert on behalf of the landowner who wishes to make effective use of it. Our Group also worked on a large-scale urban redevelopment project (Rokko Island) utilizing our know-how in project management for land trust projects.



Hitoshi Tsunekage (right), President of Sumitomo Trust and Banking and Kazuo Tanabe (left), President of Chuo Mitsui Trust Holdings, at the press conference on the final agreement on management integration

### Birth of Sumitomo Mitsui Trust Group

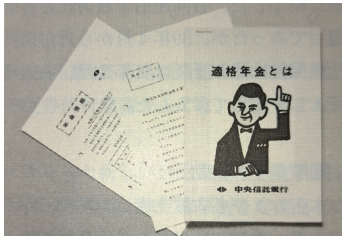
Sumitomo Trust and Banking and Chuo Mitsui Trust Group merged in 2011 to form Sumitomo Mitsui Trust Holdings with the aim of further fulfilling their social responsibility and public mission by strengthening their management base, as well as demonstrating their high level of expertise and broad ranging business areas.

2011

2000s

1980s

1960s



Publicity magazine for soliciting pension trusts (Chuo Trust & Banking)

### Establishment of Chuo Trust & Banking (1962)

#### Launch of pension trusts

In order to secure the labor force and promote welfare during the period of high economic growth, we launched qualified retirement pension programs to companies in order to create benefit programs that provide peace of mind to employees of corporations (organizations). Following this, suited to the needs of the times, the scope of business operations continued to expand to include the handling of personal pension trusts, defined benefit corporate pensions, and defined contribution pensions, as well as the management and administration of public pensions and mutual aid.



The "Big" brochure (The Sumitomo Trust and Banking)

### The "Big" era

In 1981, we began offering "Big" new-generation loan trusts.

This was a big hit among clients who had developed a strong preference for yield, given that the investment returns were reinvested to generate high yields (compounded semiannually based on the loan trust's expected dividend rate).

Subsequently, savings and investment products were created that took advantage of the trust's functions, such as "Hit" money trusts that pay performance-based dividends.



Visiting lectures (environmental education)

### Contribute to tackling social issues

The trust bank, which also serves as a public-service asset management institution, has made social contribution an important guiding principle since it was founded, and launched SRI fund in the 2000s, and has since then worked to tackle social issues ahead of the SDGs, including environmental and financial education.

### Toward the age of 100-year life

Our Group provides broad-ranging support that harnesses the power of trusts to live with joy and peace at various life stages and facilitate smooth circulation across different generations and different stages of an individual's life.

Shinjiru & Takuseru editions of aibo



Investors

# Gratitude and Challenge

## 100th Anniversary Project - Next 100 Years -

In commemoration of our 100th anniversary, we will continue to implement a variety of initiatives to let our stakeholders understand our Group more deeply and to express our gratitude as a part of the 100th anniversary project, including the development and sale of new trust products which support industrial finance working towards realizing a green society and solving other social issues, the publishing of a company history brochure, holding workshops exploring the future of trusts and publicize related materials from an academic perspective.

On October 1, 2024, we will change our trade name to Sumitomo Mitsui Trust Group, Inc. in returning to our foundation principles of creating a healthy and prosperous future, we will work together more than ever to take on new "challenges" under our brand slogan, "Trust for a flourishing future"

### Shareholders & Investors



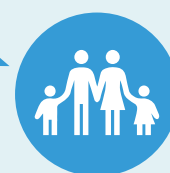
### Society



### Employees



### Clients



Stakeholders	Major initiatives (planned)	Objectives
Shareholders & Investors	<ul style="list-style-type: none"> <li>Commemorative dividends</li> <li>Dissemination and communication of the 100th anniversary through shareholders' meetings, IR activities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Showing appreciation to shareholders and investors, promoting understanding of our Group, and using this as an opportunity to increase individual shareholders</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Provision of Time Deposit Campaign for individual clients and New Trust Products</li> <li>Establishment of the special 100th anniversary site, implementation of lobby exhibition, publication of company history, running TVCMs and digital advertisement, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Increase clients' understanding, affinity and trust in our Group while showing appreciation to clients</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Establishment of the 100th anniversary ambassador system and holding employee workshops</li> <li>100-year logo voting, memorabilia voting and distribution, running 100th anniversary awards etc.</li> </ul>	<ul style="list-style-type: none"> <li>By taking the lead in planning and operating, our employees are able to take the 100th anniversary as their own personal matter and feel their gratitude to stakeholders again. Through such activities, we can foster a culture to take on challenges on our own initiative</li> <li>Sharing things that will be passed down for the future</li> <li>Promoting exchanges between businesses and groups</li> </ul>
Society	<ul style="list-style-type: none"> <li>Establishment of a study group to commemorate the 100th anniversary of the trust business and commissioned research on the ideal state of the circulation of funds in Japan and the role of trusts and trust banks</li> <li>Preparation and publication of various books such as "Trust and Legal Affairs Corpus"</li> </ul>	<ul style="list-style-type: none"> <li>Making recommendations to society through the use of trust knowledge, such as confirming the current status of trusts that have developed over 100 years and outlining their potential for development</li> </ul>

## Creating a Corporate Culture of Challenge

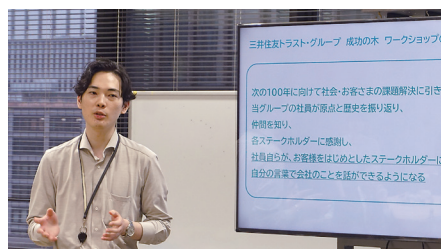
### Coming together as a Group

More than 400 members of the Group have been appointed as “100th Anniversary Ambassadors” to conduct employee workshops at each Group company and disseminate the 100th anniversary project. We will also strive to create intra-group connections that transcend business and company boundaries and create a pool of candidates for the next generation of leaders through group training of ambassadors and collaboration that also utilizes digital technology.



### Reaffirmation of identity

Through various measures centering on “Employee Workshops” in which all employees participate, organized by ambassadors of our group companies, each employee will reflect on the origin and history of our Group, while supporting and encouraging specific challenges by employees, in order to foster a corporate culture in which employees themselves take on challenges.



## Voice of Group Employees



### Challenges to provide value for the times

**Ayano Shimosumi** Shibuya Branch and Shibuya Chuo Branch, Sumitomo Mitsui Trust Bank, Limited

Since joining the company, I have been providing specialized consulting and various solutions to meet the needs and concerns of each client who visits our branches. As a 100th anniversary ambassador, I learned about the history of trusts responding to the changing needs of clients over time. The “100-Year Life Solution Trust (100 Year Passport Plus)” that I am proposing is a trust product that was developed to prepare for the growing problem of dementia. I realize that even today, trusts are changing their form and contributing to solving social issues. I will continue to strive to provide value suitable for the new era while remaining close to our clients.



### Taking pride in “dignity” rooted in history

**Yusuke Kawana** Human Resource Department, Sumitomo Mitsui Trust Realty Co., Ltd.

Sumitomo Mitsui Trust Realty was established in 1986 as a company specializing in real estate brokerage for individual clients. Although it is a new company in terms of the history of our Group as a whole, the workshop gave me the opportunity to reflect on the history and origins of our Group, and I realized that the accumulation of 100 years of history has led to my work. I currently work in the Human Resources Department and am in charge of training for employees. I will pass on to the next generation the pride of dignity rooted in the Group's history, and contribute to the further growth of our Group as a prouder company.



三井住友トラスト・グループ  
SUMITOMO MITSUI TRUST GROUP

# Flourish in the Next 100 Years with the Pride We Hold through Trust

100th  
Anniversary



三井住友  
トラスト・グループ  
SUMITOMO MITSUI TRUST GROUP

## Toru Takakura

Director, President & CEO  
Sumitomo Mitsui  
Trust Holdings, Inc



100th Anniversary

100th Anniversary



三井住友トラスト・グループ  
SUMITOMO MITSUI TRUST GROUP



三井住友トラスト・グループ  
SUMITOMO MITSUI TRUST GROUP



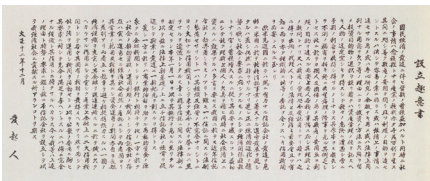
## History and pride of trust

Sumitomo Mitsui Trust Group celebrated **①** the 100th anniversary of its incorporation on April 15, 2024. I would like to express my sincere gratitude to all the stakeholders who have supported us over a long period of time.

One hundred years ago, Japan was in a period of post-World War I economic development. It was a time when individuals and businesses were accumulating wealth, while at the same time society and industry were becoming more complex and diverse. In a situation of greater uncertainty and economic and social immaturity than in modern times, it may not have been easy to manage and increase important assets by oneself. Even if people tried to leave the management of their property to others, there were people who came into contact with them with evil intentions and people who did not have sufficient knowledge and experience. Not only did people not gain profits, but they also suffered losses in many cases. Against this backdrop, the creation of a trust company, which gained the absolute confidence of property owners and enabled safe and secure management of property and profit-making, was a necessary step in making Japan a prosperous nation.

A prospectus of the Mitsui Trust Company, Limited at the time of its establishment in 1924 stated its commitment as a credit institution entrusted with asset management and asset administration for citizens in a rapidly advancing economy and society. Also, a prospectus of Sumitomo Trust Co., Ltd., which was established in 1925, the following year, stated that "The settlor must have absolute confidence in the trustee. At the same time, the trustee must fulfill their duty with the utmost fidelity and integrity in order for the trust to gain the confidence of others." one hundred years later, the essence of trust, which has been based on faith and sincerity, remains the same. We are proud of our history of providing the trust group's sophisticated and diverse financial services, in response to the conditions and circumstances of the settlor, and of continuing to respond to the precious trust of society and clients.

Founding Prospectus of Mitsui Trust Co., Ltd.



Founding Prospectus of Sumitomo Trust Co., Ltd.



The 100-year history of the Group is the history of the trust that has developed along with society and the economy. In 1948, Mitsui Trust and Sumitomo Trust, which entered the post-war period as dedicated trust companies, converted into trust banks that operate both banking and trust businesses. In 1952, we started the loan trust business. From the post-war reconstruction period through the period of rapid economic growth in Japan, we have provided long-term stable funds to industry and long-term investment products with high yields to individuals, creating a virtuous circulation of funds necessary for the development of the Japanese economy. In the 1960s, as the economic structure became more complex and wealth accumulated at the same time, pension trusts were launched as a system to support long-term stable asset formation. Through more than half a century of initiatives, it has become popular as a corporate welfare system. In recent years, due to the growing importance of the Corporate Governance Code, it has also attracted attention from the perspective of asset formation support for corporate employees as stakeholders. Since then, as Japan's economy has developed, individual's efforts for asset formation have been accelerated in earnest by investment trusts. Currently, the amount of trust assets in Japan exceeds 1,500 trillion yen, which is more than the balance of deposits in banks.

The Sumitomo Mitsui Trust Group is in its current status as a result of continuous efforts to realize the virtuous circulation of funds through the power of trusts by confronting **②** social issues that change from era to era, based on our long-term trust relationships with corporate and individual clients. We will continue growing ourselves while also continuing to make changes, take on challenges, and contribute to the prosperous development of society and the economy.

**①** See page 2

**②** See page 15

## Growth strategy

The year 2024, a commemorative year for the Group, seems like it will be a major turning point for the Japanese economy. The Nikkei Stock Average has hit a 34-year high, and interest rates, which have been left at an unusually low level for a long time, are on an upward movement. Wages at a broad range of companies have increased compared to last year, and the number of overseas visitors to Japan has significantly increased due to the end of the COVID-19 pandemic. Among the various changes, I particularly pay attention to positive changes in individual's attitudes and mindset toward investment. In a deflationary environment, even if we did not take risks and actively invest, we did not face any problems of declining real asset values. Now that sustained rises in prices and wages are foreseeable, many individuals are finally beginning to recognize that investments that generate returns are necessary and essential. Looking at examples from other countries/regions, such as Europe and the United States, we expect that the expansion of investment in Japan will begin in earnest through the enhancement of policies and systems that support people's asset formation and financial education. The government's initiatives toward the achievement of Asset Management Nation and the start of a new NISA, whose contents have been significantly revised since January this year, will also serve as catalysts to accelerate investment, with household assets of more than 3,000 trillion yen, including real estate, as the starting point.

In the Group's [③ Medium-Term Management Plan](#) announced last May, we set out a strategy to achieve capital-efficient profit growth by increasing fee income, focusing on the asset management and asset administration businesses. The ROE target for 2025, the final fiscal year in the plan, is 8% or more, and we aim to achieve ROE of 10% or above by fiscal 2030. The timing of earnings growth will vary depending on the strategies and initiatives, but we will continue to make investments in a sustained manner that will lead to future growth, achieve ROE of 10% or above as early as possible, and further improve capital efficiency by fully utilizing the functions and strengths of the Trust Group.

## “ A virtuous circulation of funds, assets and capital ”

The Group's capital-efficient profit growth will be realized by promoting a [④ virtuous circulation of funds, assets, and capital](#) in Japan. Looking back at history, we find that the power of trusts has always been required to solve social issues that bring large amounts of financial circulation between business operators and investors.

We, the Trust Group, are involved in various investment value chains and provide infrastructure functions to the markets, such as banking in the financial market (funds), real estate in the real asset market (assets) and asset management and administration in the capital market (capital). In addition to working on engagement for both businesses and investors in a broad range of markets to enhance corporate values and asset values, we also provide financial solutions with our banking function, leveraging our balance sheet, as well as brokerage and consulting functions in areas requiring high levels of expertise such as real estate and pensions. The Group's diverse and broad range of business creates many contact points with markets and clients, and promotes a virtuous circulation of funds, assets and capital. Investors' funds intersect with our business contact points somewhere in the market, and the increase in the corporate value of business operators leads to an expansion of the capital market. With social issues in Japan, such as decarbonization and [⑤ the age of 100-year life](#), now is a time where large amounts of money and diverse solutions are desired. We believe that such an environment provides us with an ideal opportunity to contribute to the improvement of social value through the power of trusts as well as to achieve our own growth.

③ See page 24

④ See page 22

⑤ See page 34

## Reduction of strategic shareholdings

In order to realize a virtuous circulation of funds, assets, and capital, in May 2021, shortly after I assumed the position of president, we announced a policy to **⑥ reduce conventional strategic shareholdings to zero**. Strategic shareholdings have long been used as a bond of trust with business partners, but from a capital market perspective, they are one of the factors that have stagnated circulation. The unwinding of strategic shareholdings is also an important issue from the viewpoint of ensuring the sound functioning of corporate governance. In order to advance the sophistication of the domestic capital market, we believe that it is necessary to move away from conventional business practices as soon as possible, and we have been steadily reducing strategic shareholdings at a pace that exceeds our initial expectations while gaining the understanding of our corporate clients.

Each corporate client has different views and policies on corporate governance, so there are many cases where negotiations do not go as well as we expected. While we are aware that some institutional investors opine that the progress of the reduction has been slow, there is no change in our policy to emphasize polite dialogue with our clients and to work carefully to prevent a negative impact on business transactions as much as possible, as a trust group that conducts a wide range of businesses based on long relationships of trust with clients. For corporate clients that require a certain amount of time to complete the reduction to zero, we conduct engagement activities focusing on shareholder interests in accordance with the voting rights guidelines at Sumitomo Mitsui Trust Bank while holding the shares. The purpose of engagement is to improve our clients' corporate value by providing solutions to meet the guidelines. However, there are some cases in which they agreed that we sell all our shareholdings if we consider exercising our voting right to oppose them.

In fiscal 2023, thanks to the tailwind of strong stock prices, we could record 79.3 billion yen in the first year against the cost basis reduction target of 150 billion yen in the three years through fiscal 2025. Since the declaration of zero-holdings in May 2021, the total cost basis reduction of strategic shareholdings has been 180 billion yen, and the number of client companies held by strategic shareholdings has decreased by 35%. There seems to be an increasing movement to reconsider the positioning of strategic shareholdings in corporate management, even among corporate clients with whom reduction has not been completed. We will continue to promote our initiatives to achieve zero holdings.



## Towards making Japan an Asset Management Nation

In Japan, it is common to place an emphasis on the ideas of working diligently and securing labor income, while it is also believed a certain amount of money is required for life after retirement. As mentioned above, prolonged deflation is one of the factors contributing to the large share of cash and deposits in household assets. In preparation for rising prices and longevity, the era is eventually coming when Japanese individuals have to consider increasing their own wealth by financial income in addition to labor income. I would like to talk about **⑦ the sophistication of the asset management industry** in Japan and our efforts to improve financial literacy as areas where we, as a trust group, can particularly contribute to making Japan an Asset Management Nation that the government has set forth.

⑥ See page 57

⑦ See page 28

## “ Contribute to the healthy and sustainable development of capital markets ”

### Sophistication in asset management business

Regarding **⑧** the asset management business of the Group, we will improve the autonomous asset management capabilities of our core subsidiaries, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management and Sumitomo Mitsui Trust Bank, while making use of capital to partner with asset managers in Japan and overseas that have new strategies. Each investor has a different risk tolerance and investment objectives and durations. Therefore, in order to provide optimal investment opportunities for investors, we believe that it is necessary to establish a management structure that incorporates diverse asset managers with each strength within the Group. I am sure that this concept is consistent and common to the spirit of trust, which provides sophisticated and diverse solutions to different conditions and circumstances depending on the settlor.

One of the diverse asset management types is **⑨** private assets. In July 2022, we announced the business strategic partnership with Apollo Global Management, Inc., a major U.S. investment fund, for asset management and other operations, and invested \$1.5 billion in a portfolio of alternative assets managed by the Apollo Group. The ultimate goal of this initiative is not just to make investments, but to create and expand the private asset market in Japan. **⑩** Decarbonization efforts will require domestic investment of 150 trillion yen over the 10 years, while the long-term investment needs of institutional investors, such as life insurance companies and pension funds, and individual investors are also increasing. By taking advantage of the knowledge and experience of private asset investment that we have accumulated through the use of the trust bank balance sheet, we will continue to develop and offer investment products with business partners who play active roles globally.

As for the sophistication of the Japanese asset management industry, it is required for each asset management company and product distributor to enhance the level of credibility and increase value added. For that purpose, it is important to address the challenges faced by the industry, in which new entrants have difficulties with Japan's unique business practices and entry barriers. To address these issues, **⑪** we provide the service of middle-back functions to asset management companies. As a part of our streamlining efforts, we have already started to promote the initiative within the Group and also accepted contracts from major domestic asset management companies. Our strategy is to contribute to the development of capital markets by providing such functions to overseas and emerging asset management companies, as well as expanding the Group's asset administration business.

### Improving financial literacy

We provide company employees and individual investors with advanced financial education that has been developed in our pension business for decades. When more people live to be about 100 years old, it is not enough to start managing assets after retiring from work. Nowadays it is desired, when people are young, to estimate the funds necessary for the future and to make investment in ways that fit the life plan they envision. **⑫** Smart Life Designer, a smartphone application released by Sumitomo Mitsui Trust Bank in 2022, has a life plan simulation function that works for pension assets as well as financial assets and mortgages, so users can understand how much money they will need in the future. This application also provides information that is necessary for making investment decisions and asset management tools and has been well received by many individual clients.

We are also focusing on financial education for students as an effort to improve the financial literacy of the next generation. We have offered the program for high school students, and in fiscal 2023, we expanded the program to include elementary and junior high school students and provided financial education to approximately 15,000 students in 116 schools nationwide. We will share our knowledge and experience as a trust group with younger generations and contribute to the development of a sustainable asset management business.

**⑧** See page 28

**⑨** See page 30

**⑩** See page 40

**⑪** See page 31

**⑫** See page 35

## Investing in the infrastructures that contribute to future growth

As a trust group that conducts business in a broad range of markets based on a long relationship of trust, **13** securing and developing human resources that can be trusted by society and clients is one of the most important challenges. The organizational and corporate culture that brings together colleagues who sympathize with the philosophy of trust and nurtures human resources who continue to take on challenges to issues that change with the times is the source of our competitiveness and will not change in the future. It is said that the future is uncertain and the pace of change has been accelerating, but we have recognized it in advance and been developing diverse and highly specialized human resources and an organization that can respond to changes for over the past 100 years.

In order to encourage employees to take on challenges, we need a personnel system and support system that enables each employee to autonomously consider and choose their own career. The Group provides employees with a number of options, including internal job posting systems, internal and external side job systems, and occasional seeking of applicants for secondment to universities and other companies. In April this year, Sumitomo Mitsui Trust Bank began providing subsidies for housekeeping and meal delivery services to employees returning from childcare leave, and expanded our support for employees who wish to return to work early. We have also enhanced the offering of online educational programs and developed a system that enables employees to acquire a broad range of knowledge and information not necessarily in business matters. We encourage employees themselves to choose the knowledge and expertise they want to acquire in the future, working style, and speed of their own growth. At the same time, we actively support their careers and challenges that employees want to pursue, to produce many human resources who can gain the trust of society and clients.

In promoting women's active participation, we strive to achieve a ratio of at least 30% of female executives by 2030. By the end of October 2024, Sumitomo Mitsui Trust Bank aims to achieve a ratio of female employees in management positions (section managers, team leaders, and above) at least 20%. Compared to three years ago, the number of female and international directors and executive officers has increased in the major subsidiaries.

Diverse values are very important in corporate management, and I myself treasure dialogue with employees who will lead the next generation. I also take advantage of opportunities for overseas business trips to convey my management principles and vision to local hired staff working at overseas offices. While I listen to the voices of many young employees who are leading the way for the future, I often receive tips for consideration of future management. More recently, as part of our **14** 100-year anniversary activities, we have been working to make each employee feel confident and rewarded through working for the Group by learning about the Group's identity and its history of challenges and development. Toward the next 100 years, we will further enhance our corporate culture that creates new challenges while taking advantage of the Trust Group's strengths in diversity and expertise.

**13** See page 70

**14** See page 4

Interaction with local staff at the New York branch



## Closing remarks

“What does a trust mean to me?” Sometimes I ask myself. Since joining the company, I have been practicing “thinking by myself, making my own judgments, and acting on my own.” I believe that we can achieve growth and obtain the trust of those around us only when we put ourselves in the midst of various daily events and take initiatives with a proactive approach. When I look back, I realize that, on the inside of “myself” I am aware of, there have been stakeholders like clients, employees, shareholders and others who have always been guiding what I do. It is quite impressive to recognize that the principles of **15** fiduciary have been driving me. I am truly proud to be your fiduciary and we, the Sumitomo Mitsui Trust Group, will continue to fulfill our role to realize a prosperous future for our stakeholders, and continue to grow with you all.

I would sincerely appreciate your continued understanding and support.

July 2024



Director, President & CEO  
Sumitomo Mitsui Trust Holdings, Inc.

**15** See page 94

## 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”)

- (1) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
- (2) 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.
- (3) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- (4) 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, 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 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 Capabilities - Trust and Creativity

Establishment of Individuality - Self-help and Self-discipline

Strict Compliance with Applicable Laws and Regulations

Resolute Stance against Antisocial Forces

### Our Standards of Conduct

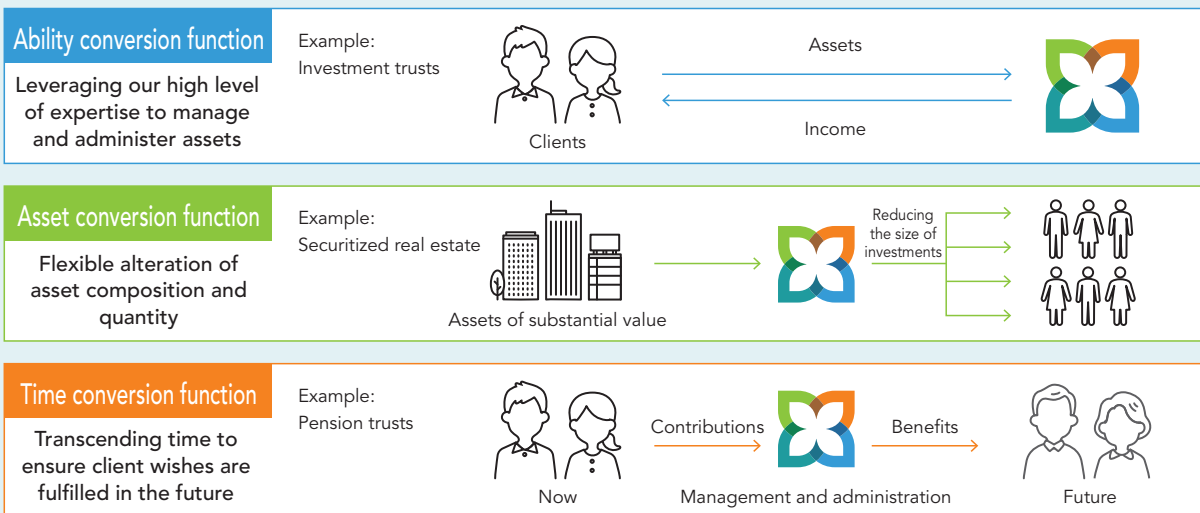
Standards for employees of the Group to take concrete action on important values that are consolidated into purpose, mission, vision, and values

P.109



## 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.



## New value created through business

[Businesses that harness the power of trusts to solve social issues]

### Value provided to stakeholders (three economic entities)

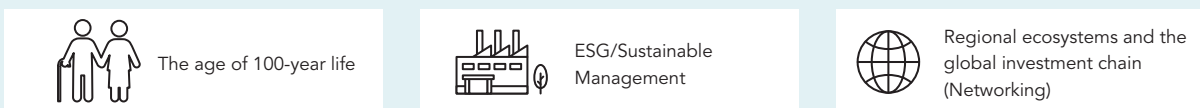
SuMi TRUST Group draws on its wide array of trust functions to deliver high-value-added products and services to clients based on the keyword of “circulation” to address the social issues that confront individuals, corporations and investors.

#### Themes to be addressed proactively as social issues



### Three value creating businesses to create 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 value creating businesses to encourage a virtuous circulation: (1) the age of 100-year life; (2) ESG/Sustainable management; and (3) regional ecosystems and the global investment chain (Networking).



## Blooming of a bright future

“Prosperity and happiness for all = Improvements in well-being”

# Value Creation Process

We have established a "value creation process" for the purpose of "balanced creation of both social value and economic value." The value creation process consists of a process to continuously strengthen our own management base (the six types of capital) while maximizing the stakeholder value, and a system to manage this at the management level.

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).

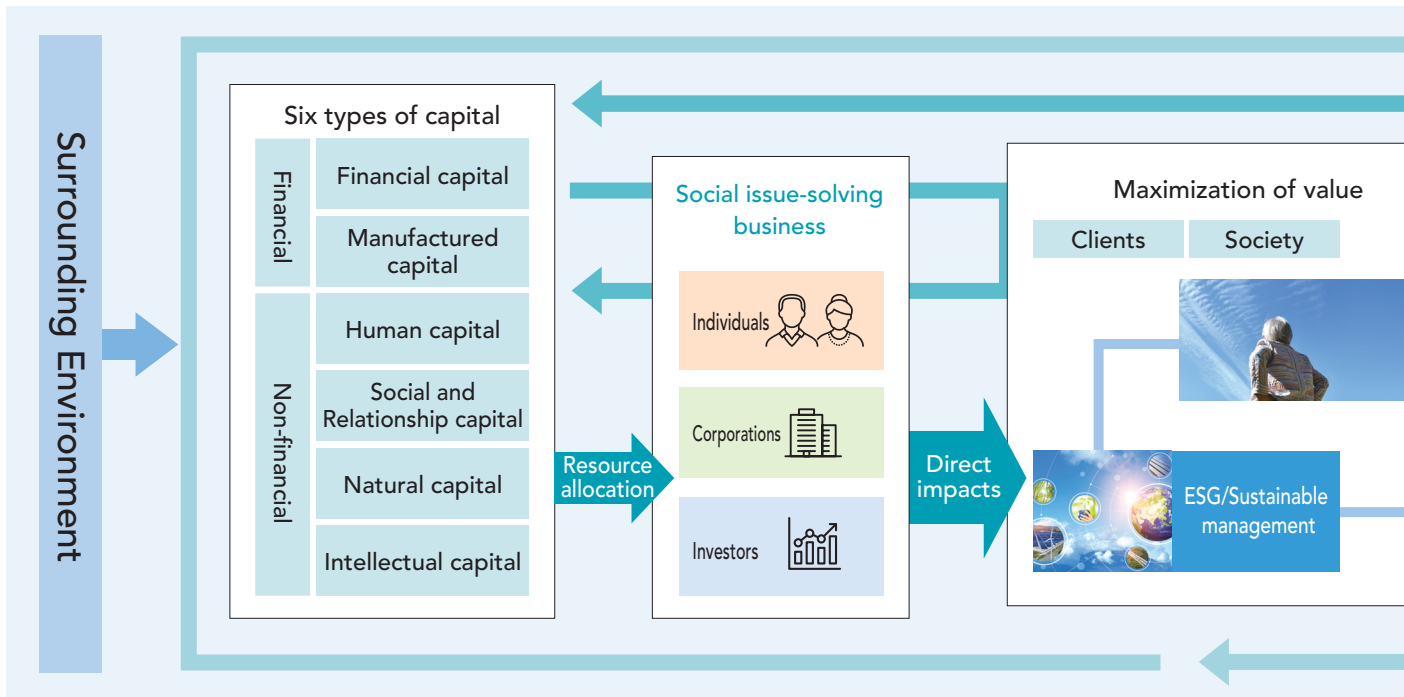
## Reason for Existence (Purpose)

## Creating new value with the power of

## Materiality

### Impact Materiality

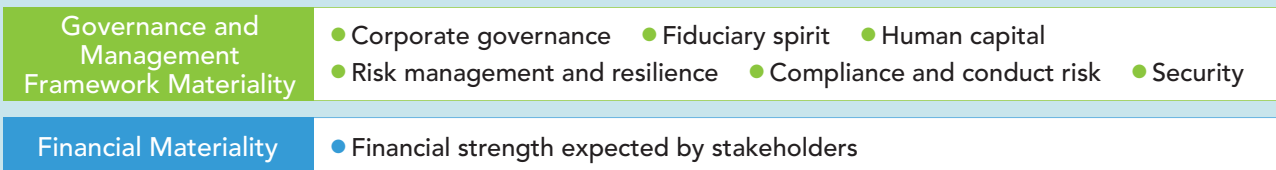
- The age of 100-year life
- ESG/Sustainable management
- Regional ecosystems and global investment chain (Networking)
- Trust x DX



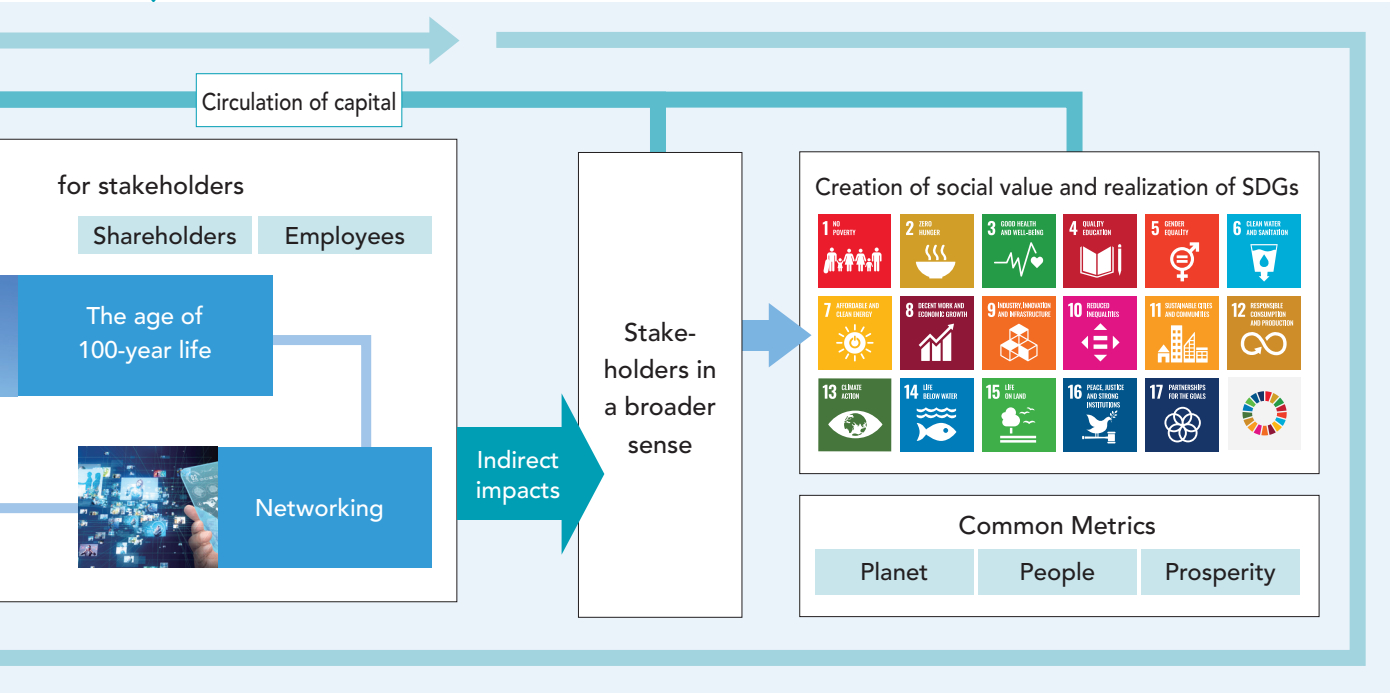
## Risk appetite

We have also established the materiality management and risk appetite framework to manage these business processes at the management level. In the materiality management, we have classified high-priority issues (materiality) that affect our value creation process over the medium to long term into three categories, and manage them: (1) impact materiality—issues on which social-issue-solving businesses can create social value; (2) governance and management framework 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. In particular, we have positioned “The age of 100-year life”, “ESG/Sustainable management”, and “regional ecosystems and the global investment chain (Networking)” as the three areas of value creation, and will promote a virtuous circulation of funds, assets, and capital with a view to the society we wish to realize in FY2030.

## trusts and let prosperous future for our clients and society bloom



### Materiality Management



### Monitoring framework (RAF)

# Materiality

## 1 Definition and Identification Process of Materiality

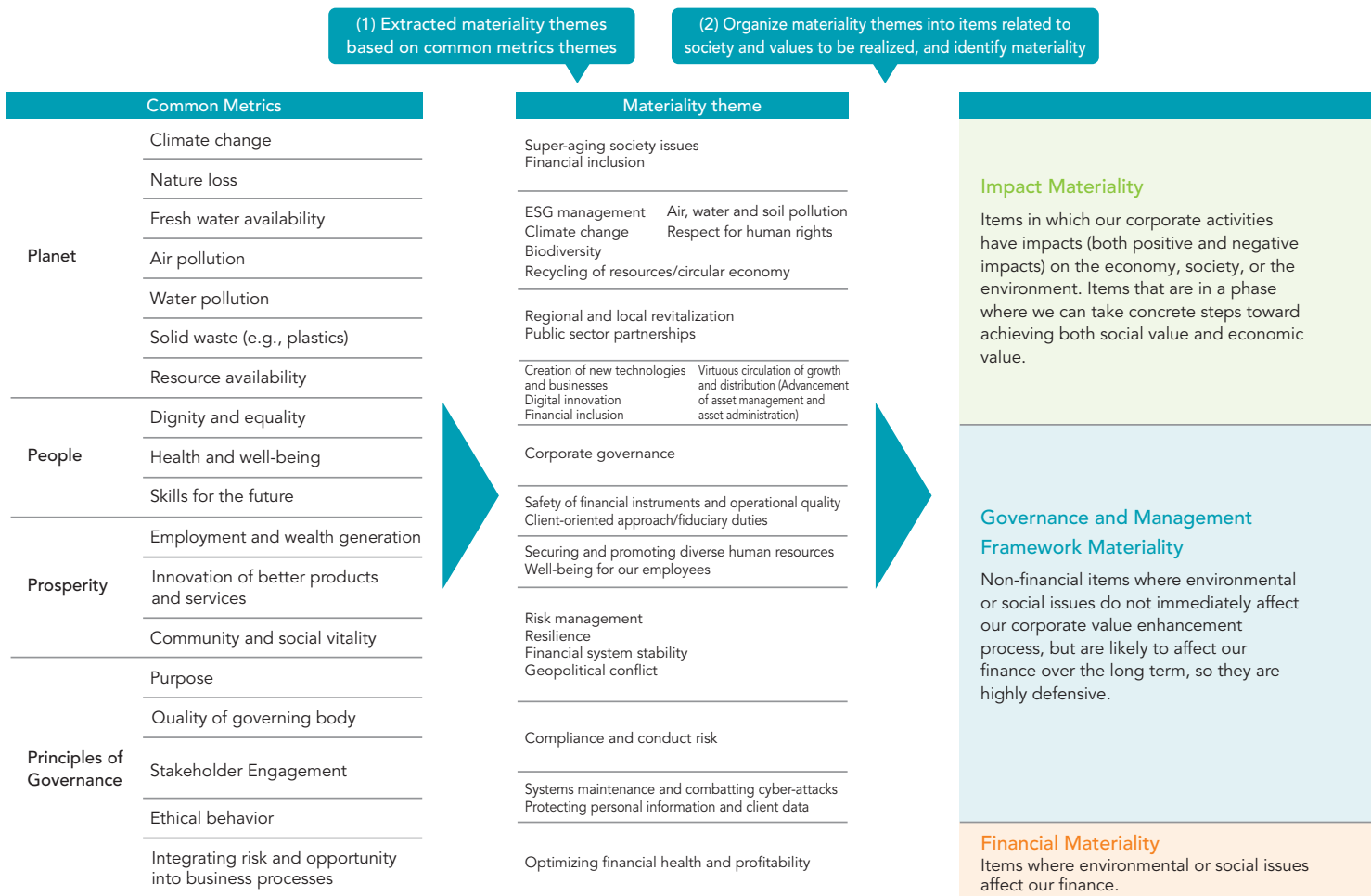
With the balanced creation of both social value and economic value at the foundation of our management, we identify the medium- to long-term high-priority issues (i.e., items of materiality), taking the economy, changes in social conditions, our Group’s risk awareness, and requests from stakeholders into account, and decide them at the Board of Directors.

We first identified items of materiality in FY 2015 and revised them in FY 2019 and FY 2022. In identifying the current materiality, we took as our starting point the common metrics in “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation”, which was compiled by the Big Four accounting firms based on the recommendations of

the World Economic Forum’s International Business Council. The first step was to identify “materiality themes” based on the points categorized into “Planet”, “People”, “Prosperity”, and “Principles of Governance” in the common metrics. In the second step, materiality themes were organized into items related to the society and values we aim to achieve in line with our corporate purpose and strategic management themes, and identified as materiality.

We conduct periodic reviews of materiality and materiality themes and report them to the Board of Directors in order to appropriately capture points arising from changes in economic and social conditions.

### ■ Identifying materiality from common metrics



## 2 Current Materiality and Materiality Categories

We have identified 11 items of materiality and manage them in three categories: impact materiality, governance and management framework materiality, and financial materiality.

Items in which our corporate activities have impacts on the economy, society or the environment are classified into the impact materiality, and they are comprised of “The age of 100-year life”, “ESG/Sustainable management”, “Regional ecosystems and the global investment chain (Networking)”, and “Trust × DX”. These are also consistent with the three areas of value creation and the functions to promote a virtuous circulation of funds, assets and capital between these areas. In addition, non-financial items that are likely to affect our finance over the long term are classified into the governance

and management framework materiality, and items that directly affect our finance are classified into the financial foundation materiality.

At the periodic review in FY 2023, we revised some of the materiality themes. Specifically, in light of the growing debate on “Promoting Japan as a Leading Asset Management Center”, we have added a new theme of “virtuous circulation of growth and distribution (upgrading of asset management and asset administration)” and related it to the materiality “Trust × DX”. With regard to respect for human rights, we have revised the classification from the viewpoint of clarifying the consideration of the impact including the supply chain and related it to the materiality “ESG/Sustainable management”.

Materiality	Overview
The age of 100-year life	Providing products and services that support a prosperous life by preparing for changes in social systems such as pensions and social security in a super-aging society, and social issues such as extending healthy life expectancy. Create conditions in which clients can use beneficial and affordable financial products and services that meet their requirements.
ESG/Sustainable management	Responding to climate change, biodiversity, resource recycling and the circular economy, air, water and soil pollution, respect for human rights, and providing support and means for environmental, social and governance-friendly management for the companies to whom we extend investments and loans and our suppliers.
Regional ecosystems and global investment chain (Networking)	Build mutually complementary relationships among agents in the region and establish relationships with economic agents outside the region to promote multifaceted collaboration and co-creation. Provide investment opportunities by strengthening the investment chain through collaboration with advanced overseas players.
Trust × Digital Transformation	Driving force and function which promote a virtuous circulation of funds, assets and capital. Realization of virtuous circulation through the power of trust, including asset management and asset administration with appropriate management and thorough administration, and the power of DX, which creates new businesses through structural transformation of existing business processes and cross-business integration.
Corporate governance	Establish a management framework that achieves balanced creation of both social value and economic value.
Fiduciary spirit	Fulfill the trustee’s responsibilities and act faithfully on behalf of clients (beneficiaries) with the due care of a prudent manager. Realize our clients’ best interests.
Human capital	Recruit and promote human resources with diverse values, and build a group of them. Create a situation where employees can be of healthy mind and body, sympathize with our Purpose, build healthy relationships that respect diversity, and pursue wellness in their own work by utilizing their own values and strengths.
Risk management and resilience	Accurately assess risks and take necessary countermeasures to secure earnings and support sustained growth by ensuring sound management, and taking risks based on management strategy.
Compliance and conduct risk	Comply with laws and regulations, market rules, internal rules and regulations, as well as social norms in general. Ensure that the conduct of directors, executive officers, and employees, which violates professional ethics or fails to live up to the expectations and trust of stakeholders, does not result in adverse effect.
Security	Prevent cyber-attacks against core infrastructure providers and address incidents when they occur. Continuously review and improve the system risk management system. Acquire and use client information in accordance with rules and regulations, and manage it strictly.
Financial strength expected by stakeholders	Sound finance, sustained growth. Securing stable earnings.

### 3 Reflecting in the Value Creation Process (Materiality Management)

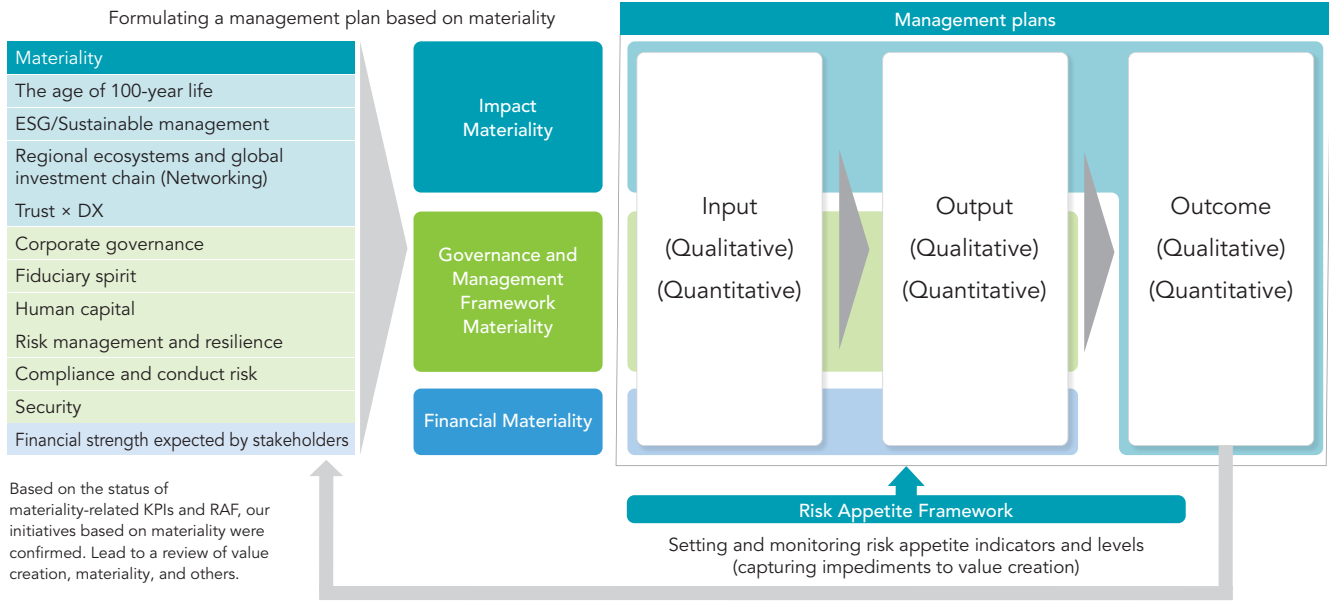
By incorporating materiality as a common concept in various management systems, such as management strategies, internal controls, and the risk appetite framework (RAF), which implement our value creation process, and by increasing the interconnectedness of each function, we can further improve our value creation capabilities. We have formulated a Medium-Term Management Plan for fiscal 2023 and beyond based on newly identified materiality. In the future, we will confirm the status of the measures and KPIs set out in the Medium-Term Management Plan from a materiality perspective, report it to the Sustainability Committee, an advisory body to the Executive Committee, and utilize it in communication with stakeholders to create a virtuous circulation in the value creation process.

In addition, in order to incorporate the perspectives of stakeholders into management based on such materiality,

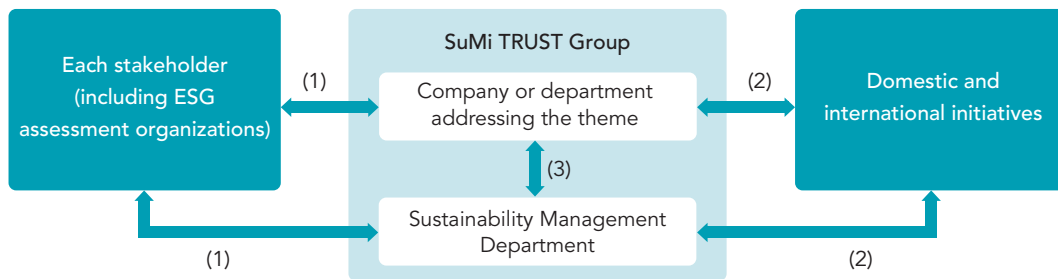
we have implemented an “internal engagement” system described below, and the status of internal engagement is reported to the Board of Directors as materiality-related matters after discussion by the executive side, including the Sustainability Committee and the Executive Committee.

We adopt a concept of “dynamic materiality”, in which social conditions and values change, and these changes affect corporate value. Specifically, the Sustainability Committee will review the need to revise materiality in accordance with the situation based on the results of the aforementioned reviews and reports, and internal engagement. At that time, the Risk Committee responds to questions from the Board of Directors 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 of Directors.

#### Materiality management



#### Stakeholder engagement



The Group’s stakeholder engagement is divided into three approaches: (1) direct engagement by relevant departments at each company of the Group according to the theme, (2) direct participation in domestic and international initiatives, and (3) internal engagement by the Sustainability Management Department with relevant departments at each company of the Group based on dialogue with its own stakeholders and information gathering from ESG assessment organizations. These approaches are used to diversify dialogue channels and enhance the quality and quantity of inputs.

## 4 Internal Engagement

### (1) Basic philosophy

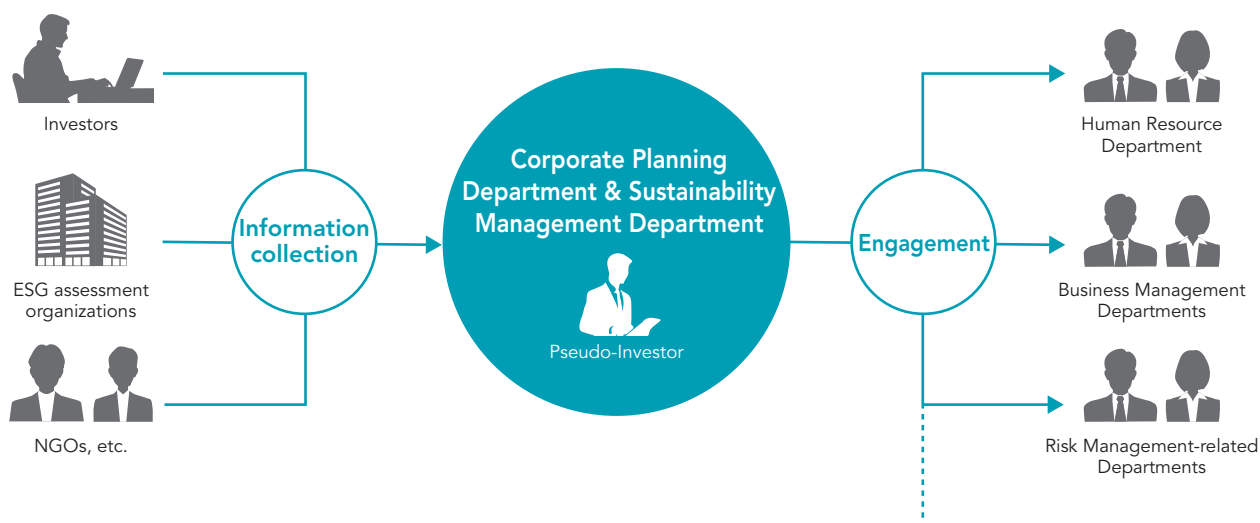
As part of materiality management, the Corporate Planning Department and the Sustainability Management Department engage in dialogue with relevant departments as "pseudo" investors regarding the Group's issues extracted from materiality items, thereby improving business operations and expanding information disclosure. We refer to this initiative as internal engagement and consider it as a check and balance function based on an external perspective, different from the supervisory function of the Board of Directors as a management perspective.

The main purpose of internal engagement is to improve the internal management system of the executive side, but the overall activities are reported to the Board of Directors and issues are shared.

### (2) Internal engagement process

The Corporate Planning Department and the Sustainability Management Department select topics for internal engagement and conduct dialogue with related departments from items pointed out by ESG assessment organizations, dialogue with domestic and overseas ESG investors, standards of proxy advisory companies, communication with NGOs (letters and dialogue), and high-profile issues related to corporate governance codes, ESG, and SDGs. In FY 2023, from November to December 2023, internal engagement on a total of 8 themes was implemented for general managers in 12 departments, and each department recognized them as issues related to business operations and disclosure. Recognized issues were reported to the Sustainability Committee, the Executive Committee, and the Board of Directors.

#### Internal engagement



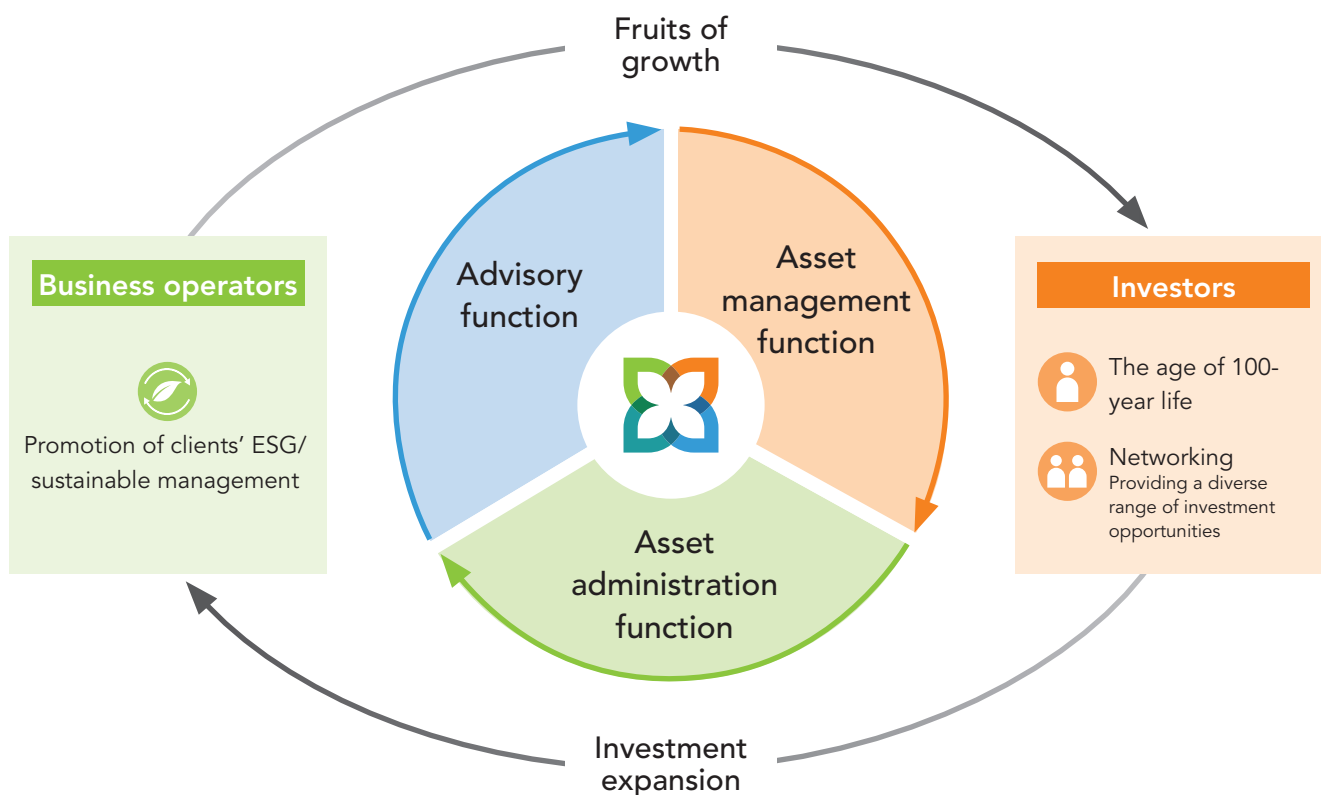
#### FY 2023 dialogue contents and results of efforts (example)

Materiality	Materiality theme	Dialogue content	Results of efforts in FY 2023	Relevant Page
ESG/Sustainable management	Respect for human rights	Status of implementation of human rights due diligence	Disclosure of results of human rights due diligence and status of deliberations at the Human Rights Due Diligence Liaison Committee	P.47
		Status of employee training	Annual training schedule disclosed	P.47
	ESG management	Loan Policy on Fossil Fuels	Revised sector policies for oil and gas	—
Corporate governance	Corporate governance	Designation of senior officers in key areas and clarification of responsibilities	Appointment of Chief Officers (CXO), etc., whose main areas of responsibility, etc., are clarified on a global basis	P.92
Fiduciary spirit	Client-oriented approach/Fiduciary duties	Implementation of employee training to improve client satisfaction	Disclosure of implementation of training for all employees and by level	P.95
		Details of complaints and response	Disclosure of major client complaints	P.97
Compliance and conduct risk	Compliance and conduct risk	Internal dissemination of Code of Conduct	Disclosure of internal dissemination efforts and confirmation of its status	P.109




# Expansion of Assets Under Fiduciary through Virtuous Circulation

## 1 Virtuous Circulation of Funds, Assets and Capital

Creating and accelerating a virtuous circulation of funds, assets and capital by performing the functions built on the features of trust from the perspectives of both business operators and investors



## 2 Functions and Strengths Available from Our Group, and Initiatives to Further Strengthen Them

	Functions and strengths	Initiatives to further reinforce functions
 <b>Advisory function</b> Foundation of long-term relationships of trust with clients	<ul style="list-style-type: none"> <li>• Extensive expertise and ability to propose (funds, pensions, real estate, inheritance, and so on)</li> <li>• Engagement-driven decision support for clients</li> <li>• Diverse contact points in the investment chain</li> </ul>	<ul style="list-style-type: none"> <li>• Further refinement of the strengths and features of trust</li> <li>• Create investment demand by proposing and providing optimal portfolios suited to the risk tolerance of clients</li> </ul>
 <b>Asset management function</b> Combination of diverse asset management capabilities	<ul style="list-style-type: none"> <li>• Cooperative framework that utilizes the features of each asset management company</li> <li>• Sales and distribution networks in growing markets</li> <li>• Seed investments and origination deals that leverage banking capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of asset management, product, and sales capabilities within and outside our Group</li> <li>• Establishment of Strategic Investment Facility for Asset Management (Up to ¥500bn to be invested by fiscal 2030)</li> </ul>
 <b>Asset administration function</b> Platforms supporting virtuous circulation	<ul style="list-style-type: none"> <li>• Broad-ranging knowledge and operational skills in asset administration business</li> </ul>	<ul style="list-style-type: none"> <li>• Challenging new areas such as private assets and digital assets, in addition to traditional assets</li> <li>• Expansion of BPO services to outside our Group, including to emerging asset managers</li> </ul>



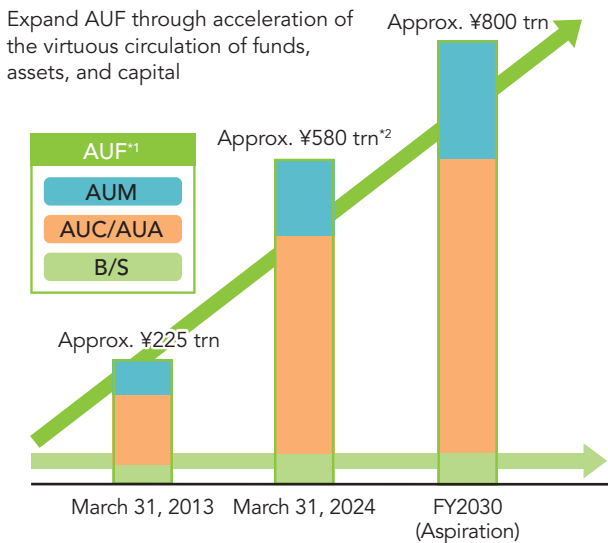
### 3 Assets Under Fiduciary (AUF)

Leveraging our long-term businesses based on a relationship of trust with our clients, our Group aims to achieve “balanced creation of both social value and economic value” through a business model unique to a trust group, which revolves around asset management and asset ad-

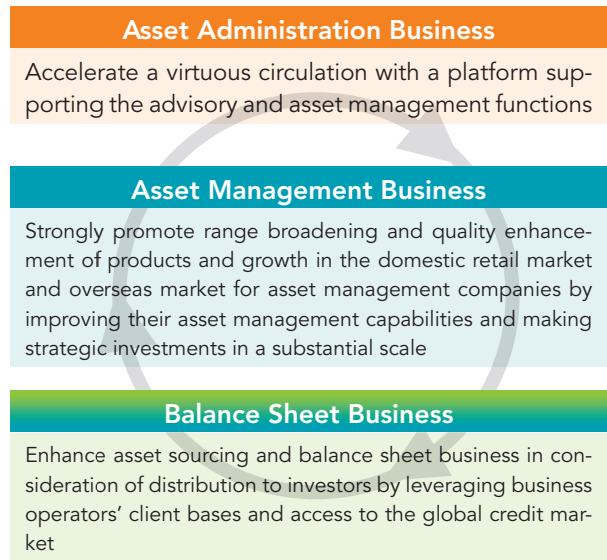
ministration. Having newly defined Assets Under Fiduciary (hereinafter “AUF”) as an indicator of the scale of our initiatives to contribute to solving social issues and creating and expanding markets, we are promoting the expansion of the AUF balance to ¥800trn by fiscal 2030.

#### AUF (Assets Under Fiduciary)

Indicator of the scale of our initiatives to contribute to solving social issues and creating and expanding markets



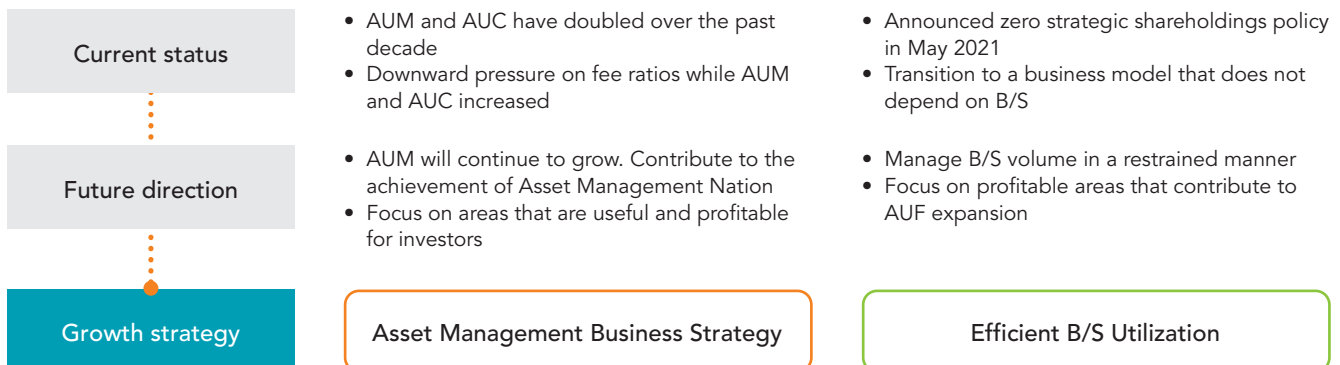
\*1 AUM/AUC/AUA: Assets Under Management/Custody/Administration  
 \*2 Include approx. ¥20 trn of increase due to redefinition



### 4 Growth Based on AUF

We will directly listen to the thoughts of both business operators and investors and refine our business model that connects the needs of both groups. We will efficiently utilize the balance sheet business and improve its profitability in

consideration of distribution to investors, and expand AUM and AUC in areas that bring profits to investors, thereby achieving our Group’s continuous and stable profit growth both on and off the balance sheet (for the entirety of AUF).



# Progress of the Medium-Term Management Plan (FY2023–2025)

## Concept and Aspiration



**Paving the Way for the Next 100 Years,  
with the “Power of Trust”**

— Trusted by stakeholders as a fiduciary, contributing to enhancing the well-being of all people —

## Key Financial Indicators

Indicator	FY2023 (Actual)	FY2024 (Plan)	FY2025 (Target)	FY2030 (Aspiration)
Substantial gross business profit	¥874.1 bn	¥910.0 bn	¥920.0 bn	¥1 trn or above
Net business profit before credit cost	¥338.6 bn	¥340.0 bn	¥355.0 bn	¥400.0 bn or above
Net Income Attributable to Owners of the Parent	¥79.1 bn	¥240.0 bn	¥240.0 bn	¥300.0 bn or above
Fee Income Ratio	54%	Lower 50% range	Mid-50% range	60% or above
Overhead Ratio (OHR)	61%	62.6%	Lower 60% range	Upper 50% range
Return on equity	2.68%	Around 8%	8% or above	10% or above
AUF	Approx. ¥580 trn	Approx. ¥600 trn	¥600 trn	¥800 trn
Common equity tier 1 capital ratio*	10.2%	Around 10%	Around 9.5–10%	Stably maintained above 10%

\*Basel III finalization fully phased basis

## Key Initiatives for Fiscal 2024

**I**


Advisory, asset management and asset administration functions (driving forces for accelerating a virtuous circulation)

**II**

Sophistication of fiduciary

**III**

Improving productivity and profitability (Promoting digital transformation (DX) and addressing inflation)

	Key strategies	Overview	Progress
Impact	<b>Theme 1. Business growth that is unique to a trust group, and improvement of capital efficiency (Creating a virtuous circulation of funds, assets, and capital and enhancing corporate value)</b>		
	Engaging in value creating businesses	<ul style="list-style-type: none"> <li>The age of 100-year life</li> <li>ESG/Sustainable management</li> <li>Regional ecosystems and global investment chain (networking)</li> </ul>	<ul style="list-style-type: none"> <li>Expanded and enhanced the Online Consultation Plaza service and launched Sumitomo Mitsui Trust NEOBANK</li> <li>Established a joint venture with the ERM Group to support initiatives for mitigating climate change</li> <li>Created a comprehensive domestic infrastructure fund</li> </ul>
	Asset management and asset administration business strategy	<ul style="list-style-type: none"> <li>Combine the strengths of Group companies to provide unique solutions</li> <li>In asset administration, plan to expand the scale and build a platform business</li> </ul>	<ul style="list-style-type: none"> <li>Announced the policy on enhancement of our asset management business, which includes investment up to 500 billion yen in total by fiscal 2030 for constructing the “Multi-affiliate model,” which connects diverse, capable asset management companies within the Group</li> </ul>
	Digital Transformation strategy (Trust × DX)	<ul style="list-style-type: none"> <li>Expand our client base and create markets through the use of digital technology, while standardizing our knowhow as a trust group and providing high-quality services</li> <li>Promote digitalization across SuMi TRUST Group</li> </ul>	<ul style="list-style-type: none"> <li>Promoted full-scale development of the digital asset business, for example, prepared the launch of Japan Digital Asset Trust Preparatory Company, inc. (JADAT), which works to establish a crypto-asset custody business</li> <li>Released a currency-option automatic pricing tool “FX-OPTrust™”</li> <li>Conducted trial implementation of ChatGPT</li> </ul>
Finance	Financial and capital strategy	<ul style="list-style-type: none"> <li>Achieve ROE of 10% or above and AUF of 800 trillion yen or above by fiscal 2030 by promoting a business model that is unique to a trust group</li> </ul>	<ul style="list-style-type: none"> <li>Achieved net business profit exceeding the revised forecast for fiscal 2023. Aiming to achieve the final year target of net income attributable to owners of the parent in the Medium-Term Management Plan one year earlier, during fiscal 2024. Utilizing investment for growth and other means to expand AUF in profitable areas where investors expect high returns</li> </ul>
Materiality	 Non-financial		
	<b>Theme 2. Enhancing human capital to be fit for the future (creating an organization in which job satisfaction leads to well-being)</b>		
	Human capital strategy	<ul style="list-style-type: none"> <li>Enhance human capital based on employee well-being</li> <li>Foster a corporate culture that respects the characteristics of individuals and includes them in fairness and equity</li> </ul>	<ul style="list-style-type: none"> <li>Providing various systems to support employees’ independent career development and holding various events to mark the 100th anniversary</li> <li>Supporting employees’ asset formation to realize their FINANCIAL WELL-BEING</li> </ul>
Governance and management framework	<b>Theme 3. Sophisticating our management platform (capability to support the business and organizational transformation)</b>		
	Fiduciary strategy	<ul style="list-style-type: none"> <li>Ceaselessly pursue the best interests of our clients</li> <li>Enhance our solid business operations and thorough administration systems based on a relationship of trust with clients</li> </ul>	<ul style="list-style-type: none"> <li>Promoted deployment of frameworks for pursuing the best interests of our clients</li> <li>Enhance our capabilities to respond to cybersecurity incidents and financial crimes</li> <li>Strengthening our actions to address international financial regulations and new sustainability-related risk areas</li> </ul>
	Operational infrastructure and facility strategy	<ul style="list-style-type: none"> <li>Update ourselves into new ways of working</li> <li>Strengthen BCP and security controls and decentralize bases and operations to ensure resilience</li> </ul>	<ul style="list-style-type: none"> <li>Obtained third-party certification for the Scope 1 and 2 CO<sub>2</sub> emissions of domestic bases of SuMi TRUST Bank</li> <li>Promoting various measures for successful introduction of new ways of working</li> <li>Streamlined the operation of meeting bodies mainly for the purpose of speeding up decision-making</li> </ul>
	Branding strategy	<ul style="list-style-type: none"> <li>Work to send messages to and hold events for each stakeholder so that every employee can take the 100th anniversary of our founding as a personal experience and feel a sense of fulfillment in their work</li> </ul>	<ul style="list-style-type: none"> <li>Formulated the brand slogan “Trust for a flourishing future”. Promoting various initiatives to express our gratitude to various stakeholders to mark the 100th anniversary of our founding. Taking on the challenge of creating a new corporate culture with the Ambassadors within the Group playing the central role</li> </ul>
	Multi-stakeholder capital strategy	<ul style="list-style-type: none"> <li>Conduct disciplined investment/distribution for each stakeholder</li> <li>Enhance the cross-business and integrating capabilities of our diverse businesses to strengthen our business portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Promoting capital allocation with consideration given to various stakeholders</li> <li>Examined and started to implement medium- to long-term allocation of management resources so as to strengthen our business portfolio</li> </ul>

Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

Data Section

Materiality

Impact

Finance

Governance and management framework



# Theme. 1

## Impact Materiality

 Enhancement of Asset Management and Asset Administration

 Digital Innovation

 The Age of 100-year Life

 Networking

 ESG/Sustainable Management

*The existence of trust companies  
is an inevitable product  
of a rapidly advancing economic  
society.*

The Mitsui Trust Co., Ltd. Founding Prospectus

# Enhancement of Asset Management and Asset Administration

## Aspiration

SuMi TRUST Group supports decision-making in the best interests of investors by taking advantage of the trust's ability to offer a variety of products tailored to investors' risk tolerance. To this end, we aim to create added value unique to a trust group through diverse asset management functions and asset administration functions that support a virtuous circulation. As for the asset management function, the Group's asset manage-

ment companies will enhance their autonomous asset management capabilities and advancing partnership with diverse and capable asset management companies to provide highly profitable products for investors. We will also support these efforts with asset administration-related services that cater to various investment assets and investment methods, and contribute to solving social issues and creating and expanding markets.

## Environmental Awareness

- Momentum to boost funds that have been stagnant for years supported by the government's "Asset Management Nation" initiative, including the new NISA, amid social changes such as high stock prices, rising interest rates, and price hike.
- Increasing demand and expectations for expanded asset administration services for a wider range of investment asset types such as private assets or digital assets and investment opportunities.

## Value SuMi TRUST Group Provides

- SuMi TRUST Group has unique asset management companies, including Nikko Asset Management, Sumitomo Mitsui Trust Asset Management, and Sumitomo Mitsui Trust Bank, and provides products that meet a wide range of needs from individual investors' long-term asset formation to institutional investors' sophisticated asset management.
- Taking advantage of our strong client base, including corporate pensions and public pensions, SuMi TRUST Group provides asset administration services focusing on traditional assets and offers various solutions, such as reporting services that utilize our IT and digital infrastructure and outsourcing services for middle and back office operations.

## GAMO Message (GAMO: Global Asset Management Officer)



Yoshio Hishida  
SuMi TRUST Holdings  
Executive Officer, GAMO

He has a wealth of experience in the asset management business, including many years as a fund manager, and currently serves as Representative Director and President of Sumitomo Mitsui Trust Asset Management. He concurrently serves as GAMO since April 2024.

### We provide a "sustainable future" for investors with enhanced and diverse management capabilities

Interview

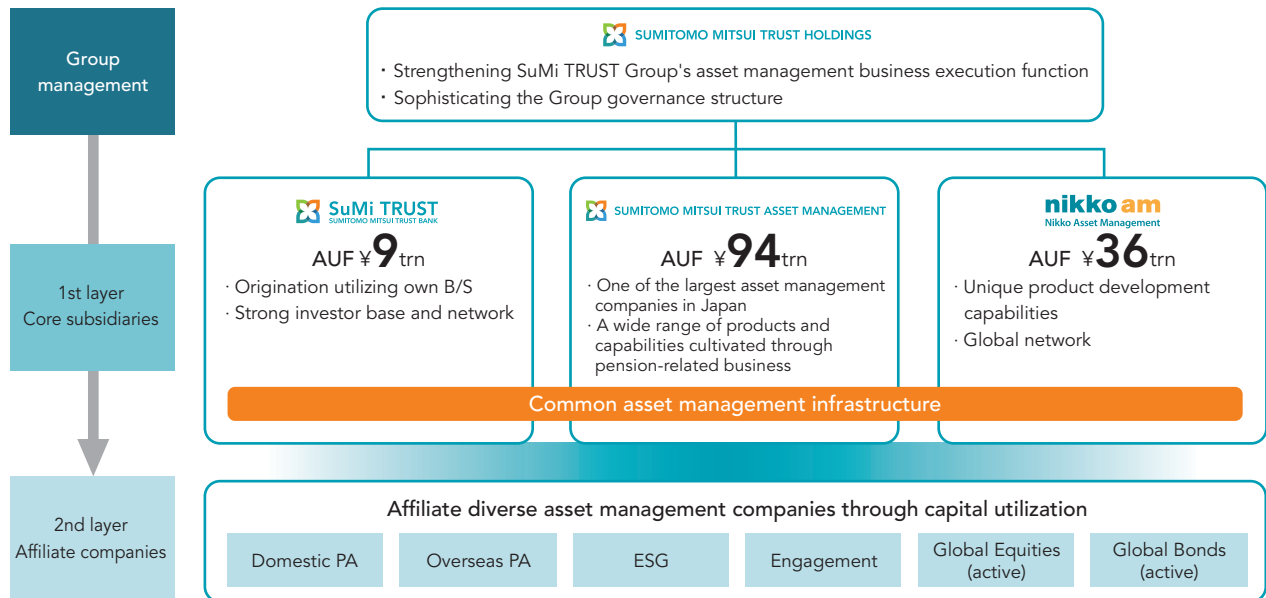
Our mission is to provide investors with a "sustainable future" by continuing to offer diverse investment opportunities and good returns. SuMi TRUST Group promotes the "Multi-affiliate model" where diverse and capable asset management companies and functions gather, including Nikko Asset Management, Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Bank.

A trust group's asset management business is characterized by the provision of various products and services to a broad-ranging clients in Japan and overseas. The Group's diverse asset management companies and functions will further enhance the quality of our products and services, while actively promoting the development of new investment methods and further expansion into areas such as private assets, sustainability and engagement.

## Direction of Asset Management Business

Led by the Group's core subsidiaries such as Nikko Asset Management, Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Bank, we will work on constructing the "Multi-affiliate model" that connects diverse and capable asset management companies within the Group, in order to provide high-quality products and boldly expand our global

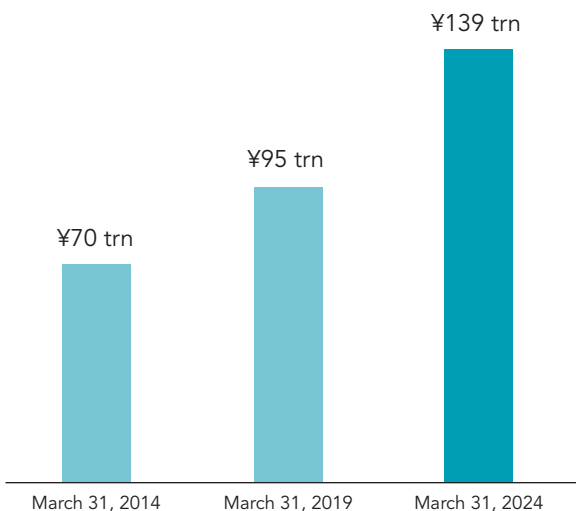
investor client base. Under the "federal governance," which is based on autonomy to bring out the growth potential of affiliates, including core subsidiaries and partners, we aim to realize our aspirations by strengthening the management of the Group with global competitiveness that is attractive to both investors and affiliates.



AUF is as of March 31, 2024. SuMi TRUST Bank's AUF includes the balance of gatekeeper services such as hedge funds and private assets.

## History of SuMi TRUST Bank's Asset Management Business

### Assets Under Fiduciary of SuMi TRUST Group



AUF includes the balance of gatekeeper services such as hedge funds and private assets.

**Strong investor client base**

We have continued to expand our investor client base and AUF by offering products that meet broad-ranging investment needs, from corporate and public pensions to individual investors through sales at securities companies, banks and defined contribution plans.

**Use of affiliates**

We have been working on global growth utilizing affiliates such as Rongtong<sup>\*1</sup> (invested in 2007) and AHAM<sup>\*2</sup> (invested in 2011) that have client bases in emerging markets in Asia, and ARK<sup>\*3</sup> (invested in 2017) that has a unique innovation investment strategy.

**Diverse investment assets**

Sumitomo Mitsui Trust Bank was one of the first to invest in hedge funds and private assets utilizing its own account and has leveraged its accumulated know-how and knowledge to meet the diversifying needs of institutional investors.

\*1 Rongtong Fund Management Co., Ltd., an asset management company in China

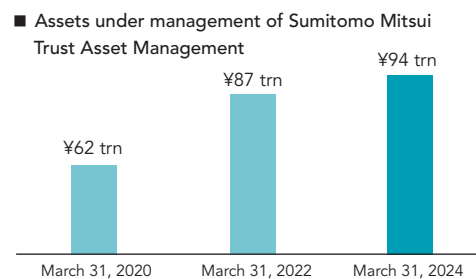
\*2 AHAM Asset Management Berhad, an asset management company in Malaysia

\*3 ARK Investment Management LLC, an asset management company in the United States

## SuMi Trust Asset Management

Asset management solutions that have been cultivated through pension management

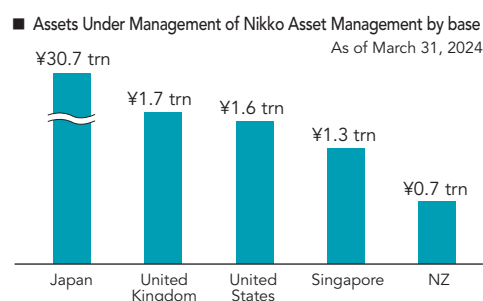
Sumitomo Mitsui Trust Asset Management has strengths in providing high-quality investment products that meet the needs of leading institutional investors, such as pension funds, and in offering investment solutions such as the formulation of investment products that contribute to the resolution of potential issues. It has also offered investment products utilizing this know-how for individual clients. Going forward, it will further refine its asset management capabilities and product customization capabilities to provide high-quality passive and active products that attract the attention of global institutional investors and long-selling products that meet the needs of individual investors for long-term asset formulation.



## Nikko Asset Management

Asset management and investment products with edge utilizing its global network

Nikko Asset Management provides clients with innovative products and services that harness its various strengths, from a unique global network, spanning 11 countries worldwide, and a team consisting of diverse members from about 30 countries, to the support for distributors and the unique product development. In order to cater to the diverse investment needs of the clients, Nikko Asset Management will autonomously improve the asset management capabilities of each office through evaluation and compensation systems based on global standards. It will also aim for inorganic growth by acquiring new asset management capabilities such as private assets and acquiring sales channels in growth markets.



## SuMi TRUST Bank

Market creation by private-asset-related business

Sumitomo Mitsui Trust Bank has been working to expand its product lineup through the development of products with trust functions, leveraging its advanced expertise and knowledge gained through many years of proprietary investment in private equity, real estate and other private assets. SuMi TRUST Bank also provides one of the largest gatekeeper services in Japan for domestic and overseas private assets by leveraging the highly specialized expertise. By offering investors with ample opportunities to invest in private assets, it will create a virtuous circulation of funds, assets, and capital and contribute to solving various social issues.



Private assets under management include the balance of gatekeeper services for private equity, real estate, infrastructure, credit products and others (excluding proprietary investments).

## Accelerated Growth through Strategic Investments

In order to accelerate the growth of advisory, asset management and asset administration functions, we will use Strategic Investment Facility for Asset Management to invest up to 500 billion yen (cumulative total) by FY2030, mainly in

the global in-organic strategy and in emerging managers. We will lead to a dramatic expansion of AUF through these strategic investments.

### Global in-organic strategy initiatives

We will invest in domestic and overseas private asset fields in an in-organic manner to provide investors with beneficial investment opportunities, diversify our product lineup and create a domestic private asset market. We will also make strategic investments to expand our global client base and strengthen active management.

### Initiatives to invest in emerging managers

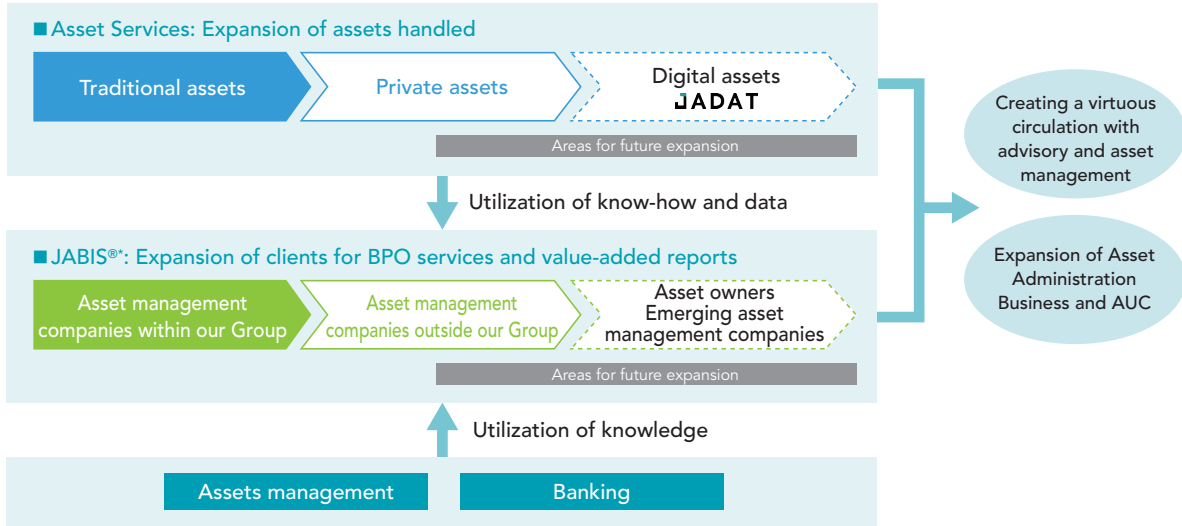
We will promote a fund development program utilizing BPO services in the asset administration area, which is our Group's strength, and strive to improve our Group's active management capabilities by cultivating new managers with edgy management strategies and turning them into affiliates.



## Direction of Asset Administration Business

The Custody Bank of Japan, one of the largest asset administration banks in Japan, overseas asset administration subsidiaries, and group companies of Sumitomo Mitsui Trust Bank are working together to provide a broad-ranging asset administration services to meet the clients' increasingly diverse

and sophisticated asset management needs. We aim to support our Group's advisory as well as asset management and create a virtuous circulation of funds for solving social issues by enhancing our asset administration services and expanding the range of assets and services we handle.

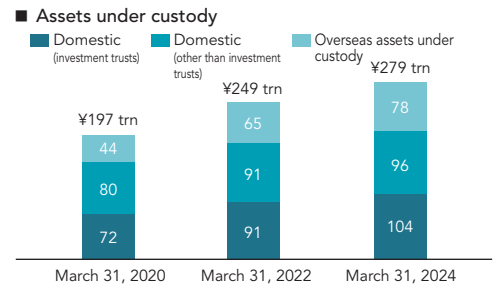


\*JABIS®: Abbreviation for Japan Asset Business Information Services, a registered trademark of Sumitomo Mitsui Trust Bank, Limited

## Asset Services

### Extension of asset administration services to support expansion of investment assets

Our Group has been providing broad-ranging asset administration services that support asset management and asset custody, both in Japan and overseas, as the partner of our clients such as investors and asset management companies. Going forward, in addition to improving the functions and quality of the services we provide, we will work to expand our services to include private assets and digital assets and support the expansion of investor clients' asset management to meet the diversifying needs of our clients as investment targets and investment methods become more sophisticated.

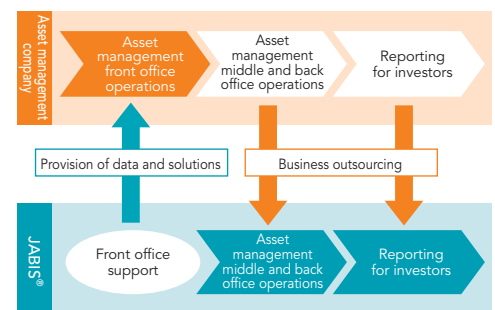


Overseas assets under custody represent a sum of funds under custody/administration. Using the exchange rates as of the end of March of each fiscal year

## JABIS®

### Provision of BPO services and reports to support asset management

In addition to the know-how and data management functions cultivated through asset administration operations, SuMi TRUST Group leverages the expertise in asset management operations and banking operations to provide outsourcing services (BPO services) for middle and back office operations and high-value-added reports that support clients' regulatory and financial needs to a large number of clients, including non-Group asset management companies. In the future, in response to the growing outsourcing needs associated with the diversification and sophistication of asset management, we will work to expand the range of clients for our various services and service offerings while utilizing IT and digital technologies.



# Digital Innovation

## 1 Digital Strategy (Four Key Initiatives)

In fiscal 2023, we advanced the four key initiatives of our newly launched digital strategy: (i) expanding business domains in new digital economies, (ii) building data-driven decision-making mechanisms, (iii) radically transforming operations, and (iv) implementing new capabilities. Trust Base, a digital strategic company established as a subsidiary, was the starting point of the initiatives. One year has passed since the launch of the strategy, the digital asset initiatives focused on digital economies are ready to commence business and are well on their way to commercialization. In addition, we are actively using Robotic Process Automation and

AI Optical Character Reader to digitalize and streamline our operations, which leads to improvement of management efficiency. As a result, in FY2023, we achieved an additional reduction of workload equivalent to approximately 80,000 hours, and in the cumulative total so far, we have reduced over 600,000 hours, steadily improving operational efficiency. We have also worked on the concrete design and development of a data analysis infrastructure based on use cases, and together with the creation of data through digitally driven operational reforms, we have solidified the foundation for DX.



## 2 Use of Generative AI and Future Policies

In fiscal 2023, the use of generative AI has attracted attention in many fields. SuMi TRUST Group has focused on the application of generative AI as a technology to improve the efficiency and sophistication of its business operations, which are highly specialized and individualized, while conducting research and trials with external partners. SuMi TRUST Bank has started using ChatGPT for its business operations, mainly in its headquarters' various departments. We will also advance initiatives to dramatically improve operational efficiency and promote automation using generative AI and from

2024, we will proceed with concrete construction, with a view to implementing it in operations.

In fiscal 2024, based on the vision of "in 2030 each of us will use technology to expand our own individual potential, develop new trust businesses and streamline operations in line with changing times, and create social and economic value," we will continue to promote Trust × DX based on the four digital strategies and facilitate the implementation of digital utilization unique to a trust group to achieve further growth.

### 3 Next-generation Trust Digital Asset Initiatives to Be Commercialized

We believe that digital assets such as STOs (Security Token Offerings) and crypto assets will become more prevalent as new assets and investment destinations for corporate and individual clients and that this domain will become part of the digital economies in the future. As a Trust Group, we have strengthened our initiatives to create next-generation businesses. In fiscal 2023, we prepared for the establishment of JADAT, which will be engaged in the crypto asset custody business, and the start of its operation (scheduled for fiscal 2024) by obtaining a trust license, etc., and invested in joint infrastructure for STO issuance and distribution, thereby advancing initiatives to commercialize the businesses. In addition, we have also focused on accumulating expertise in designing next-generation business operations by verifying various mechanisms using blockchain technology as a starting point.

In fiscal year 2024, we plan to offer crypto asset custody services alongside the start of JADAT's operations. We will focus on initiatives to take the business phase to the next step, such as designing an organizational structure for commercializing the digital asset domain.



### 4 Realizing Digital-oriented Operational Transformation and Data-driven Management

SuMi TRUST Group has focused on improving operational efficiency through Robotic Process Automation and AI Optical Character Reader. In fiscal 2023, we reduced workload equivalent to approximately 80,000 hours. Digitalization and streamlining will not only enable the allocation of personnel to growth areas through the reduction of workload, but also facilitate the creation and accumulation of high-value first-party data. Furthermore, by reassessing business processes from a digital standpoint, we will broaden the scope of automation in trust banking operations, which are typically highly specialized and customized, thereby advancing initiatives to achieve drastic operational reforms.

In fiscal 2024, we will focus on initiatives to link the automation that has been promoted individually to achieve further automation and streamlining in our operations.



SuMi TRUST Group has a diverse range of highly specialized business domains, and the substantial volume of data generated from these domains offers a wealth of insights for achieving Trust × DX. In fiscal 2023, we worked to build a data analysis infrastructure to collect and accumulate the Group's data, and organized a Data Driven Contest for all Group employees to foster a culture of data utilization. More than 600 employees participated in the contest, and they took on the challenge of data analysis and suggestion extraction. Through this initiative, we strived to enhance data utilization.

Through our digital strategy, we are working to reform business processes, build a data analysis infrastructure, foster awareness of data utilization, and deploy data analysis tools. We are building a system where everyone thinks and makes decisions from a data-driven perspective. We will continue to focus on data-driven decision-making, which we see as an initiative to achieve sophistication in every situation of business execution and create sustainable growth potential.



\*The poster for the Data Driven Contest was created by a designer in Trust Base

# The Age of 100-year Life



## Aspiration

In the age of 100-year life, each individual has a unique definition of happiness. There are various ways to save, increase, spend and bequeath money.

We will develop capabilities to steadily provide consulting services to address social issues in the age of 100-year

life and provide total consulting and broad-ranging banking, trust and real estate solutions that consider the future of each individual in order to contribute to the realization of "FINANCIAL WELL-BEING of our clients and society."

## Environmental Awareness

- Growing need for asset management across generations, in line with the "Asset Management Nation" concept
- Increasing and diversifying needs for asset administration and succession mainly among the elderly people in the age of 100-year life

## Value SuMi TRUST Group Provides

- Providing products and services that support the prosperous life of our clients by preparing for changes in social systems such as pensions and social security in a super aging society and social issues such as extending healthy life expectancy
- Continuously providing total consulting services that integrate the diverse insights cultivated by SuMi TRUST Group with proposal capabilities that consider both assets and liabilities, which have been refined by the Wealth Management Business, while properly understanding the changing needs and asset of our clients

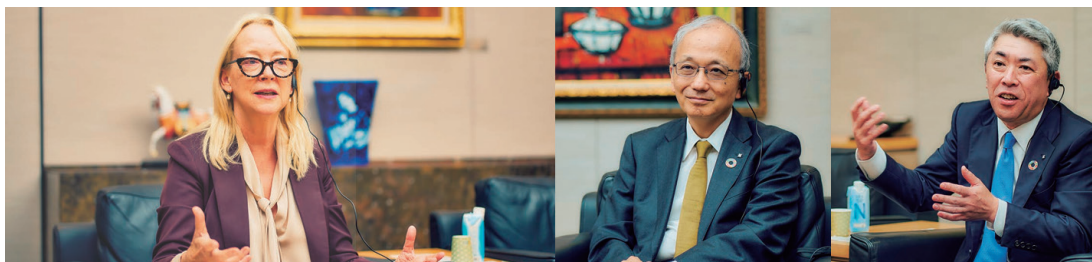


Ms. Lynda Gratton  
London Business School  
Professor of Management Practice  
Advisor to the Japanese  
government's Council for  
Designing the 100-Year Life  
Society

## A company facing the challenges of the age of 100-year life

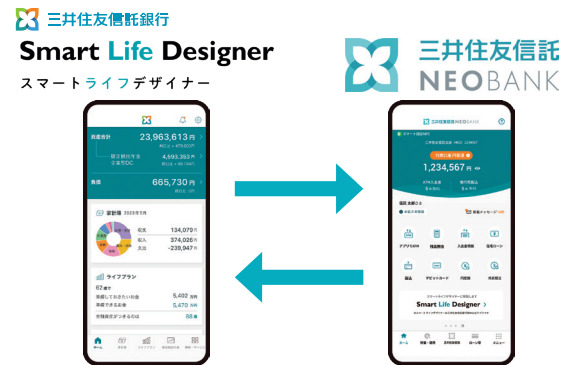
## Topics

In December 2023, we invited Professor Lynda Gratton of the London Business School, author of the bestseller, "The 100-Year Life: Living and Working in an Age of Longevity." and who popularized the key phrase "the age of 100-year life" around the world, to discuss the theme of the age of 100-year life. The professor commended SuMi TRUST Group's asset administration solutions for addressing the challenges of dementia, saying, "This is a case not often seen among European financial institutions and is an excellent initiative that will facilitate the circulation of intangible assets among family members." She also provided extensive advice on the importance of early asset formation in preparation for retirement and the necessity of lifelong learning to continue working for a long time. Based on the professor's advice, SuMi TRUST Group will continue to strengthen its product development and proposal capabilities with the aim of becoming the best partner in the age of 100-year life.



**Sumitomo Mitsui Trust NEOBANK** / **New collaboration with SBI Sumishin Net Bank**

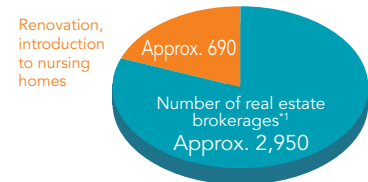
SuMi TRUST Bank launched Sumitomo Mitsui Trust NEOBANK in September 2023, a banking service that leverages the cutting-edge IT technology of SBI Sumishin Net Bank. By utilizing this service in conjunction with the "Smart Life Designer" asset administration app, clients can access a suite of high-value-added services aligned with their life stages. These services range from daily deposits and withdrawals to asset management, administration, and succession. Through this service, we will work to realize FINANCIAL WELL-BEING for a wide range of clients, including those we already do business with and new clients we have yet to reach.



**Real Estate** / **Housing and dwelling style in the age of 100-year life**

In the age of 100-year of life, the first choice they made is to live a fulfilling life in their own way, in a familiar city, and in one's own cherished home. Housing is essential to live a happy life. SuMi TRUST Bank supports clients' homes in becoming "Happy Aging Residences," where happiness grows with age, and offers various proposals on housing and dwelling styles.

■ Number of housing-related services used (FY2023)



\*1 Brokerage results of SuMi TRUST Bank and Sumitomo Mitsui Trust Realty based on requests from retail clients, recorded on a per-sale contract basis

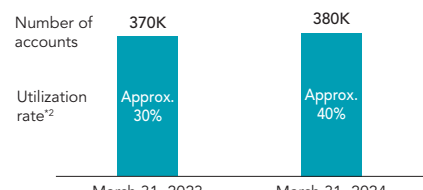
**Financial Literacy Education** / **Supporting the realization of FINANCIAL WELL-BEING for our clients**

Against the backdrop of recent inflation and an increase in the age at which pension benefits are granted, social demands for retirement savings have increased, and self-help efforts to build wealth from an early age have attracted attention.

SuMi TRUST Group is committed to improving financial literacy so that each client can choose the products and services that fit their life plan and build wealth on their own initiative.

We will help our clients achieve their FINANCIAL WELL-BEING by continuing to offer asset management seminars through our defined contribution (DC) pension plan, the workplace and other touchpoints, and by providing financial education content in partnership with educational institutions near our branches.

■ Number of NISA accounts and utilization rate



\*2 Percentage of NISA account purchases of investment trust in NISA accounts opened at SuMi TRUST Bank since January of each year

**Initiatives for the Elder People (Financial Inclusion)** / **Contributing to the realization of a prosperous super-aged society**

In addition to developing trust products for the super-aging society and promoting trustee support services for civil trusts, we are actively working to solve the problems surrounding Japan's elderly people and to realize financial inclusion by holding academic symposiums on adult guardianship and trusts under industry-government-academia partnership to promote adult guardianship and other systems rooted in cooperation with local communities.

Specifically, we send lecturers to open workshops on trusts for citizens and study groups for social welfare councils and conduct seminars for lawyers, judicial scriveners, and other professionals involved in civil trusts.

In addition, through the Chuo University Research and Development Initiative (The Research Unit for Blueprinting the Best Utilization Scheme of "trusts" in the Aging Society), which we subsidize, we have sponsored and participated in NHK's "TV Symposium" and the international symposium "Development of Adult Guardianship and Trust in Asia" to improve literacy in property management for the elderly.



Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

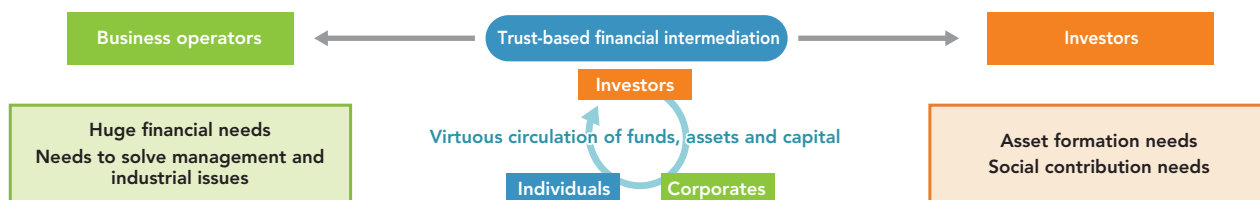
Data Section

# Networking

## Aspiration

Through cooperation and collaboration with global players, we aim to co-create value that cannot be achieved alone, while leveraging the strengths of SuMi TRUST Group, such as our contact points with a variety of economic entities and the financial infrastructure functions of trusts. In particular, we will focus on the social issue domains, where huge demand for funds

and investment are foreseen. We will create new and superior investment opportunities by leveraging our Group's extensive expertise and advanced knowledge with external partners. We will also serve as a focal point for various investors, mainly in Japan, to solve social issues and achieve a virtuous circulation of funds, assets, and capital.



## Environmental Awareness

- Emergence of new social issues such as climate change and demographically driven regional economic decline, and huge demand for funding and investing in these social issue domains
- Increasing complexity of management issues faced by investors and asset managers due to changes in global circumstances and monetary policies, etc., and exploration of new investment opportunities that contribute to more sophisticated investing

## Value SuMi TRUST Group Provides

- Provide high-quality investment opportunities by strengthening the investment chain through collaboration with advanced overseas players
- Build mutually complementary relationships among regional agents and establish relationships with economic agents outside the region to promote multifaceted collaboration and co-creation



Mr. Kenjiro Okamura  
Japan Extensive Infrastructure,  
Limited.  
Representative Director and  
CEO

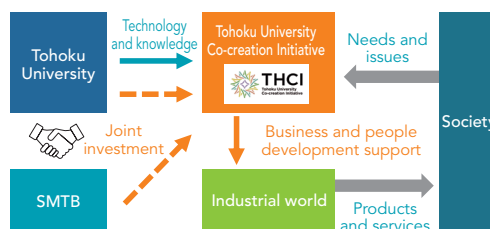
### Creating a virtuous circulation in the domestic infrastructure domain

### Interview

Japan Extensive Infrastructure (JEXI) was established in 2023 as an investment advisory company specializing in domestic infrastructure. In September of the same year, JEXI began providing investment advisory services to a comprehensive domestic infrastructure fund in which SuMi TRUST Bank also has a stake. Infrastructure is the backbone of Japan's economy, and new types of infrastructure domains are expected to expand their scope in line with the advancement of the times and changes in society. JEXI aims to become a platform for promoting solutions to social issues in the ever-expanding infrastructure sector in Japan while keeping an eye on expanding the scale of infrastructure investment and diversifying investment targets. JEXI is committed to earning the trust of all investors for many years to come.

**Local** Building an ecosystem that helps solve social issues

Leveraging SuMi TRUST Group's position with extensive expertise in investment and financing and its contact points with a variety of economic entities, we will create a virtuous circulation of funds by developing new businesses that contribute to solving social issues and creating investment opportunities. Based on this objective, we have developed networks with local companies, municipalities, universities, financial institutions, and other organizations through a cross-business collaboration system and key branch offices that serve as hubs for each region. In May 2023, we established a joint subsidiary with Tohoku University, with which we have signed a comprehensive partnership agreement. This marks the first time a national university has established a joint subsidiary with a private company. Through the joint subsidiary, we will promote efforts to transfer the university's research results and technologies that respond to social issues and needs back to industry.



Impact Materiality

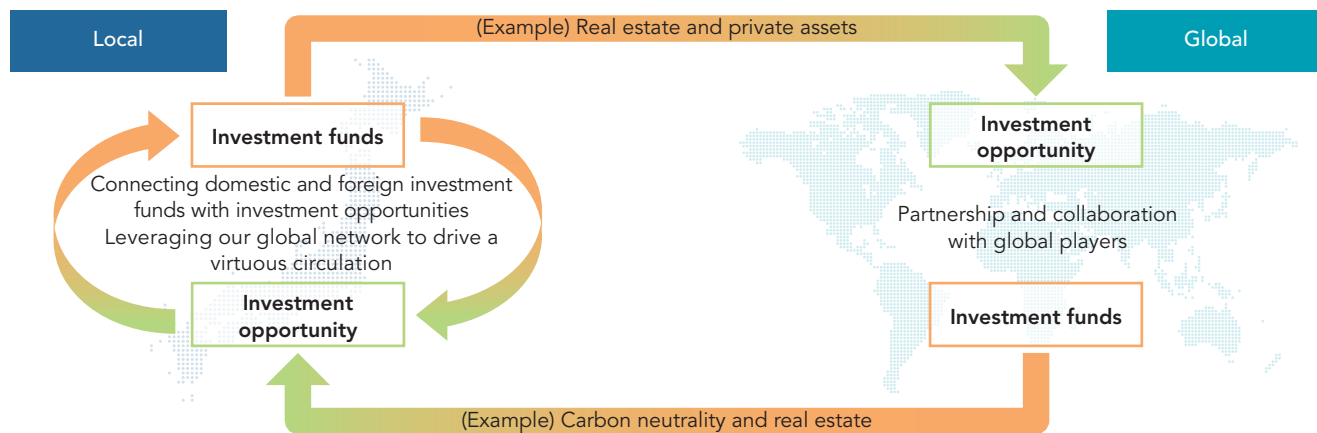
**Global** Creating new investment opportunities with global players

Through networking with global players who have complementary relationships with SuMi TRUST Group, we will create new businesses by offering global investment opportunities to Japanese investors and utilizing our advanced know-how. With Apollo, a U.S.-based alternative asset manager with which we entered into a business alliance in July 2022, we began jointly developing and offering investment products that provide financial institutions and pension investor clients with high-quality overseas investment opportunities and expected stable returns.



- World's leading track record in alternative asset management
- Combining asset management and insurance businesses
- One-stop service for asset management and asset administration
- Japan's most extensive investor base

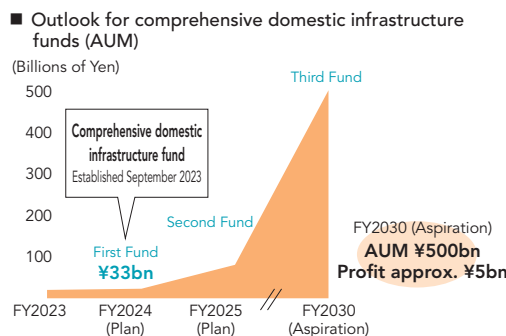
Financial Materiality



Governance and Management Framework Materiality

**Infrastructure Funds: Creating the Circulation of Funds in the Domestic Infrastructure Market by Working with Investors**

In September 2023, a first comprehensive domestic infrastructure fund (the "Fund") was established, with JEXI as the investment advisor, to invest in broad-ranging infrastructure projects in Japan. AUM reached 33 billion yen (as of May 2024), exceeding the original plan, and many financial institutions that shared the Fund's objectives participated in the Fund. By establishing a network of information on infrastructure investment in various regions where potential demand for funds and investment is expected with financial institutions throughout Japan that have invested in the Fund, we will facilitate the Fund's investment and create a virtuous circulation of funds in the infrastructure sector that will support Japan's economy and local communities.



Data Section

# ESG/Sustainable Management

## Aspiration

We will contribute to enhancing corporate value and solving social issues by providing a wide range of solutions to the challenges faced by our clients, through a sustainability value chain where our group can demonstrate its strengths. We will also take the lead in investment and play an essential role in facilitating dialogue between corporations and investors to promote social and market growth and establish a leading position in the ESG domain.

## Environmental Awareness

Our clients are facing an increasingly diverse range of managerial challenges, including transition toward decarbonization, reinforcement of human capital management, and enhancement of corporate governance.

Currently, such new funding needs for decarbonization are emerging on the client side while the needs for investment and fund management are growing on the investor side. In this situation, we consider that now is the right time to create circulations of huge funds.

## Value SuMi TRUST Group Provides

We have various contact points, established with diverse stakeholders through our banking and trust businesses, in addition to broad-ranging product lineups. Taking advantage of them, we provide one-stop engagement-type consulting solutions that serve to establish clients' ESG/sustainable management.



**Kahori Miyake**  
ESG Strategy and Solution  
Department  
Fellow Officer

Ms. Miyake joined SuMi TRUST Bank in 2022 after serving as Executive Officer (in charge of CSR, PR, and IR) in AEON Co., Ltd. She has been a Co-Chair of Japan Climate Leaders' Partnership (JCLP) since 2019.

## Radical behavioral transformation for the future

Interview

The goal of the Paris Agreement is to limit the increase in global average temperature to 1.5°C above pre-industrial levels. It was not so long ago when questions like "how can we do this?" and "is it a realistic effort?" dominated our discussions.

However, the last year was the hottest on record all over the world. We have actually seen and experienced damage caused by natural disasters and various economic losses due to climate change. Therefore, radical behavioral transformation has been needed.

The important thing is to reform society from two aspects: "Flows of funds" and "The industrial structure itself goes beyond the measures of individual companies." In this context, expectations for the role of the financial industry in the transition to a decarbonized society are growing worldwide.

The role that the financial industry, including our group, should play has expanded, beyond funding, to providing information and solutions and forming networks connecting together companies and industries.



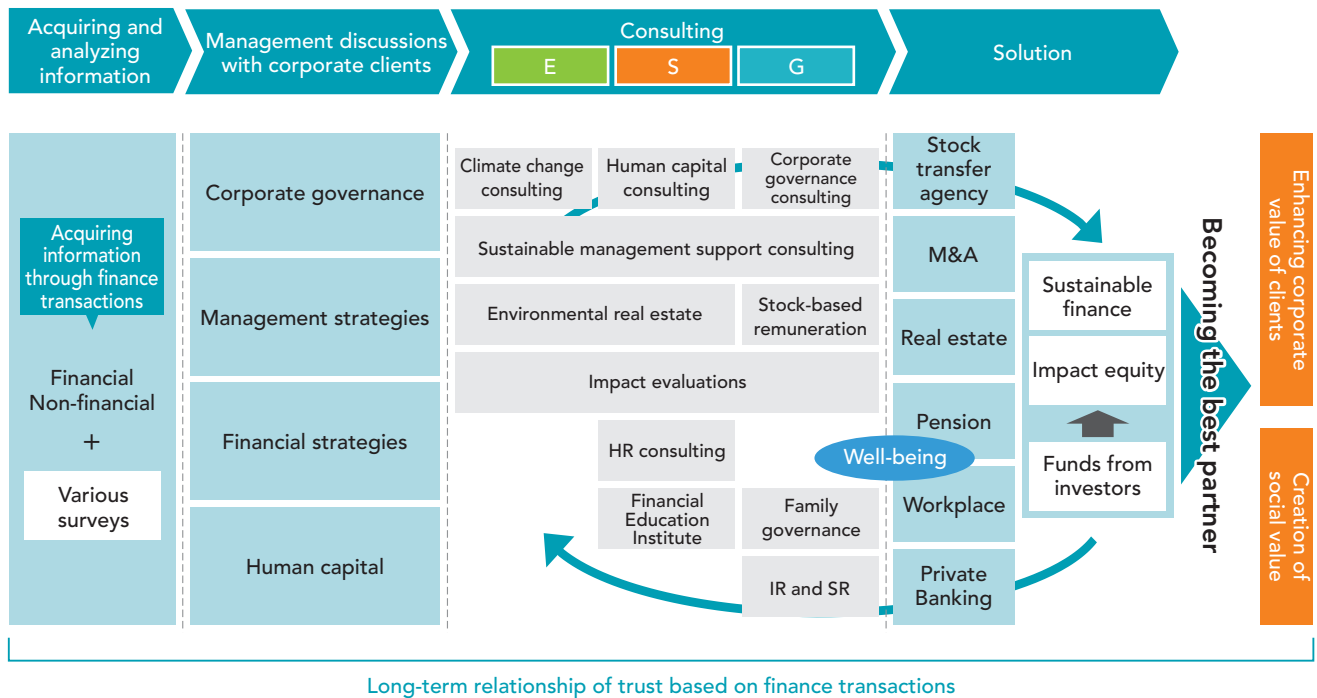
## Contribute to Clients in Advancing Their ESG/Sustainable Management

Our group’s corporate clients are facing an increasingly diverse range of challenges in the ESG/sustainable management domain. We “visualize” the current challenges of the clients and share the visualized challenges with them. For the visualization, we acquire their financial and non-financial information taking advantage of our long-term relationships of trust with them, and utilize various surveys.

Leveraging highly professional expertise acquired in areas such as pensions, stock transfer agency services, and

real estate, we have profound management discussions and provide consulting solutions in order to tackle their visualized and shared challenges.

Our group’s strength lies in its ability to provide a comprehensive range of services to corporate clients, from “visualization” and sharing of challenges to provision of consulting solutions, through the use of multi-layered relationships with broad-ranging departments such as finance, planning, human resources, and general affairs that a trust bank can have.



### Various Surveys

### Deep-diving into Clients’ Issues

Surrounded by business environments that continue to change significantly, corporations need to constantly follow changes in the environments and reflect them in their corporate strategies.

Given such situations, SuMi TRUST Bank conducts the following various surveys: Governance Survey®, one of Japan’s largest corporate governance surveys, first conducted in 2017; the compensation survey, which asks about executive compensation; the human capital survey, which focuses on corporate employees’ well-being; and the ESG Real Estate survey, which visualizes the status of ESG initiatives taken by

real estate owners. SuMi TRUST Bank leverages these surveys as tools to delve into the challenges faced by corporate clients and to identify the gaps between each of the clients and the listed-company or the industry averages, or investors’ expectations.

There have been an increasing number of cases where surveys worked as a window of opportunity for us to activate management discussions with the clients and then provide services such as consulting related to climate change, human capital, or corporate governance, and corporate-value enhancing solutions such as sustainable finance and impact equity.

#### Governance Survey®

Participated in by **1,888** companies\*  
Nearly 50% of all the listed companies

#### Compensation survey

Participated in by **1,231** companies\*  
Mainly Prime Market listed companies

#### Human capital survey

Participated in by **769** companies\*  
Focusing on employee Well-being

#### ESG Real Estate survey

Participated in by **165** companies\*  
Understanding property owners’ ESG initiatives

\*The numbers of participant companies are those in surveys conducted in fiscal 2023

## E Strengthen Consulting in the Area of Climate Change

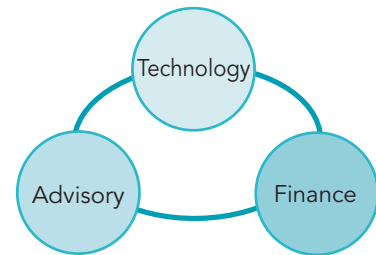
### Alliance with ERM Advancing Decarbonization of Japan Society

In the face of numerous disasters caused by extreme weather events on a global scale, many companies are required to take immediate actions for adaptation and mitigation to build a decarbonized society. In February 2024, SuMi TRUST Bank established a new company to assist corporate clients in addressing climate change, as a joint venture with the Japanese subsidiary of the ERM Group, the world's largest sustainability consulting firm. This alliance allows us to leverage the ERM Group's global expertise and our Group's financial infrastructure capabilities in combination. Through this alliance, we will provide practical and internationally competitive consulting solutions that address the challenges faced by our corporate clients in the areas of climate change and decarbonization, thus enhancing the corporate value of our clients and advancing decarbonization of Japanese society.



### Sector & Industrial Complex Strategy Supporting Clients' Decarbonization Efforts

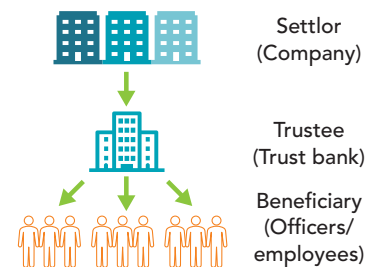
Considering the accelerating global move to implement climate change measures, corporations are expected to shift their management policies toward decarbonization and ensure new business opportunities. SuMi TRUST Bank is developing a collaborative decarbonization engagement strategy that supports decarbonization and growth by understanding the challenges which the customers are facing in decarbonization across two aspects, the sector and the area that surrounds an industrial complex, and developing and providing various solutions. Innovative technologies, huge investments, and policy support are important in addressing climate change. By combining the technological expertise of the technology-based finance (TBF) team with our diverse trust banking functions and networks with external parties, we will support the decarbonization efforts of our clients.



## S Expand Our Coverage to New Areas Including Human Capital Reinforcement

### RS Trust Compatible Achievement of Governance Enhancement and Individual Tax Advantages

With the advent of a so-called "the age of 100-year life" and the shrinking workforce due to low birth rates and an aging population, it has been pointed out that it is important to consider the health and working environment of employees and to have human resource strategies for medium- to long-term enhancement of corporate value. In February 2022, SuMi TRUST Bank began offering RS Trust, a trust designed to deliver specified restricted stock (RS), based on the scheme of share delivery trust for the corporate clients. In September of the same year, SuMi TRUST Bank introduced RS Trust for all of their own employees. We, SuMi TRUST Group, will continue to flexibly respond to various changes in the corporate environment and contribute to achieving high incentive effects for officers and employees of listed companies and enhancing corporate governance through high-quality compensation consulting, including RS Trust.



### Alliance with IGS Enhancing Solutions in the Area of Career Well-being

Seeking sustainable growth, corporations have been more quickly reinforcing their human capital investment. SuMi TRUST Bank provides surveys and HR solutions developed in view of five elements of well-being to support "Well-being Management" that enhances corporate value and brings about sustainable well-being of employees. In January 2024, to support the sophistication of human resource development and personnel changes, we formed a business alliance with the Institution for a Global Society Corporation (IGS), a provider of human capital measuring and visualizing services. By combining the HR solutions of SuMi TRUST Bank and the human capital visualizing service of IGS, we will assist our clients in implementing human capital management.



#### The Five Elements of Well-being

Career Well-being (CWB)	Satisfaction with professional career
Social Well-being (SWB)	Satisfaction with workplace human relationships
Financial Well-being (FWB)	Satisfaction from economic and financial aspects
Physical Well-being (PWB)	Satisfaction from physical and mental aspects
Community Well-being (CoWB)	Satisfaction with a corporate community

\* Compiled by SuMi Trust Holdings based on documents disclosed by Gallup



## Enhancing Corporate Governance to Attract Funds from Investors

Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

Data Section

### Portal of Shareholders' Meeting®

### Deepening Communication through DX

Amid the accelerating shift from savings to investments as represented by New NISA, mutual communication between companies and shareholders is required. In March 2023, SuMi TRUST Bank launched "Portal of Shareholders' Meeting®," a web application that promotes digital transformation (DX) of the shareholder meeting process. The portal is an innovative initiative that allows shareholders to seamlessly handle the shareholder meeting process on their smartphones, from browsing documents, such as the convocation notice for shareholder meeting, to exercising their voting rights. The portal was highly praised for its service and design, and received the Good Design Award in fiscal 2023. As a stock transfer agency, SuMi Trust Bank is committed to further enhancing the convenience of shareholders and improving communication between corporate clients and individual investors.



### Alliance with BAJ

### Enhancing Succession Support

The need for listed companies to sophisticate their corporate governance is increasing to ensure they can accurately understand the constantly changing environments, risks, and opportunities and to enhance corporate value. In May 2023, SuMi TRUST Bank formed a capital and business alliance with Board Advisors Japan, Inc. (BAJ), a provider of comprehensive consulting services including presidential succession planning and senior management evaluation and development. This alliance enables us to provide a full lineup of consulting services to sophisticate the corporate governance of our clients better than before by utilizing BAJ's advanced know-how in the area of succession. We will continue to enhance the corporate value of our clients and contribute to development of the Japanese capital markets by helping listed companies to sophisticate their corporate governance.



## Support Corporate Value Enhancement through Finance

### Positive Impact Finance

### Supporting Clients' Value Creation Processes

In March 2019, SuMi TRUST Bank executed positive impact finance (PIF), a pioneering initiative, based on the Principles for Positive Impact Finance formulated by the United Nations Environment Programme Finance Initiative (UNEPFI). PIF is a type of finance where, based on comprehensive analysis and evaluation of the economic, social, and environmental impacts of corporate activities, goals are set for the decrease in negative impacts and the increase in positive impacts, and importance is put on continuous engagement with a view to achieving these goals. In the last 3 years since fiscal 2021, we have executed PIF initiatives, the cumulative total amount of which is approximately 800 billion yen. Through the initiatives related to PIF, we will support the value creation processes of our corporate clients and support their corporate value enhancement.

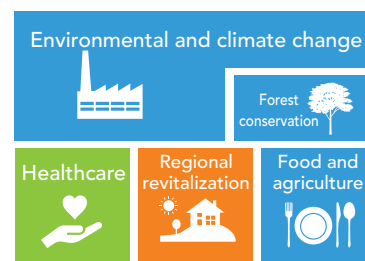


PIF × SuMi TRUST

### Impact Equity

### Providing Risk Money to Solve Social Issues

Impact equity provides risk money needed to solve social issues such as environmental and climate change, healthcare, and regional revitalization. At the time of investment, we evaluate the impact to visualize it and work with the investee to attain the impact. We are aiming to make impact equity investments totaling 500 billion yen by fiscal 2030 and create investment opportunities of more than 2 trillion yen for investors using impact equity investments as an attraction tool. During the 2 years since fiscal 2022, we have already made more than 50 investments (approximately 90 billion yen) mainly in renewable energy-related projects and start-up companies taking on new technologies and business areas. From now on, we will fully provide investment opportunities to investors through the formation of funds.



# 1 Sustainability Promotion System

The world faces a wide range of environmental and social problems, including global warming, biodiversity loss, poverty, human rights violations, and growing health issues. For companies, the decline in social sustainability that results from the intensification of these problems will lead to deterioration of business foundations in the long run. In order for companies to sustain growth towards the future, they must proactively contribute to creation of a sustainable society by engaging with a sense of ownership in solving problems.

At the Group, we believe that it is our social responsibility not only to practice sound management based on a high degree of self-discipline with the background of a fiduciary spirit but also to actively contribute to building a sustainable society. Under this belief, we pay due consideration to the impact our business activities have on society and provide unique value through our core business to solve social and environmental problems faced by our clients and other stakeholders.

## 1. Organizational structure

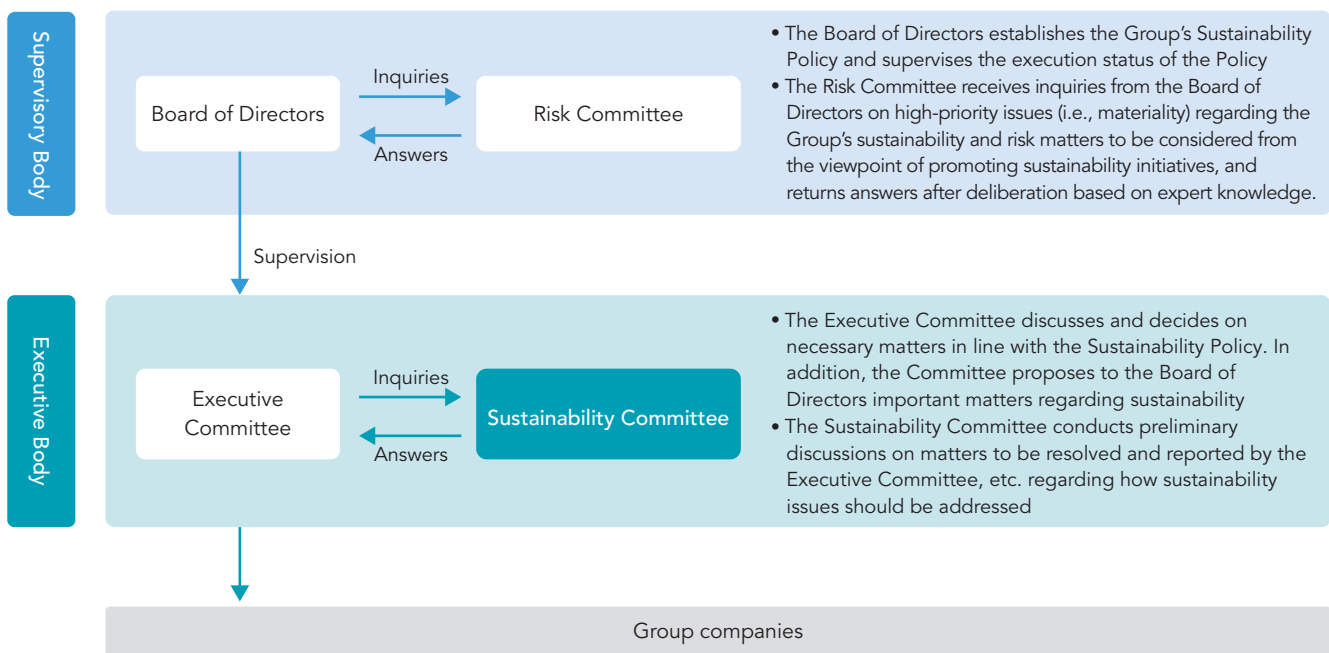
With the recognition that it is our social responsibility to proactively contribute to creating a sustainable society, SuMi TRUST Group has established the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy).” In our Group, the Executive Committee, which is an executive body, discusses and decides on policies and strategies for promoting sustainability, and the Board of Directors supervises this process, in accordance with the Sustainability Policy.

In fiscal 2023, the Sustainability Committee was established as an advisory body to the Executive Committee with the aim of organizationally discussing issues with responsible departments in addressing issues related to sustainability and reporting the progress of the related initiatives. The Committee is comprised of the Officer in charge of the Sustainability Management Department (CSuO\*) as the chairperson and

the Officers in charge of the Corporate Planning Department, the Human Resources Department, and the IR Department as members. It checks the progress of the sustainability initiatives in the Group and deliberates on various measures to promote sustainability. In fiscal 2024, the Officer in charge of the Risk Management Department was added as a member of the Committee, in response to the growing attention to sustainability risks.

Through deliberation at the Committee and submission of reports to the Executive Committee, we clarify the scope of issues to address sustainability, and establish a structure to systematically carry out a series of initiatives, including policy planning, response implementation, and disclosure. In fiscal 2023, the first year of the Committee, we held 20 meetings to discuss sustainability, human rights, and human resource strategies.

\*Chief Sustainability Officer



## 2. Risk management related to sustainability

### (i) Management Policy of Sustainability-related Risks

Insufficient consideration of the impact of the Group's business activities on issues related to building a sustainable society, such as environmental and social issues, may result in the occurrence, spread, or promotion of problems. We recognize it as an important risk that not only damages the Group's corporate value but also hinders the implementation of the Sustainability Policy.

In order to appropriately manage the above risk, our Group has established the "Management Policy of Sustain-

ability-related Risks" within the framework of our "Risk Management Rules." It articulates our basic approach, the roles and responsibilities of the Board of Directors, the Executive Committee, and directors and executive officers, the three lines of defense system, and our risk management policy in consideration of climate change according to each risk category. Among sustainability-related risks, climate change risks are positioned and managed as the top-priority risks of our Group.

### (ii) Establishment of a framework for sustainability-related risk management

In April 2023, our Group established a dedicated team within SuMi TRUST Bank to address sustainability-related risks, and is making efforts to establish and sophisticate a framework for sustainability-related risk management. In fiscal 2023, in response to environmental changes such as the ever higher social demand for responsible corporate activities, SuMi TRUST Bank introduced a risk management framework on implementation of due diligence for sustain-

ability-related risks regarding certain businesses, such as credit services, utilizing external information. In response to risks identified in this framework, it will reduce the risks through risk-appropriate monitoring and engagement (dialogue) with business partners and stakeholders. In this way, it would like to contribute to solving environmental and social issues toward building a sustainable society, as set forth in our Sustainability Policy.

## 2 Climate Change

### 1. Strategy

In October 2023, the Group formulated a transition plan toward carbon neutrality so as to steadily advance its Carbon Neutral Commitment announced in October 2021.

After establishing governance and infrastructure, and setting indicators and targets, we will take full advantage of value-added functions such as surveys, expertise, and partnerships, and through dialogue and engagement with

each stakeholder, we will identify management issues and needs, and provide broad-ranging solutions to resolve these issues.

By advancing these initiatives, we aim to realize a decarbonized society by not only achieving net zero GHG emissions within our Group but also contributing to the decarbonization of our clients.

#### ■ Transition plan toward carbon neutrality\*1

Segment	Banking (NZBA)		Asset management (NZAMI)
Entity <sup>2</sup>	SuMi TRUST Bank		SuMi TRUST AM Nikko AM
Timing	From now to 2050		From now to 2050
Strategy	Engagement	Formulate and implement stakeholder-specific engagement strategies	
	Initiatives	<p><b>Promoting decarbonization business</b></p> <ul style="list-style-type: none"> <li>• Sustainable finance</li> <li>• "Tech × Policy × Finance" by TBF<sup>3</sup></li> <li>• Use of impact equity</li> <li>• Sectoral strategy</li> <li>• ERM SuMi TRUST Consulting</li> </ul>	<p><b>Process sophistication</b></p> <ul style="list-style-type: none"> <li>• Processes for addressing climate change</li> <li>• Climate change scenario analysis</li> </ul>
Indicators & targets	GHG targets (2030 Intermediate targets by sector, and 2050 Net Zero) Monetary target (sustainable finance, and loans for coal-fired power generation plant)		GHG targets (2030 and 2050)
Governance foundation	(i) Reinforcement of governance system and executive compensation; (ii) Establishment of risk appetite indicators; and (iii) Human resource development and awareness-raising activities		

Segment	Trust
Entity	SuMi TRUST Bank
Timing	From now to 2050
Strategy	Reinforcement of investor and real estate businesses

Segment	Own Group
Entity	SuMi TRUST HD
Timing	From now to 2030
Strategy	<ul style="list-style-type: none"> <li>• Renewable energy and energy saving</li> <li>• Improved measurement</li> <li>• Utilization of carbon credits</li> </ul>
Targets	GHG targets (2025 and 2030)

\*1 For details of the transition plan toward carbon neutrality, please refer to the "Progress of Our Approach to Carbon Neutrality ([https://www.smth.jp/english/-/media/th/english/news/202310/Project\\_English\\_NetZero.pdf](https://www.smth.jp/english/-/media/th/english/news/202310/Project_English_NetZero.pdf))" released on October 31, 2023

\*2 Consolidated basis with the company at the top

\*3 Technology-Based Finance (TBF) team. A team created within the Sustainability Management Department by gathering experts in related fields so as to obtain policy-related and finance-related support for social implementation of technologies

## 2. Roadmap and progress of initiatives toward carbon neutrality

Orange: Base year values for target-setting  
Blue: Targets

	Baseline	2022	2023	...	2030	2040
(i) Policy toward carbon neutrality (CN) by 2050			Transition plan			
(ii) Net zero GHG emissions in investment & loan portfolio (NZBA)						
Established Sectoral strategies	Power generation (intensity, g-CO <sub>2</sub> e/kWh)	249	253	»	138-173	
	Oil & gas (reduction rate, Mt-CO <sub>2</sub> e)	3.6	+19%	»	(13) - (31)%	
	Real estate (intensity, kg-CO <sub>2</sub> e/m <sup>2</sup> )	66	62	»	34-41	
	Shipping (Portfolio Climate Alignment)		Updated (challenge) +21.2% (minimum) +16.9% Previous: (4.5)%	»	≤ 0%	
	Iron & Steel (reduction rate, Mt-CO <sub>2</sub> e)	4.3	(22)%	»	(22) - (27)%	
	Automotive Production (reduction rate, Kt-CO <sub>2</sub> e) Products (intensity, g-CO <sub>2</sub> e/vkm)	224 202	(30)%	»	(47)% 106-128	
(iii) Net zero GHG emissions in investment portfolio (NZAMI)						
SuMi Trust Asset Management			(8.7)% from June 2021 <sup>*1</sup>	»	Halve intensity of 50% of assets under management <sup>*2</sup> from 2019	
Nikko Asset Management		(22.8)% <sup>*3</sup>		»	Halve intensity of 43% of assets under management <sup>*2</sup> from 2019	
(iv) Total sustainable financing <sup>*4</sup>		Approx. ¥2 trn		»	¥15 trn	
(v) Outstanding loans for coal burning power plants (¥ bn)						
for projects	1,338	Approx. 140		»	Halved from the end of March 2020	Zero
for corporations (new and expanded)		Approx. 14		»		Zero
(vi) Net Zero GHG emissions from Own Group (Scope 1, 2) (t-CO <sub>2</sub> e)		9,997		»	Net zero	
SuMi TRUST Bank Group <sup>*5</sup> (branch offices in Japan)		6,952 <sup>*6</sup>		FY2025: 7,224 <sup>*7</sup>		

\*1 Results of 2023 are the baseline as of June 2023. The reason why this value is compared with June 2021 while the target is to be compared with 2019 is because the emission data for 2019 was used for calculating the portfolio as of June 2021

\*2 Equal to 50% (43 trillion yen) of the total of 85 trillion yen in assets under management as of the end of June 2021. The assets under management that have been excluded from the target are assets for which there is no established method for calculating GHG emissions at present, such as sovereign bonds. We will consider adding assets when they become amenable to calculation in the future

\*3 Equal to approximately 13 trillion yen, or 43% of the total of 31 trillion yen in assets under management as of the end of December 2021. Results of 2022 are for the baseline as of December 2022

\*4 Sustainable finance is a general term for businesses that contribute to solving environmental and social issues and financial services to customers (including impact equity) based on international standards such as the Green Bond Principles and the Social Bond Principles. Figures in past years were changed due to revisions of the timing of calculation for projects in some categories and refinement of calculation definitions (total amount of finance as of the end of March 2022 was approximately 700 billion yen)

\*5 Consolidated basis with SuMi TRUST Bank at the top (including Sumitomo Mitsui Trust Panasonic Finance, Sumitomo Mitsui Trust Loan & Finance and other subsidiaries)

\*6 Renewable energy was introduced into some domestic branch offices in fiscal 2022

\*7 Joined the GX League in fiscal 2023 and set an intermediate reduction target. Emissions from our commercial vehicles are excluded from the fiscal 2025 target

## 3. Awareness of climate change opportunities

To achieve a decarbonized society, a huge amount of funds is necessary for green technological development and capital investment. Meeting such substantial funding needs requires blended finance from the public and private sectors. Our Group will aim to fulfill its role as a financial institution without

missing such opportunities, and achieve balanced creation of both social value and economic value. Please see "TCFD Report 2023/2024" (<https://www.smth.jp/english/-/media/th/english/sustainability/report/2023/TCFD-E-all.pdf>) in chapter 2 for specific initiatives and detailed information.

### Opportunity awareness by sector

Power generation sector	Energy source	<ul style="list-style-type: none"> <li>Expansion of renewable energy (solar/wind power generation, etc.)</li> <li>Realization of non-fossil fuel backup power sources for green hydrogen, ammonia, etc.</li> <li>Enhanced advantage of nuclear power generation</li> <li>Reinforcement of the electrical grid</li> </ul>
	Product service and market	<ul style="list-style-type: none"> <li>Expansion of electrification and increased demand for electricity in society as a whole due to the decarbonization tide (spread and expansion of EVs and storage batteries, etc.)</li> <li>Virtual power plant projects that contribute to the effective use of distributed resources, demand response, etc.</li> </ul>
Oil & gas sector	Resource efficiency	<ul style="list-style-type: none"> <li>Increased demand for eco-friendly products and expansion of chemical recycling businesses due to transition to a resource recycling society</li> </ul>
	Energy source	<ul style="list-style-type: none"> <li>Increased demand for renewable energy (wind power) and low carbon energy</li> <li>Supplying zero emission energy such as green hydrogen, ammonia, synthetic fuel, and biofuel, and building its supply chains</li> </ul>
Real estate sector	Product service and market	<ul style="list-style-type: none"> <li>Expansion of businesses for e-mobility-related services and for new services such as car-sharing, driven by client behavioral changes</li> <li>Expansion of CO<sub>2</sub> emission reduction businesses fueled by progress in CCUS technologies</li> <li>Increased demand for good carbon credit</li> </ul>
	Resource efficiency	<ul style="list-style-type: none"> <li>Increased demand for eco-friendly products due to transition to a resource recycling society (low-carbon cement, wooden buildings, recycled building materials, etc.)</li> </ul>
	Energy source	<ul style="list-style-type: none"> <li>Increased demand for renewable energy (energy creation, electricity wheeled for self-use, CPPA, etc.)</li> <li>Increased demand for energy saving, energy creation, and energy storage system</li> </ul>
Shipping sector	Product service and market	<ul style="list-style-type: none"> <li>Expansion of businesses for EV-related services and for new services such as car-sharing driven by client behavioral changes</li> <li>Expanded development and introduction of systems for visualization and management of GHG emissions during building construction, operation, and demolition</li> <li>More sophisticated certification systems and evaluation indicators for eco-friendly real estate</li> </ul>
	Resource efficiency	<ul style="list-style-type: none"> <li>Increased demand for eco-friendly products due to transition to a resource recycling society (low-carbon steel, recycled materials, etc.)</li> </ul>
	Energy source	<ul style="list-style-type: none"> <li>Supplying zero emission energy such as green hydrogen and ammonia, synthetic fuel, and biofuel, and building its supply chains</li> <li>Commercialization and expansion of electric carriers</li> </ul>
	Product service and market	<ul style="list-style-type: none"> <li>Increased demand for zero-emission transport service driven by client behavioral changes</li> <li>Provision of carbon credit (under consideration)</li> </ul>

## Strategies to acquire opportunities

SuMi TRUST Bank will properly seize opportunities of this massive fund mobilization to create a decarbonized society, and provide wide-ranging solutions that fully leverage the unique capabilities of the trust group, thereby supporting clients' transition to decarbonization both financially and non-financially.

1. Advancing engagement	<ul style="list-style-type: none"> <li>Decarbonization engagement strategy through collaboration with customers</li> <li>Engagement with local communities</li> <li>Initiatives and other measures for engagement with stakeholders</li> </ul>
2. Advancing decarbonization business	<ul style="list-style-type: none"> <li>Expansion of sustainable finance</li> <li>Solution of social issues through "Tech × Policy × Finance" of the TBF team</li> <li>Utilization of impact equity</li> <li>Sectoral strategy</li> <li>Collaboration with ERM SuMi TRUST Consulting</li> </ul>

## 4. Risks related to climate change

To address direct climate change-related risks associated with operations, SuMi TRUST Group has devised measures such as various drills to ensure business continuity and formulated the Business Continuity Plan (BCP). Additionally, SuMi TRUST Bank conducts scenario analyses to understand the future impacts of transition and physical risks on its portfolio. It considers such initiatives to be tools for confirming effects on its management plan, confirming

the sustainability of our business model and strategy, and dialogue and engagement on climate change with borrowers and investees, and have expanded the scope of analysis based on the characteristics of the Group's portfolio. Please see "TCFD Report 2023/2024" (<https://www.smth.jp/english/-/media/th/english/sustainability/report/2023/TCFD-E-all.pdf>) in chapter 2 for detailed information on the scenario analyses for fiscal 2023.

### ■ Scenario analysis results to date at SuMi TRUST Bank

Risk type	Sector	Fiscal year	Main analysis results
Transition risk	Power generation sector	2020	If power generation companies do not invest in renewable energy, their credit ratings will be downgraded by two to three notches on average
Physical risk	Mortgage loans	2020	7 billion yen increase in credit-related costs compared to 2019
Transition risk	Shipping sector	2021	There is a huge difference in financial impacts depending on the assumed scenarios in terms of the carbon price, increase in costs due to the shift to alternative fuel, etc. Exchanged opinions with investees and borrowers
Transition risk	All domestic sectors (domestic corporations)	2022	Compared to the Current Policies (3.0°C scenario), in Net Zero 2050 (1.4°C scenario) credit-related costs increase by 9.2 billion yen on a cumulative basis through 2050, and, in Below 2.0 (1.6°C scenario), decrease by 1.2 billion yen, and expected financial impact is small.
Physical risk	Real estate sector (Non-recourse loan)	2022	Limited effect on credit rating. Issues include the need to refine the estimated amount of damage in the city center as well as potential risks that include damage to underground infrastructure and the prolonged effects of such damage
Physical risk	Real estate sector (J-REIT)	2022	The impact of generated credit-related costs would be about 20 million yen even if all properties simultaneously suffered a disaster that occurs only once in 500 years.
Transition risk	All sectors (domestic and overseas corporations)	2023	Compared to the Current Policies (3.0°C scenario), in Net Zero 2050 (1.4°C scenario) credit-related costs increase by 90.3 billion yen on a cumulative basis through 2050, but the expected financial impact is small.
Physical risk	Domestic Solar Power Projects	2023	Credit-related costs due to landslides and snow damage by 2100 would be about 400 million yen, and the expected financial impact is small. We confirmed the geographic distribution of high-risk cases and the adequacy of measures such as insurance policies.

## 5. Risk management

### Positioning and management policy of climate change-related risks

Our Group considers climate change risks to be "top risks" in the management of material risks, sets risk appetite indicators, and integrates them into the risk appetite framework. The Management Policy of Sustainability-related Risks clearly articulates our basic approach toward sustainability-related risks including climate change-related risks, the roles and responsibilities of the Board of Directors, the Executive Committee, and directors and

executive officers, the three lines of defense system, and our risk management policy in consideration of climate change according to each risk category. In addition, we have defined climate change as a "risk driver" that affects each risk category cross-sectionally and have established climate-change-specific risk management policies for each risk category.

■ Climate change-specific risk management policy

		Climate change-specific risk management policy	Risk horizon*
Credit risk		Borrower monitoring in relation to climate change (monitoring the GHG emissions, stranded assets, storm and flood damage risks, and other risks of borrowers)	Short, medium, and long term
Market Risk		Monitoring the risk of price fluctuations in securities issued by investees based on their climate change action (monitoring the correlation between GHG emissions and stock price, and comparative analysis in the sector)	Short and medium term
Operational risk	Business processing risk (outsourcing)	Continuity of outsourced work due to storm and flood damage at the contractor	Short and medium term
	Event risk (storm and flood damage)	Addressing the impacts of increasing storms and floods caused by climate change on our real estate	Short, medium, and long term
	Compliance risk	Compliance with climate change-related regulations	Short and medium term
	Conduct risk	Addressing the negative impacts on clients, markets, financial infrastructure, and society because our Group's measures to address climate change have not met the expectations and trust of our stakeholders	Short and medium term
Enterprise risk management		Addressing the negative impacts on our Group and our stakeholders owing to our failure to execute (or achieve) our 2050 net-zero GHG emissions commitment	Short, medium, and long term

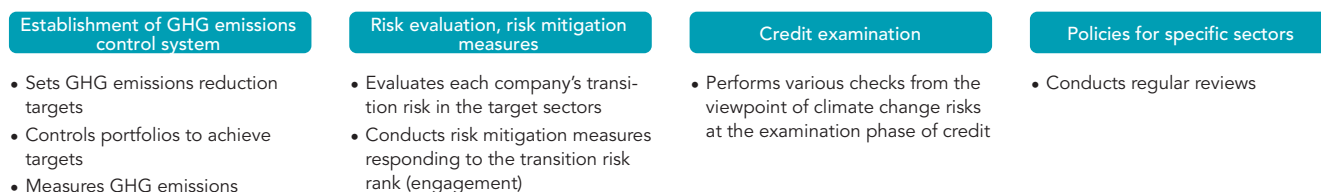
\*Short term: One year or less; Medium term: More than one year but less than ten years; Long term: Ten years or more

**Managing climate change-related risks in SuMi TRUST Bank's credit business**

In view of a possible negative impact on society, SuMi TRUST Bank has established the "sectoral policies" and periodically reviews them at the Executive Committee, etc. The sectoral policies are taken into full account at the process of deciding on investments and loans. Additionally, it has developed a transition risk management framework for

its investment and loan portfolios for the purpose of keeping GHG emissions in line with the goals of the Paris Agreement. Please see "TCFD Report 2023/2024" (<https://www.smth.jp/english/-/media/th/english/sustainability/report/2023/TCFD-E-all.pdf>) in chapter 3 for detailed information on the sectoral policies for fiscal 2023.

■ Operation of processes for addressing climate change in credit business



**3 Respect for Human Rights**

**1. Human rights policy and material human rights risks**

**Human Rights Policy**

SuMi TRUST Group formulated our human rights policy based on the "Guiding Principles for Business and Human Rights." In light of increased importance of respecting human rights, as well as expanded human rights issues required of financial institutions, we revised our human rights policy in February 2023.

(Human Rights Policy)

[https://www.smth.jp/english/sustainability/management/philosophy/human\\_rights\\_policy](https://www.smth.jp/english/sustainability/management/philosophy/human_rights_policy)

**Identification of material human rights risks**

In conjunction with the revision of our human rights policy, we confirmed risks that our business activities could have on human rights to identify the following three as material human rights risks from the perspectives of the "scope of impact" and "severity."

- Prejudice and discriminatory views, including the Dowa issue (discrimination against a certain group of domestic Japanese)
- Forced labor, child labor, and human trafficking
- Involvement in conflicts and inhumane acts

**2. Human rights management**

Based on the human rights policy and the framework for sustainability-related risk management described above, we have been making efforts to identify and evaluate negative impacts relating to the human rights and environmental issues, and prevent and reduce such negative impacts.

**Environmental and social risk management**

In order to conduct responsible corporate behavior, SuMi TRUST Bank introduced business flows utilizing external data in November 2023 for risks mainly related to environmental and social issues (environmental and social risks), and started to use them for domestic borrowers and suppliers. It has already begun specific dialogue with three of its business partners, as measures to prevent and reduce negative impacts are required. In addition, through dialogue with NGOs and other stakeholders, it has identified and evaluated negative impacts and is promoting efforts to reduce them. In the future, it will work to expand the scope of target operations and instill the significance of such efforts in its employees.

It has dialogue with NGOs on a variety of topics. The fol-



lowing outlines the main types of dialogue ithad in fiscal 2023.

Overview of NGO dialogue	Future response policy
Fire and explosion accident at a biomass power plant related to a loan project	Analysis of the cause, recurrence-prevention measures, and careful dialogue with a plant operator regarding explanation to local residents
Financing for LNG business to resume in a disputed area	Appropriate monitoring of environmental and social risks after business resumption

## Investigation using human rights due diligence checklist

In order to understand our Group's human rights issues, each Group company strives to identify human rights issues concerning its directors and executive officers, employees, and business partners and suppliers, and take improvement measures, if necessary, once a year, utilizing the "Human Rights Due Diligence Checklist." The results are reflected in reviewing the human rights enlightening training.

### ■ Number of cases with problems reported in detail

Category	FY2021	FY2022
Violation of workers' rights	2	2
Occupational health and safety	17	23
Discrimination/harassment	48	26
Invasion of privacy	2	0
Human rights risk in investees, borrowers, supply chains, etc.	0	4

## Human rights due diligence liaison committee

The Human Rights Due Diligence Liaison Committee fully discuss issues identified through the above process, leading to the formulation and implementation of concrete improvement measures.

Based on the human rights policy, the committee investigates each Group company's human rights related responses, identifies necessary issues, and discusses improvement measures with the aim of promoting efforts to respect human rights.

## Major deliberations made in the human rights due diligence liaison committee during fiscal 2023

August 2023	<ul style="list-style-type: none"> <li>Results of the investigation using the human rights due diligence checklist for FY2022</li> <li>Basic policy in assessing the efforts of business partners and suppliers</li> <li>Monitoring results of the UK's Modern Slavery Act in FY2022</li> </ul>
February 2024	<ul style="list-style-type: none"> <li>Status of human rights enlightenment efforts and awareness of issues</li> <li>Basic policy in confirmation based on the investigation using the human rights due diligence checklist for FY2023</li> <li>Status of assessment of the efforts of business partners and suppliers and awareness of issues</li> </ul>

## Enhancing human rights education

Our Group recognizes that it is important for our directors, executive officers and employees to enhance their understanding of human rights issues and work with a sense of ownership, and that continuing efforts are necessary. Since fiscal 2023, SuMi TRUST Bank has conducted human rights training in accordance with the role expected for each position, and will continue efforts with enhanced effectiveness. Specifically, based on the existing training by level, it has newly established training aimed at raising the awareness of human rights issues among top management and general managers, and has reviewed the revised human rights policy and e-learning for all employees from the perspective of disseminating and establishing the human rights management system.

Training for executives	The Group's history of human rights enlightenment	May
	LGBTQ	September
	Human rights due diligence to external stakeholders	December
Training for general managers and deputy general managers	The Group's history of human rights education	September
e-learning	Disseminating our human rights management system, the human rights policy	December

## Relief measures

SuMi TRUST Bank has a personal consultation desk (LGBTQ Consultation Desk) and a compliance hotline in place. They provide various consultations on human rights. The number of consultations and reports received is given below. Anyone can consult anonymously using these measures. In addition to protecting the privacy of victims, if any revealed negative impact on human rights is detected in a consultation or report, necessary measures will be taken promptly in cooperation with the relevant departments.

### (i) Number of consultations received at the personnel consultation desk in FY2023

	Number of cases	Number of outstanding cases
Total	132	25
Harassment concerns	53	18
Power harassment	42	13
Sexual harassment	11	5
Maternity harassment	0	0
Human resources (including employment)	21	0
Organizational operation	10	0
Human relationships (including health-related)	18	7
General inquiry (System, etc.)	30	0

### (ii) Number of cases reported to the compliance hotline in FY2023

14 (the number of cases related to human rights reported to the compliance hotline, including those from the Group companies)

Please refer to page 108 for details of the compliance hotline system.



# Theme. 2

## Financial Materiality



**Financial Highlights and Non-financial Highlights**



**Message from CFO**



**Our Initiatives to Reduce Strategic Shareholdings**



**Business Strategy**



**Communication with Stakeholders**

*The trustee must fulfill their duty  
with the utmost fidelity and integrity*

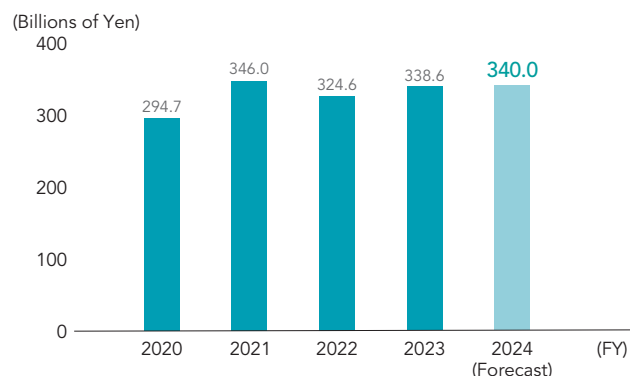
The Sumitomo Trust Co., Ltd. Founding Prospectus



# Financial Highlights and Non-Financial Highlights

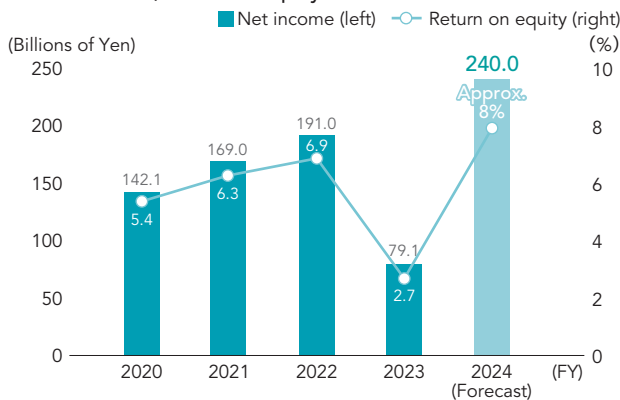
## Financial highlights

### Net business profit before credit costs



Due to strong performance in corporate credit-related fees and in asset management and asset administration related fees, the performance exceeded the forecast announced in October 2023, which was already revised upward.

### Net income\*1, return on equity\*2

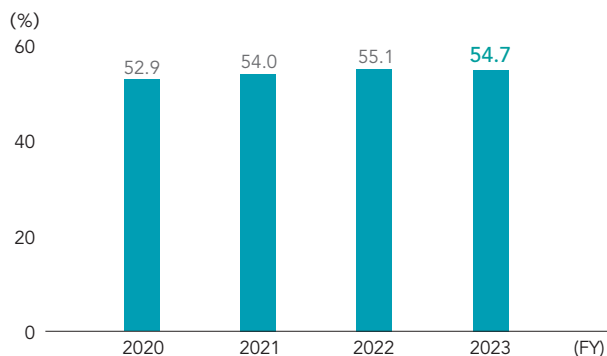


\*1 Net income attributable to owners of the parent

\*2 See page 116 for the calculation method

Net income attributable to owners of the parent decreased year-on-year as a result of reduction of bear funds with low B/E. This did not affect our Group's capital adequacy. Instead, the certainty of achieving future profit targets has improved.

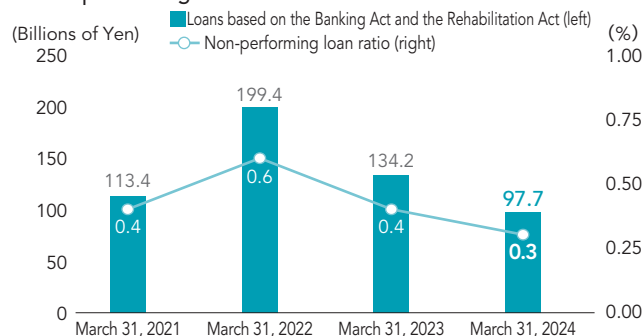
### Fee income ratio\*



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

Net fees and commissions and related profit increased year-on-year. However, the rate of increase for other profit was higher, so the fee income ratio decreased from the previous year.

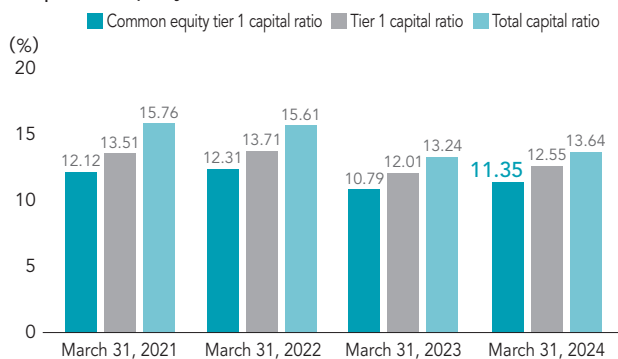
### Loans based on the Banking Act and the Rehabilitation Act\*, non-performing loan ratio\*



\* SuMi TRUST Bank (non-consolidated)

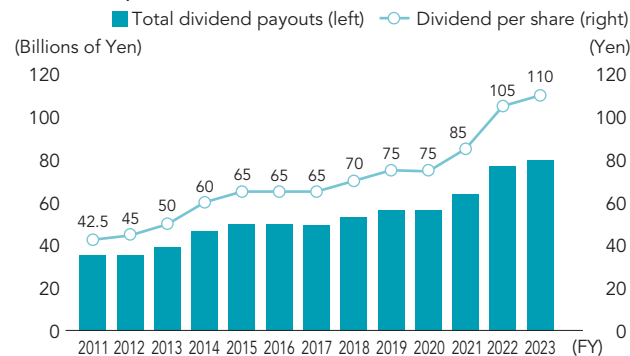
The non-performing loan ratio as of March 31, 2024 was still low and at a sound level of 0.3% versus total exposure of 34 trillion yen.

### Capital adequacy ratios



All are sufficiently above capital adequacy requirements of banking regulations.

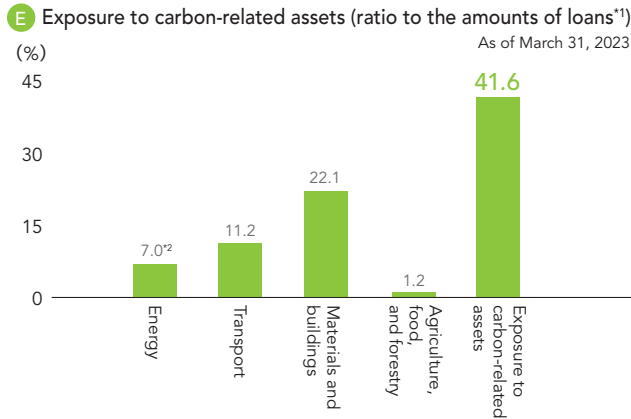
### Dividend per share\*



\*The impacts of consolidating shares in October 2016 and conducting a stock split in January 2024 were taken into consideration.

We have introduced a progressive dividend management policy for dividend per share since FY2023 to make it clear that we aim for a stable increase of dividend per share through sustainable profit growth.

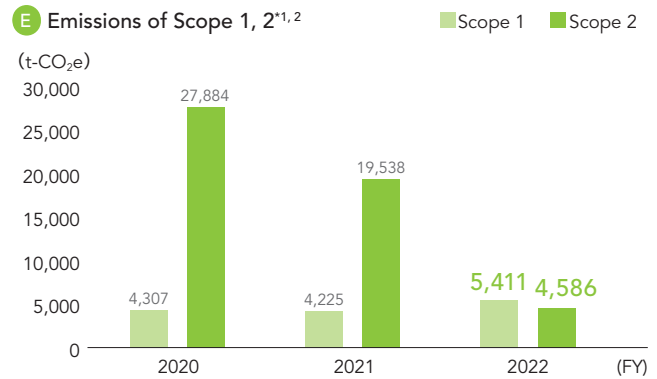
## Non-financial highlights



\*1 Total amounts of loans, acceptances and guarantees, commitment lines, etc., of SuMi TRUST Bank and Sumitomo Mitsui Trust Bank (Thai) PCL

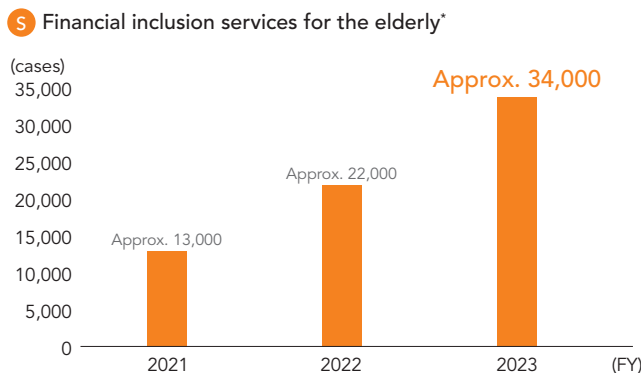
\*2 After related to renewable energy related 2.5% was excluded

The exposure to carbon-related assets was 16.3 trillion yen, as of March 31, 2023.



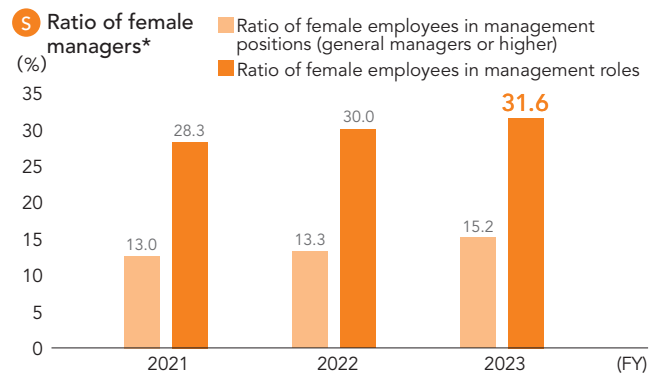
\*1 Domestic and overseas offices of Sumitomo Mitsui Trust Holdings and the Group's consolidated subsidiaries (excluding equity method affiliates)

\*2 Domestic offices of SuMi TRUST Bank are calculated in accordance with the Act on Rationalizing Energy Use.



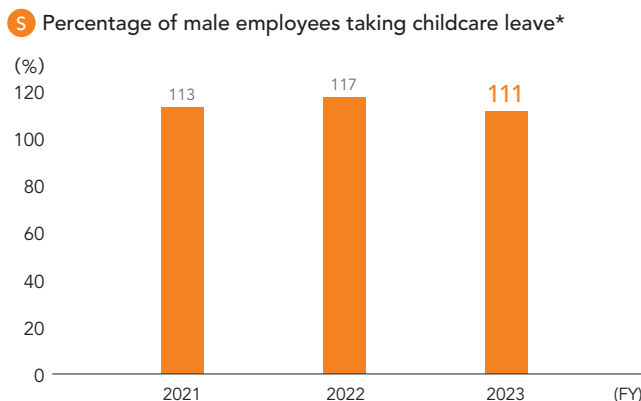
\*SuMi TRUST Bank Financial instruments: 100-Year Life Solution Trust (100-Year Passport), (100-Year Passport Plus), civil trust support service (trust account)

It is expanding the service lineup to support asset administration and asset management in accordance with clients' state even if their ability to judge declines.



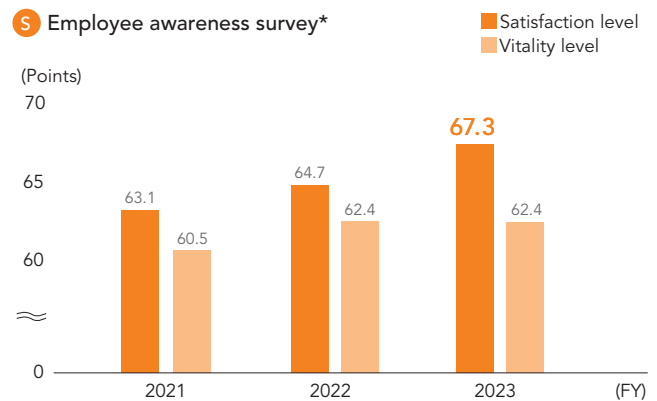
\*SuMi TRUST Bank

In April 2020, SuMi TRUST Bank formulated an action plan to increase the ratio of female employees in management positions, and, since then, has been accelerating its efforts to empower women in the workplace.



\*SuMi TRUST Bank

In FY2022, SuMi TRUST Bank launched a Baby Care Leave System designed to allow male employees to take extended childcare leave before and after childbirth.



\*SuMi TRUST Bank

Positive scores (60 points) have been maintained for both satisfaction and vitality, indicators to measure employee engagement, by SuMi TRUST Bank's standards.

# Message from CFO



We will realize our aspiration by strategizing and executing initiatives for enhancing corporate value.

**Masakatsu Sato** Executive Officer(CFO)  
Sumitomo Mitsui Trust Holdings, Inc.

## 1 My Appointment as CFO/Review of FY2023

It is my great privilege to be appointed as CFO, commencing from April 2024. In the year of the 100th anniversary since the company's foundation, I would like to state anew my thoughts on the roles of the CFO in our Group today.

For a trust group responsible for realizing a prosperous future for our clients and society, it is important for us to make constant efforts to enhance risk management and ensure financial soundness. As a result of our past efforts, we achieved CET1 capital ratio of over 10% on finalized Basel III (fully phased basis) as of March 31, 2024.

To enhance corporate value further, we should be not only "defensive," but also "offensive" for growth. With an

eye toward the next 100 years, we will achieve sustainable growth by proactively conducting disciplined investments.

Looking back at fiscal 2023, the first year of the Medium-Term Management Plan, net business profit exceeded the forecast, while we invested in infrastructure that could contribute to future growth. In light of structural changes in the macro environment, we reduced and adjusted hedge positions of bear funds for Japanese stocks, thereby improving the certainty of achieving future profit targets. In fiscal 2024, we aim to achieve our profit targets of the final year of the Medium-Term Management Plan earlier than initially planned.

(Billions of Yen)		FY2022 result	FY2023 result	Change from previous year	FY2024 forecast
Profit indicators	Net business profit before credit cost	324.6	338.6	+14.0	340.0
	Net income attributable to owners of the parent	191.0	79.1 <sup>*1</sup>	(111.8)	240.0
Profitability indicators	Fee income ratio	55.1%	54.7%	(0.4%)	Lower 50% range
	Overhead ratio (OHR)	60.1%	61.3%	+1.2%	62.6%
Financial indicators	Return on equity <sup>*2</sup>	6.9%	2.7%	(4.2%)	Around 8%
	Common Equity Tier 1 capital ratio <sup>*3</sup>	9.5%	10.2%	+0.7%	Around 10%

\*1 Excluding impact of gains/losses from sales of strategic shareholdings and bear funds, estimated that net income will be roughly in line with our original forecast (200.0 billion yen)

\*2 (Net income attributable to owners of the parent / (FY-start total equity + FY-end total equity) ÷ 2) × 100

\*3 Finalized Basel III (fully phased basis)

## 2 Three Questions from Investors

Our Group values opportunities to communicate with our stakeholders, including shareholders or investors, to enhance the corporate value. Opinions received through constructive dialogue are shared with the Board of Directors, and the like, in a timely manner and reflected in

our management strategies.

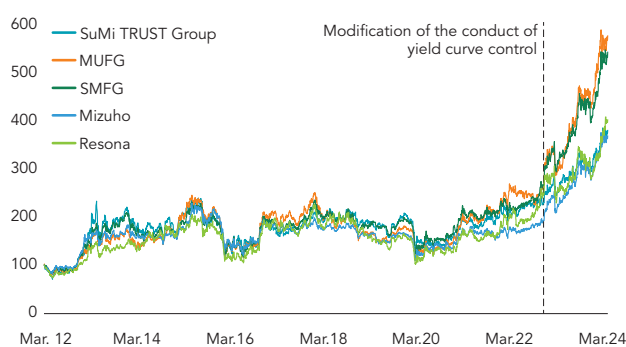
In this section, we would like to explain our initiatives to enhance our corporate value by answering frequently asked questions from our stakeholders.

### Question (1) Why has your stock price underperformed compared to other banks?

#### Views on our stock price

In formulating the management strategy, we aim to enhance our corporate value. Looking back at our stock price in fiscal 2023, it reached its highest level since the integration, partly due to the tailwind from the macro environment. On the other hand, the increase in banks' share prices has been mainly due to the impact of monetary policy changes, and the market has judged that the impact of rising interest rates on our performance would be relatively small. In addition, the market has not fully understood one of the features of our business model, which is that we can benefit not only from rising interest rates but also in the "social environment where capital gains can be expected" due to rising asset prices. These points are the reasons why our stock price has underperformed within the sector.

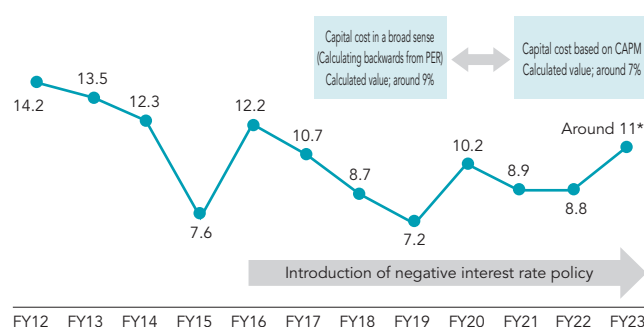
■ TSR (Total Shareholder Return) (March 31, 2012=100)



#### Views on our PBR

Our PBR remains below 1x. Capital cost serves as one of the factors for stock price formation. Our capital cost was around 7% to 9% (as of March 31, 2024) based on CAPM (Capital Asset Pricing Model) and PER. In contrast, considering that ROE for Fiscal 2023 was 2.7% (Reference: about 7% in case of excluding net gains on stocks) and PBR was below 1x, we need to implement initiatives to improve ROE, grow profit and lower capital cost.

■ Historical PER



\*Exclude net gains on stocks

#### Toward reducing capital cost

To realize our aspirations, we will focus on showing ROE improvement and steady profit growth through our actual performance. In addition, we will work to narrow the gap between our perceived capital cost and the market's view of it.

Specifically, we will focus on controlling earning volatility and engaging in dialogue with the capital markets. In order to reduce earnings volatility, we will achieve high-quality earnings growth centered on the fee business by allocating capital to our asset management and asset administration businesses while appropriately controlling risks, including the impact of foreign exchange and stock market fluctuations on our earnings and capital.

Through dialogue with the capital markets, we strive to gain understanding about our Group's management policies, listen to the voices from shareholders and investors, and gather analyses and opinions on management to reflect them in our actual management strategies. In fiscal 2023, we held a panel discussion with three External Directors in response to the requests from shareholders and investors.

We will continue to disclose the status of our initiatives by taking advantage of opportunities such as investor meetings on financial results.

## Question (2) Wouldn't a trust group centered on fee-based business be able to achieve higher ROE?

### Views on our ROE

Looking back on our Group's business history, in the post-war period, we developed loan trusts and invested in the industries that drove Japan's high economic growth, as well as worked to design corporate pension plans and expand our asset management and asset administration businesses. In addition, we have provided funds and held strategic shareholdings to create and develop business relationships with our corporate clients. Currently, due to significant changes in the macro environment and regulations, we need to transform our business relationships into a new stage in a manner that maintains long-term relationships of trust with our clients. To do so, we deliver high-value-added services or implement impact equity investments aimed at financially supporting our corporate clients to help them solve social issues. Through these initiatives, we will challenge to transform our business model into a more capital-efficient one.

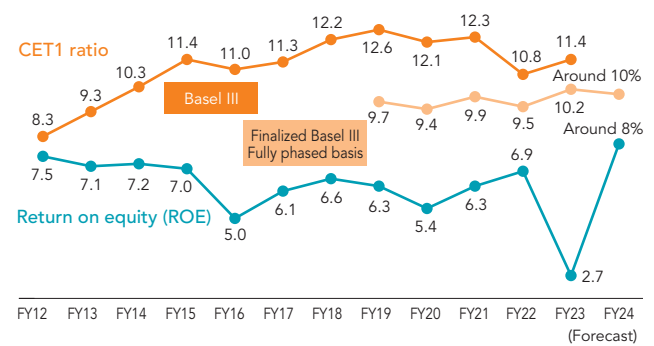
In our past ROE trends, we have ensured capital adequacy by steadily accumulating capital and improving our CET1 ratio while enhancing capital efficiency through increasing earning power. We plan to achieve ROE of around 8% in Fiscal 2024.

To further improve ROE, the Group will appropriately manage the denominator (capital) while being conscious of both capital sufficiency and efficiency, and then expand the numerator (profit) through a growth strategy centered on AUF while making growth investments including investments in human capital or IT and DX. Through these initiatives, we will strive to balance capital efficiency improvement and earnings growth, and aim to achieve our aspirations, namely ROE of 10% or higher, at an early stage.

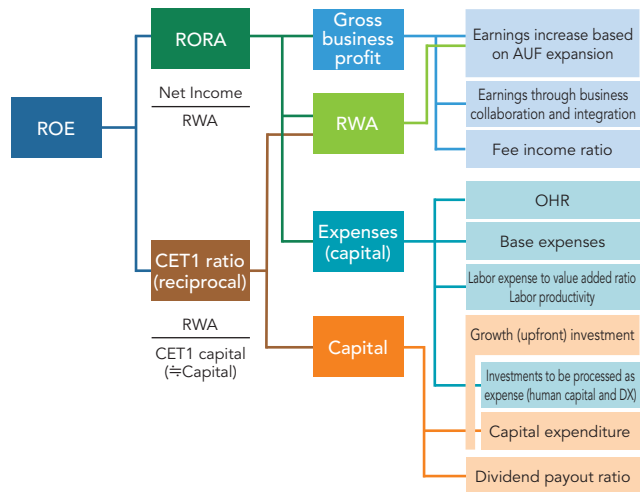
### Direction of strengthening our business portfolio

In order to improve PBR, our Group has been discussing business portfolio analysis and profitability improvement with the aim of optimizing the allocation of management resources and improving its effectiveness. In diverse business areas, we subdivide the mesh down to the entity and product level, examine the profitability for each unit, and consider measures to improve profitability. In addition to capital profitability by segment, we calculate ROE by client, such as by individual client, corporate client, and investor, and monitor the improvement status. In fiscal 2023, in each segment of the Group, we mainly selected products and entities of a certain size with a low return on capital and formulate a direction of improvement for them. In addition, we discussed the allocation of management resources to key areas. Going forward, we will connect the direction to our management strategy, proceed with the reallocation of created resources to growth areas to be strengthened, and continue discussions at the Board of Directors to further enhance our business.

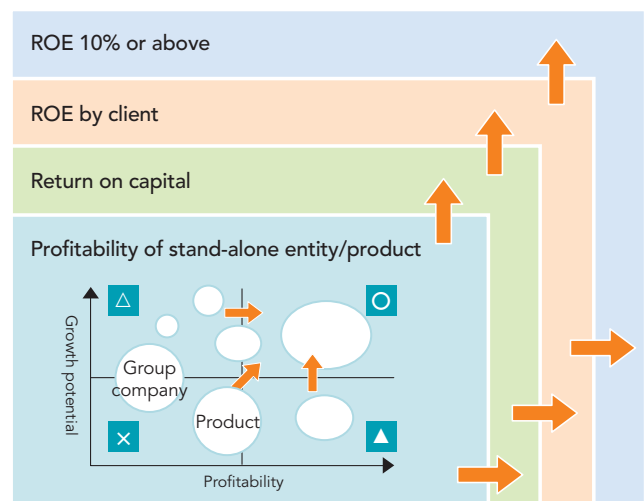
### Historical CET1 ratio and ROE



### ROE reverse tree



### Sophisticating of management accounting





### Question (3) Why do you make hedging transactions for strategic shareholdings?

#### History of our initiatives for strategic shareholdings

As a trust group that manages, operates, and administers our clients' valuable assets, we believe that risk management is important for building a sustainable business model with an eye toward the next 100 years. In analyzing our Group's risk characteristics, we have selected risks related to falling prices for strategic shareholdings as one of the top risks and have been monitoring them. I believe it is essential to steadily and constantly reduce strategic shareholdings to address the risk, and thus since the announcement of reduction of strategic shareholding to zero in May 2021, we have achieved reduction of approximately 180.0 billion yen (on cost basis) in 3 years while maintaining careful dialogue with our corporate clients. At the same time, since discussions with our clients require a certain amount of time, we have hedged against part of the risk of stock price fluctuations from the perspective of limiting the impact on capital in times of stock price decline. We believe that this served appropriately as a risk hedge when the stock market was disrupted due to the COVID-19 pandemic, for example. In fiscal 2023, we re-

viewed the hedge ratio in light of changes in the environment and took steps to sophisticate hedging instruments, including the introduction of a total return swap.

In addition to the risks for strategic shareholdings, we appropriately address various risks inherent to us, such as market risk and credit risk, thereby improving our business and financial downside resilience. Through these initiatives, we aim to lower our capital cost.

#### History of our initiatives for hedging transactions

Our initiatives, etc. (since the establishment of Sumitomo Mitsui Trust Bank, Limited)	
FY2012	Implemented hedging transactions using bear funds for Japanese stocks ("bear funds") to support the smooth sale of strategic shareholdings.
FY2014	Clarified the purpose of hedging as limiting deterioration of financial soundness in time of stock price decline.
FY2016	Started offsetting credit risk-weighted assets for strategic shareholdings by those for bear funds.
FY2017	Reduced hedging positions in U.S. Treasuries held for financial risk management and increased hedging transactions using bear funds.
FY2021	Announced initiatives to reduce strategic shareholdings to zero and revised our management policy so that we would lower hedging positions in line with the reduction of such shareholdings. Hedge ratio stood at around 80%. (March 31, 2021)
FY2023	Reduced bear funds with low B/E and lowered its hedge ratio in light of structural changes in the macro environment. Hedge ratio stood at around 30%. (March 31, 2024)

Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

Data Section

## 3 Capital Utilization and Shareholder Returns

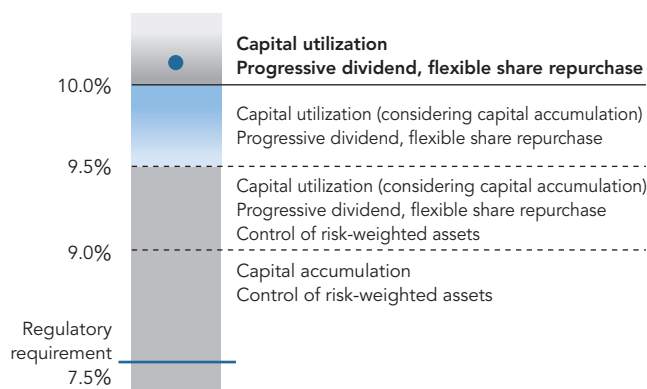
#### Capital management approach

We, SuMi TRUST Group, aim for profit growth while pursuing the best balance of capital adequacy and efficiency. Regarding capital adequacy, we have set a target CET1 ratio (on finalized Basel III (fully phased basis)) as "stably maintain 10% or above," and at the same time will work to make efficient use of capital, while balancing shareholder returns and the investments for medium- to long-term profit growth which contribute to solving social issues. In fiscal 2023, the CET1 ratio stood at 10.2% as of March 31, 2024, mainly due to accumulated earnings and a decrease in risk-weighted assets ("RWA") resulting from the refinement of the calculation of RWA. We will continue to strive to stably implement capital management, considering market environment changes or the impact of capital utilization, such as growth investments, on capital adequacy.

#### Overall picture of capital allocation

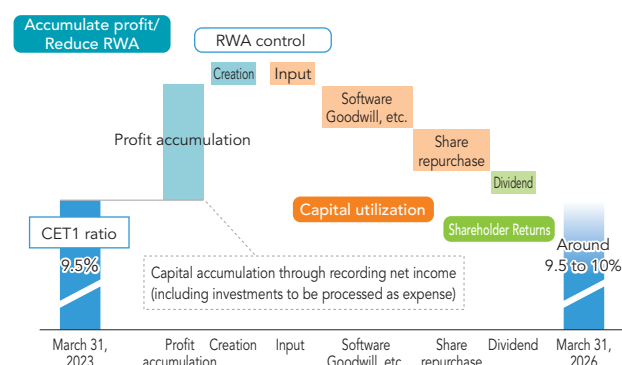
Under the current Medium-Term Management Plan, we will create capital by accumulating earnings of around 600.0 billion yen in total for three years through recording net income attributable to owners of the parent and reducing strategic shareholdings or unprofitable assets, etc. Then we will utilize the generated capital in a well-balanced manner, for growth investment, dividends based on our shareholder returns policy, and share repurchase. In fiscal 2023, we focused on enhancing the disclosure of our capital allocation and engaging in constructive dialogue with shareholders and investors.

#### Viewpoints of capital management



\*CET1 ratio: Finalized Basel III (fully phased basis) including valuation difference on available-for-sale securities

#### Capital allocation approach



### Investment in infrastructure that contributes to future growth and capital utilization

Our Group aims to improve ROE through profit growth, so it is essential for us to invest in growth areas that will bear fruit in the future and we will aggressively utilize our capital.

In December 2023, we established the "Strategic Investment Facility for Asset Management" to invest up to 500 billion yen in total through fiscal 2030. By enhancing and sophisticating our asset management business, we will accelerate our corporate growth based on the expansion of AUF, thereby re-

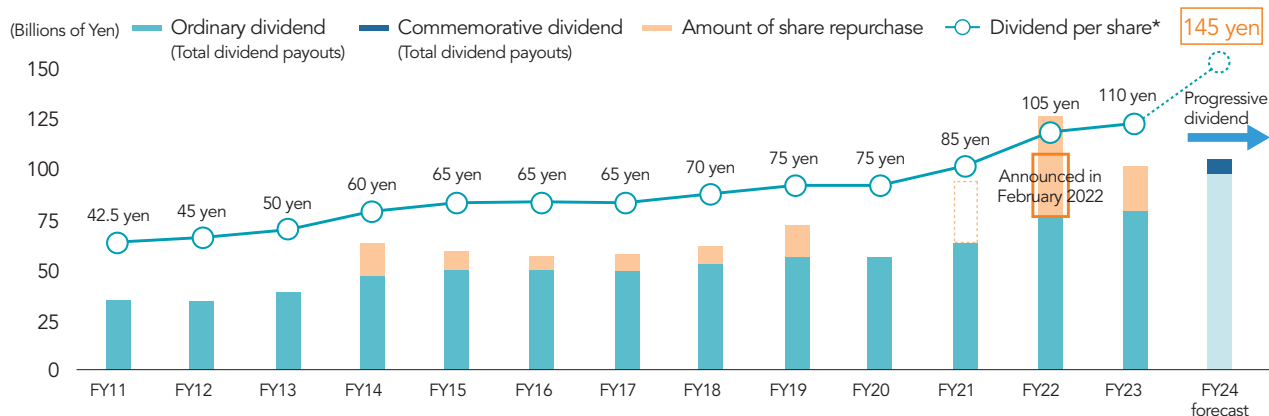
alizing a "virtuous circulation of funds, assets and capital" and contributing to solving social issues. Through these initiatives, we aim to achieve ROE of 10% or more as soon as possible. Given that our PBR is now below 1x, we understand that share repurchase is an effective and meaningful measure for better capital efficiency. We will take a flexible approach for this measure on the premise of securing sufficient capital while considering investment opportunities for future growth.

### Shareholder returns policy

We have been striving to strengthen shareholder returns, positioning stable return of profit to shareholders and enhancement of returns as one of our important management policies. We have formulated our shareholder returns policy in alignment with our intention to steadily return the fruit of our growth over the medium- to long-term. The policy introduces a formula of progressive dividend per share starting in fiscal 2023, aiming for a consolidated dividend payout ratio of

40% or above. Further, in 2024, when SuMi TRUST Group will celebrate the 100th anniversary of its foundation, in order to express gratitude to the shareholders, the group plans to pay a commemorative dividend in addition to an ordinary dividend based on shareholder returns policy. We will promote initiatives for achieving stable profit growth and balancing capital adequacy and efficiency while being mindful of both short-term and medium- to long-term time horizons.

#### Historical data of share repurchase and dividend



## 4 Toward the Realization of Our Aspirations

We will improve productivity and earn returns from investment for growth while balancing capital adequacy and efficiency, thereby enhancing our corporate value. In terms of balancing various factors contributing to the enhancement of corporate value, we have identified the issues to be addressed for sophistication, mainly for the following points.

- (1) Business operation for improving capital efficiency and sophistication of its framework
- (2) Appropriate allocation of management resources for growth, executing and monitoring the growth strategies
- (3) Balance between growth investments and shareholder returns

We will refer to the practices of not only financial institutions but also capital market participants, consider how to incorporate these practices into our unique business model, and also think over in which areas we can find the source of our competitiveness. Through this approach, we shall strive to promote reviews and initiatives for enhancing corporate value to realize our aspirations.



# Our Initiatives to Reduce Strategic Shareholdings

SuMi TRUST Group has recognized strategic shareholdings as a material management issue. We have hedged the price volatility risk that exceeded our financial risk absorption buffer and constantly worked to reduce such shareholdings, obtaining the consent from our corporate clients. We aim to realize a virtuous circulation of funds, assets, and capital that brings fruitful returns to households through enhanced corporate value. To do so, as a trust group that of-

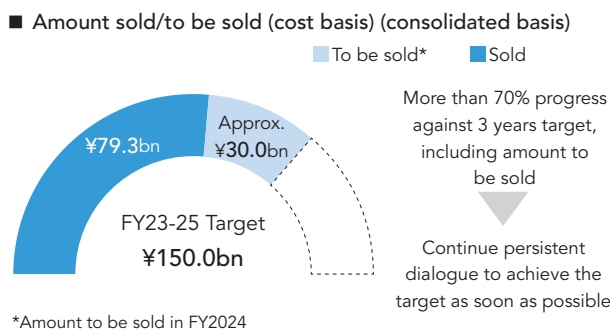
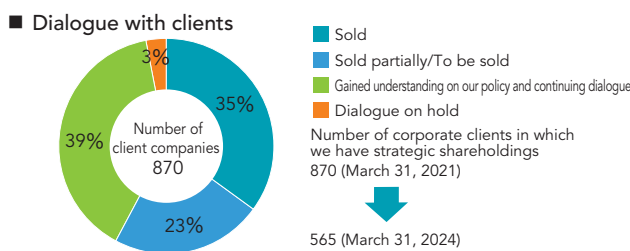
fers solutions for both investors and businesses to enhance their values, since fiscal 2021, we have transitioned to a policy under which, in principle, we shall not hold any “strategic shareholdings as a conventional stable shareholder.” Even during the interim period in which we will continue to hold strategic shareholdings, we shall strive to offer solutions, through dialogue, for our clients to solve their challenges and sustainably enhance their corporate value.

## 1 Demonstration of the Board of Directors Supervisory Function Regarding Reduction of Strategic Shareholdings

The Board of Directors monitors the status of reduction of strategic shareholdings on a continuous basis. In addition, the voting rights guidelines and system are also determined based on a report from the Conflicts of Interest Committee from a professional perspective, to take the medium- to long-term value enhancement of corporates and impact on various stakeholders of SuMi TRUST Group into account in light of

social responsibilities as a trust group. As for the status of exercising voting rights, it has been confirmed that we have achieved a certain level of engagement effect in our initiatives to emphasize dialogue with issuing companies. We will continue to deliberate based on reports received from the execution departments, and strengthen monitoring by also taking into consideration the stakeholder’s perspective.

## 2 Reduction Achieved in Fiscal 2023 and Future Plans



### (1) Reduction achieved in FY2023

Under the Medium-Term Management Plan, we have set a reduction target of ¥150.0bn (cost basis) on a cumulative basis for three years from fiscal 2023 to fiscal 2025 and have continued careful dialogue with our clients.

In fiscal 2023, we achieved a reduction of ¥79.3bn, representing a progress rate of more than 50% towards the three-year target for the first year. The progress rate would be over 70% when including the amount agreed to be sold during fiscal 2024.

The number of client companies with strategic shareholdings decreased by 35% since March 2021.

### (2) Future plans

Due to the penetration of the Corporate Governance Code and the Tokyo Stock Exchange’s request regarding PBR improvement, there are increasing opportunities in industries and financial sectors to reconsider the significance of strategic shareholdings or capital efficiency.

In response to these trends, we will engage in careful dialogue based on long-term relationships of trust with our clients, and continue to work toward reducing strategic shareholdings to zero.

## 3 Policy on Exercising Voting Rights for Strategic Shareholdings

Even during the interim period in which SuMi TRUST Bank will continue to hold strategic shareholdings, SuMi TRUST Bank 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. Please visit our website for details.

[https://www.smth.jp/english/-/media/th/english/about\\_us/management/governance/voting\\_guideline\\_E.pdf](https://www.smth.jp/english/-/media/th/english/about_us/management/governance/voting_guideline_E.pdf)

(Voting Rights Guidelines)



### Results of exercising voting rights

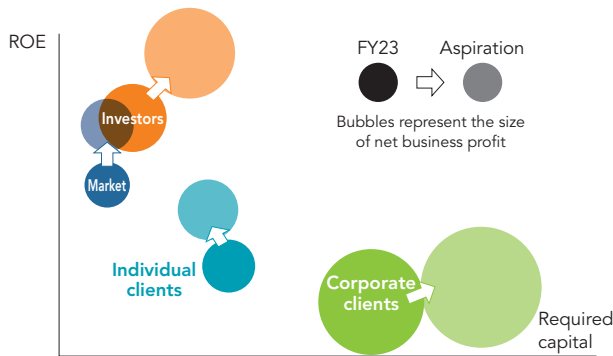
The percentage of opposition to companies’ proposals on which SuMi TRUST Bank exercised voting rights (at the General Meetings of Shareholders held between July 2022 and June 2023) is 0.8% on the basis of total number of companies and 0.3% on the basis of total number of proposals.

# Business Strategy

## Direction of Strengthening Our Business Portfolio (Aiming for FY2030)

In order to realize our Aspiration and ROE of 10% or more in FY2030 earlier, we need to further improve earning capacity by renewing management resources. We will aim to achieve sustainable and stable profit growth through expansion of AUF by shifting management resources from traditional banking business to strengthening asset management and asset administration businesses.

### ROE improvement by client



- Market business clientele revenues and real estate business revenues are recorded separately for investors, individual clients, and corporate clients
- Investors include asset management business
- Other items not included in the above graph are headquarters expenses, gains/losses on strategic shareholdings/hedged investment trusts, and RWA

### Human capital

Resources will be generated by reviewing the sales structure, streamlining the middle and back office, and reforming business processes. Further strengthening of cross-business functions and resource allocation to Asset Management Strategy, FD and DX.

### Expenses

Increases are inevitable due to inflation, investments in human capital and DX. After controlling costs, including price pass-through, we will ensure investment in the infrastructure that will contribute to future growth.

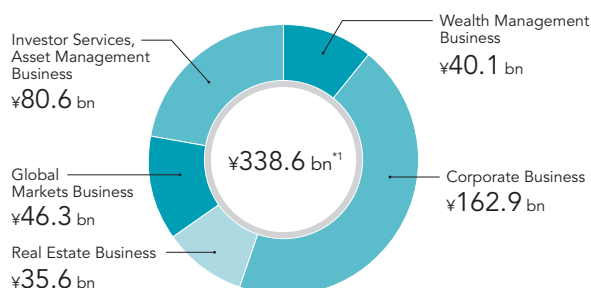
### RWA

Generate resources by reducing strategic shareholdings, underperforming assets and others. Reallocate the resources to impact equity investments and strategic asset management investments up to 1 trillion yen (cumulative).

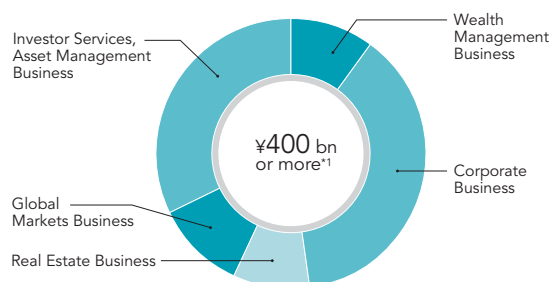
## Net Business Profit by Business Segment

Accelerate the virtuous circulation of funds, assets, and capital by further refining the advisory, asset management, and asset administration functions that are our Group's strengths. Investor Services Business and Asset Management Business drive the growth.

### FY2023



### Aspiration (FY2030)

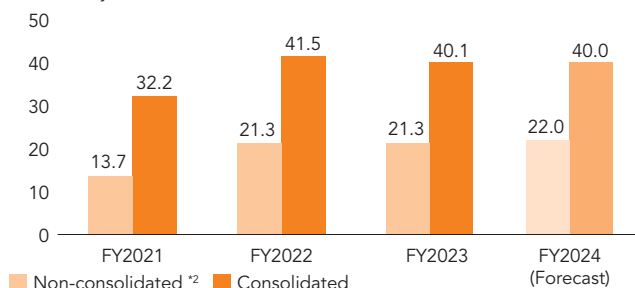


\*1 This figure also includes corporate management department costs not categorized into any reportable segment, in addition to net business profit before credit costs for each segment

**■ Wealth Management Business: Net business profit before credit costs**

We offer products and services unique to the trust group to meet the diverse needs of individual clients in the age of 100-Year Life, from asset formation and asset management to asset administration and asset succession.

(Billions of yen)



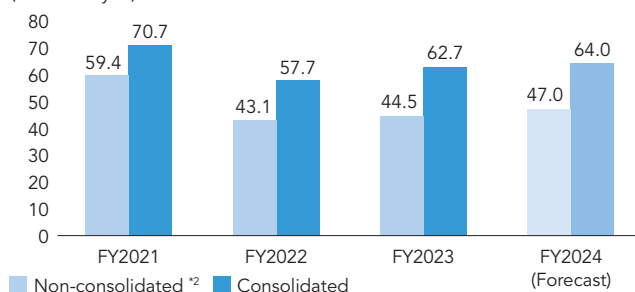
Major subsidiaries and affiliated companies

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

**■ Investor Services Business: Net business profit before credit costs**

We will contribute to solving the challenges of diverse investors by providing a full range of services, including institutional consulting, asset management solutions, and asset administration functions that leverage our expertise as a trust group.

(Billions of yen)



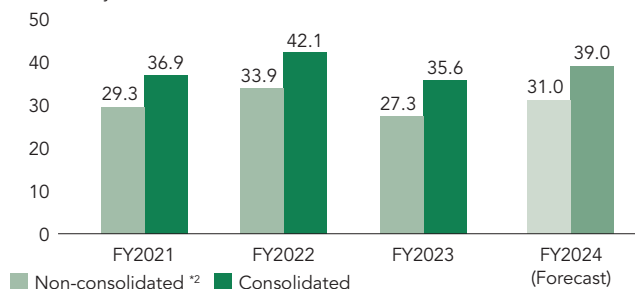
Major subsidiaries and affiliated companies

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

**■ Real Estate Business: Net business profit before credit costs**

Through our extensive expertise and comprehensive capabilities in real estate, we provide value-added solutions for corporate clients' management challenges, individual clients' asset formation and asset administration, and investors' real estate investment management needs.

(Billions of yen)



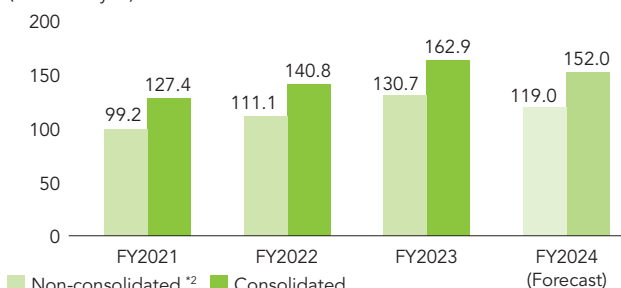
Major subsidiaries and affiliated companies

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

**■ Corporate Business: Net business profit before credit costs**

In addition to various types of financing services and stock transfer agency service, we offer total solutions such as ESG Consulting, to enhance our clients' corporate value by leveraging our contact points with various stakeholders.

(Billions of yen)



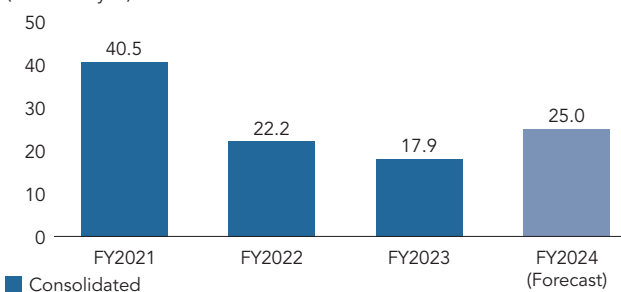
Major subsidiaries and affiliated companies

- Sumitomo Mitsui Trust Bank
- Sumitomo Mitsui Trust Panasonic Finance
- Sumitomo Mitsui Trust Loan & Finance
- Sumitomo Mitsui Trust Bank (Thai)
- Zijin Trust
- Tokyo Securities Transfer Agent
- Japan Securities Agents
- Sumitomo Mitsui Trust TA Solution
- Japan Stockholders Data Service

**■ Asset Management Business: Net business profit before credit costs**

We will contribute to the long-term and continuous asset management of our clients through the various asset management functions of our Group companies, including high-quality asset management solutions developed through our pension fund management business and the provision of a wide range of products through our global network.

(Billions of yen)



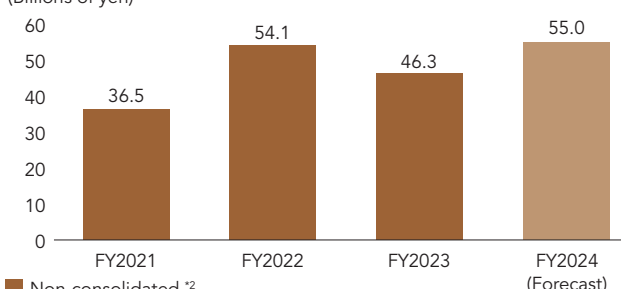
Major subsidiaries and affiliated companies

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

**■ Global Markets Business: Net business profit before credit costs**

By combining client service, market functions, and administrative functions, we will provide optimal solutions as a group of experts in market volatility management.

(Billions of yen)



Major subsidiaries and affiliated companies

- Sumitomo Mitsui Trust Bank

\*2 Sumitomo Mitsui Trust Bank (non-consolidated)

# Wealth Management Business

Refining the advisory function and maximizing our group's unique strengths

## 1 Aspiration

By exercising our Group's unique strengths based on long-term relationships of trust with our clients, we aim to solve various financial, wealth and social challenges for individual clients in the Age of 100-Year Life. In addition, we aim to help our clients achieve a prosperous and secure future - Financial Well-Being - and achieve sustainable and stable growth of the Group.

## 2 Environmental Awareness

- Growing interest in managing and increasing their own assets by individuals in the context of the "Asset Management Nation" concept and diversifying asset administration and asset succession needs, especially among the elderly
- The environment has changed from prolonged and unconventional monetary easing to a "world of positive interest rates"
- Increasing necessity of more sophisticated business operating processes addressing medium to long-term population decline and DX
- Diversifying client contact points and changing functions and networks that are required at branch offices

## 3 Our Strengths

- Aim to solve social challenges and increase our positive impact through our Group's unique total consulting services, which combine banking, trust, real estate, and other services, in order to raise our Group's presence and clients' satisfaction to the highest level through these efforts, and establish the No. 1 "Support Model in the Age of 100-Year Life" in Japan
- Enhance the value we offer to clients by strengthening each area of our business, including sales, products, systems, and marketing, in order to develop our overall consulting services

## 4 Key Measures

### Creation

- Review branch network
- Business process transformation and productivity improvement through IT and DX

### Input

- Develop business for high-net-worth individuals and next-generation client base
- Enhance consulting services through digital technology

- Optimize sales strategy and structure according to client characteristics to improve engagement and expand revenue opportunities
- Enhance value provided to clients and promote operational streamlining through business process reform using IT/DX, etc.

## 5 KPI

Category	FY23	FY24 Plan	FY30 Aspiration
Balance of investment management consulting	¥5.9 trn	¥6.2 trn	¥7.0 trn
Discretionary investment revenue	¥13.5 bn	¥14.8 bn	¥17.5 bn
Will AUA*	¥5.2 trn	¥5.4 trn	¥6.8 trn

\* Total assets of clients for whom Sumitomo Mitsui Trust Bank is entrusted with will trusts

# Corporate Business

Scaling up by development of comprehensive corporate business and exercising financial intermediary functions

## 1 Aspiration

While the business environment surrounding us has been changing immensely and becoming complicated, corporate clients are facing more diverse business issues. We aim to become the "Best Partner" for clients, helping to solve management and social challenges for clients and society by providing total solutions that leverage our versatility and expertise as a trust group.

## 2 Environmental Awareness

- Growing uncertainty and higher volatility of markets due to international conflicts and geopolitical risks
- Globally accelerated initiatives for decarbonization and companies' transition to ESG/sustainable management
- Financial business model transformation driven by DX
- Accelerated elimination of strategic shareholdings through widespread adoption of the Corporate Governance Code

## 3 Our Strengths

- Build long-term relationships of trust based on finance transactions and sophisticated management discussions by acquiring and analyzing financial and non-financial information
- Provide total solutions by leveraging our advanced expertise in pension, stock transfer agency, real estate, ESG and other areas, as well as our alliance strategies with partners in Japan and overseas.
- Demonstrate the Group's unique role as a financial intermediary by leveraging our contact points with various economic entities and stakeholders

## 4 Key Measures

### Creation

- Reduce low profitability corporate lending and strategic shareholdings, etc.
- Expand online sales

### Input

- High profitability product related lending
- ESG total solution

- Provide ESG total solutions to achieve sustainable management and society
- Accelerate the circulation of funds by meeting both corporate clients' funding needs and investors' investment needs

## 5 KPI

Category	FY23	FY24 Plan	FY30 Aspiration
Balance of investments and loans	¥24.6 trn	¥23.4 trn	—
Balance of product related credit	¥8.0 trn	¥9.1 trn	—
Cumulative amount of sustainable finance initiatives*	Under compilation	—	¥15.0 trn

\* Cumulative amount of initiatives for FY2021–FY2030

# Investor Services Business

Expand AUF by providing profitable investment opportunities, expanding the investor client base, etc.

## 1 Aspiration

We will provide our diverse investors with high-quality asset management and asset administration solutions through consulting services that support the best possible decisions. In particular, we will contribute to solving our clients' management and social challenges by creating and socializing new and valuable investment opportunities that focus on the funding needs arising from solving social challenges.

## 2 Environmental Awareness

- The Japanese economy is undergoing a major transition, symbolized by rising interest rates and stock prices. Shift in corporate focus to human capital management with a view to this Age of 100-Year Life
- Growing expectations for asset ownership reform and the development of the asset management industry under the "Asset Management Nation" concept
- Medium- to long-term demand for large amounts of capital to address societal challenges such as carbon neutrality and regional revitalization
- Continued acceleration in the complexity of business challenges and the expansion of investment areas by investors and asset management companies due to changes in market conditions, regulations, and other business environments

## 3 Our Strengths

- Decision support through institutional and investment management consulting based on the asset/liability structure of investor clients
- Access to primary assets and booking function through our Group's corporate client contact points
- Promote small lot strategies to enhance in-house asset management capabilities and new platforms by leveraging the network of global players
- Broaden the client service base by enhancing existing asset administration services and expanding into new asset services

## 4 Key Measures

### Creation

- Resource generation through IT/DX utilization of corporate pension and asset administration by middle/back offices

### Input

- Strengthen investment and product formulation capabilities
- Democratization of private assets

- Acquire new investment business, enhance our asset management business targeting individuals, and strengthen DX promotion to expand the business
- Expand online sales activities, streamlining and process reform of middle-and back-office operations in the DC and asset administration area

## 5 KPI

Category	FY23	FY24 Plan	FY30 Aspiration
Private assets AUM <sup>*1</sup>	Approx. ¥6.8 trn	Approx. ¥7 trn	Approx. ¥24 trn
Private assets AUM related incomes <sup>*2</sup>	Approx. ¥16.2 bn	Approx. ¥17 bn	Approx. ¥45 bn
AUC <sup>*3</sup>	Approx. ¥300 trn	Approx. ¥310 trn	Approx. ¥460 trn

\*1 This includes the balance of gatekeeper services such as private equity, real estate, infrastructure, credit products and others (excluding proprietary investments).

\*2 Gross business profit related to private assets AUM

\*3 Including assets under custody through custody/administration, etc., as well as balances for BPO, reporting, and other services (including intra-group contacting)



# Asset Management Business

Focus on areas that benefit investors and grow AUM by leveraging capital

## 1 Aspiration

In addition to autonomously enhancing the various asset management functions of our Group's asset management companies, we will make strategic investments to strengthen our unique and value-added product offering, thereby contributing to the long-term and continuous asset management of our clients' assets. We also contribute to solving societal issues and overall market growth through ESG investing and engagement with investee companies.

## 2 Environmental Awareness

- The "Asset Management Nation" concept creates momentum for a "virtuous circulation of growth and distribution"
- Acceleration of fee reductions, especially in passive investment.
- Continued strengthening and entry of Japanese and foreign players in alternative assets, where investor demand is strong
- Growing expectations of asset management companies to improve environmental and social sustainability, such as climate change, biodiversity and human rights

## 3 Our Strengths

- Our Group collaboration that contributes to the development of high-quality index and active investment strategies cultivated through pension management and the exercise of our Group's advisory function (Sumitomo Mitsui Trust Asset Management)
- Optimal solutions to meet the diverse investment needs of a broad client base in Japan and overseas by leveraging the management capabilities with a competitive edge and global network of asset management and distribution that we have cultivated (Nikko Asset Management)

## 4 Key Measures

### Creation

- Product selection and concentration
- Business process reform and streamlining

### Input

- Acquisition of human resources in strategic core areas
- Seed investing for product formulation

- Development of multiple active funds through flexible use of internal and external asset management engines (Sumitomo Mitsui Trust Asset Management)
- Growth of active funds, a core strength, and acquisition of investment needs of NISA's Growth Investment Framework (Nikko Asset Management)

## 5 KPI

Category	FY23	FY24 Plan	FY30 Aspiration
Sumitomo Mitsui Trust Asset Management AUM*1	Approx. ¥94 trn	Approx. ¥91 trn	Approx. ¥102 trn
Nikko Asset Management AUM*1	Approx. ¥36 trn	Approx. ¥35 trn	Approx. ¥43 trn
GHG emissions of the investment portfolio	Halve emissions intensity in 2030 from 2019 *2		

\*1 Excluding market value impact

\*2 Sumitomo Mitsui Trust Asset Management targets approximately 43 trillion yen, or 50% of its 85 trillion yen in assets under management at the end of June 2021, halving its 2019 emissions intensity. Nikko Asset Management targets approximately 13 trillion yen, or 43% of its 31 trillion yen in assets under management at the end of December 2021, halving the 2019 emissions intensity.

# Real Estate Business

Balancing the market and our own growth through our own account, based on our high-quality work and expertise

## 1 Aspiration

We aim to be the Best Partner our clients can trust by adding value to their real estate needs through our extensive expertise and comprehensive capabilities, and by taking the lead in investment through our own account. In addition, by providing safety and security based on high quality operations, we will strongly support the growth of the market as social infrastructure that underpins real estate markets, which should lead to our own results.

## 2 Environmental Awareness

- The advent of the era of large inheritances and the government's "Asset Management Nation" concept are the backdrop for the growing need for retail real estate.
- Investors reviewing their portfolios in light of the expansion of the private asset market and the shift to "a world of positive interest rates"
- Growing awareness of real estate ESG as a pressing management challenge, such as decarbonization and improving the health and comfort of buildings
- Signs of transformation through DX of the real estate industry and business, such as LLM and digital twin

## 3 Our Strengths

- High-quality businesses based on the fiduciary spirit cultivated through 100 years of history in the Group's core real estate business (real estate discrimination based on diverse data, solid operational capabilities, securitized trust and investment company business with the largest market share, and ESG consulting and research capabilities)
- Become the Best Partner for our clients and expand our client base by strengthening our ability to provide solutions through a combination of our high-quality businesses and strategic collaborations with partners outside the Group

## 4 Key Measures

### Creation

- Review business processes with DX
- Review of unprofitable operations

### Input

- Broaden the investor base including individuals
- Invest in own accounts to promote asset circulation

- Expand investment on own account, leading to investment and sustainable earnings growth based on AUF accumulation
- Provide decision-making materials to clients by reforming business processes and improving productivity through DX and combining the Group's proprietary information with DX

## 5 KPI

Category	FY23	FY24 Plan	FY30 Aspiration
Entrusted balance of real estate securitization	¥27.3 trn	¥29.3 trn	¥30 trn
Corporate real estate brokerage	¥31.3 bn	¥36.0 bn	¥40.5 bn
Balance of assets involved in consultation	¥2.8 trn	¥3.4 trn	¥3.6 trn

# Global Market Business

Focus on strengthening profitability, centered on investment, and business process reform through DX promotion

## 1 Aspiration

We aim to maximize the corporate value of our Group by seizing all investment opportunities through strategic diversified investment (three-dimensional diversification). In addition, we will combine our proprietary investment expertise and fiduciary spirit to support the realization of a virtuous circulation of funds, assets, and capital by expanding a total solution and ALM co-creation business that meets all client needs from supporting decision-making to investment and risk hedging.

## 2 Environmental Awareness

- Lifting of the Bank of Japan's negative interest rate policy will lead to a "world of positive interest rates"
- Possibility of a turning point in times of geopolitical and political events
- Changes in the financing and fund investment needs of individuals, corporate and investor clients
- Growing expectations for the provision of solutions that serve as the starting point for a "virtuous circulation of funds" to address client and societal challenges

## 3 Our Strengths

- A flexible and resilient organization with an open and flat culture where people respect diverse ideas and work together to enhance knowledge
- Strong risk control capabilities cultivated through proactive efforts to stay ahead of constantly changing markets
- Solutions delivered with a high level of expertise honed through a diverse range of investments and precise ALM management, while staying close to our clients' challenges

## 4 Key Measures

### Creation

- Streamlining operations leveraging IT and DX
- Efficient operation of the Tokyo-Osaka dual framework (maintenance completed)

### Input

- Improve investment and ALM business capability
- Strengthen client-related businesses

- Enhance profitability by increasing risk-taking capability in the new market environment as the deflationary trend shifts
- Streamline operations by leveraging DX and strengthen client services

## 5 KPI

Category	FY23 Result	FY24 Plan	FY30 Aspiration
Gross margin on investment operations	Approx. ¥4 bn	Approx. ¥15 bn	above ¥25 bn
Certified business expert (Quant)	About 15	20 or more	50 or more
Participation in co-creation*	19%	21%	40%

\* Percentage of members of the Regional Banks Association of Japan participating in ALM co-creation business

# Communication with Stakeholders

## Basic Philosophy

SuMi TRUST Group lists clients, society, shareholders and employees as stakeholders in its Management Principles (“Mission”), and actively communicates with stakeholders in order to strive to resolve social issues, and disclose transparent, timely and appropriate corporate information.

Please refer to “Fiduciary Spirit” (page 94) for details of communication with clients and “Human Capital” (page 70) for details of communication with employees.

Management Principles (Mission) of SuMi TRUST Group	
Clients	Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
Society	Adhere to the principles of sound management based on a high degree of self-discipline with the background of a fiduciary spirit and establish strong credibility from society.
Shareholders	Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
Employees	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.

## 1 Communication with Society

As a group that advocates for social issue-solving business, we engage in social contribution activities aimed at achieving the FINANCIAL WELL-BEING of our clients and society. These activities include financial education for future generations, sponsorship activities aimed at the development of culture, arts, and sports, as well as community-focused initiatives. Additionally, we are promoting volunteer activities that aim to foster a culture where each employee, as a corporate citizen, tries to address social issues.

For example, our company has made special sponsorship contributions to the Asahi Cup Shogi Open Tournament, supporting the development of culture.

Furthermore, Sumitomo Mitsui Trust Systems & Services Co., Ltd. continues its activities to benefit the local commu-

nity by holding “free computer and smartphone classes for the elderly” and “free programming experience classes for children” in the region where its headquarters is located.



The 17th Asahi Cup Shogi Open Tournament (Courtesy: The Asahi Shimbun Company)



Scene from a programming experience class

### Specific initiatives

Society Employees

#### Volunteer Activities in Cooperation with Certified NPOs

SuMi TRUST Bank collaborates with Family House\*1, a certified NPO, in a volunteer activity\*2 to make bears from towels and deliver them to children battling serious illnesses and their families. Nearly 200 executives and employees voluntarily participated.

\*1 A certified non-profit organization that provides accommodation and livelihood support to children receiving treatment for serious illnesses at specialized hospitals in Tokyo and their families, helping to reduce their financial burden

\*2 With stuffed animals not allowed to be brought into hospital rooms, this activity involves making bears from towels following hygienic protocols and presenting them as gifts.



## 2 Communication with Shareholders and Investors

### 1. Activities for individual investors

As of March 31, 2024, the proportion of individual shareholders in SuMi TRUST Holdings stands at approximately 7.6%. Along with the progress in reducing strategic shareholdings, increasing individual shareholders who appreciate our long-term growth strategy is crucial from a capital cost perspective.

Since FY2022, SuMi TRUST Holdings has been focusing on activities to increase individual shareholders. In FY2023, we participated in 11 briefings for individual investors hosted by securities companies, with a total of 6,353 participants. We also engage in multi-faceted promotional activities, including advertisements in magazines and web media, as well as publishing interview articles. As new initiatives, we released employee interview videos featuring three employees of SuMi TRUST Bank talking about business leveraging the characteristics of trusts, and we also held a discussion between investor Toshiya Imura and President Takakura. In addition to raising awareness of the Group, we will continue to implement a variety of initiatives to help investors learn more about the Group.

In efforts to make our corporate value enhancement initiatives, including our growth strategy, feel closer, we have started offering real-time streaming of investor meetings on financial results (held semi-annually), which was previously limited to institutional investors, through our website. Furthermore, at the General Meeting of Shareholders, we have adopted "The Portal of Shareholders' Meeting<sup>®</sup>," which makes processes from viewing convocation notices to exercising voting rights seamless, aiming to improve convenience for our shareholders.

	FY2021	FY2022	FY2023
Number of briefings for individual investors held	5 times	10 times	11 times
Number of participants in briefings for individual investors	932 participants	4,204 participants	6,353 participants



Interview with Investor Imura (Available on YouTube, in Japanese only)

### 2. Activities for institutional investors

We value constructive dialogue with institutional investors and engage in active communication so that they can better understand our business strategy, corporate governance, sustainability initiatives and other efforts.

In FY2023, we enhanced information disclosure by publicizing the list of strategic shareholdings and the ratio of them to total net assets on our website prior to the shareholders' meeting. Additionally, based on investors' requests and expectations, we published in the securities report of our initiatives on human capital issues, such as gender remuneration differences, with detailed data and background analysis. Furthermore, we introduced a new panel discussion with external directors under the themes of capital-efficient growth strategies and corporate governance.

Through dialogue with institutional investors, we aim to provide a deeper understanding of our perspectives and initiatives. We also regularly report their feedback to the Board of Directors and the Executive Committee, thereby improving our business operations.

#### Dialogue Opponents (FY2023 Results)

President, external director, executive officer, executive in charge of IR, IR Department, Corporate Administration Department, Sustainability Management Department, etc.

#### Dialogue (FY2023 Results)

Investor meetings on financial results for institutional investors and analysts	2 times
Overseas IR tours	7 times
Individual interviews with institutional investors and analysts	362 cases
Conducted by executives	188 cases
Conducted for overseas investors	217 cases
IR Day	3 times

#### Investor Interests (FY2023 Results)

Performance and management strategy	Path to the management indicators set forth in the Medium-Term Management Plan Reduction of strategic shareholdings and status of bear fund Utilization of expenses
Capital policy	Medium-term direction of capital utilization (Balance between investment and shareholder returns)
Macro environment and risk management	Impact of U.S. and Japanese interest rates Status of non-recourse loans for overseas real estate
Management foundation and sustainability-related matters	Composition of the Board of Directors Response to climate change



# Theme. 3

## Governance and Management Framework Materiality



Human Capital



External Directors Panel Discussion



Corporate Governance



Our Directors and Executive Officers and Composition of the Board of Directors of Our Group's Core Subsidiaries



Fiduciary Spirit



Internal Auditing



Risk Management



Initiatives for Financial Facilitation



Security (Information Security Risks and Cybersecurity Measures)



Compliance

*Fulfill the primary functions  
of a trust business  
while meeting the needs of  
the Japanese people.*

The Chuo Trust & Banking Co., Ltd. Founding Prospectus

# Human Capital

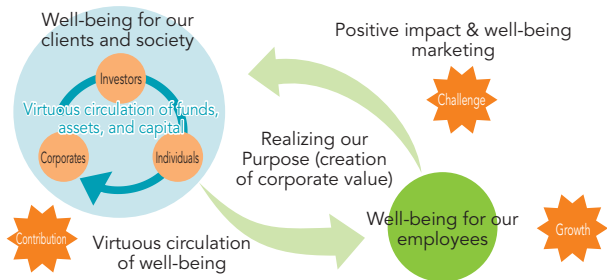
## Human capital strategy and enhancing well-being

Non-financial capital, particularly human capital, is an important part of realizing SuMi TRUST Group's Purpose, promoting a virtuous circulation of funds, assets and capital through initiatives that address social issues, and achieving growth through creation of new markets. Employees are an important source of value creation (as human capital), and play an essential role in creating both social value and economic value. By investing in human capital and enhancing 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 our Group, and we believe that this allows us to build a "virtuous circulation" that raises well-being for every employee through improved motivation, pride, and sense of fulfillment.

The starting point of value creation is employee well-being, and SuMi TRUST Group has defined well-being as the condition in which employees: 1. are of healthy mind and body; 2. identify with our Purpose; 3. build healthy relationships that respect diversity; and 4. pursue wellness in their own work by utilizing their own values and strengths. We will enhance the value of our human capital by pursuing 1 through 4 that are elements for better employee well-being. In FY2024, we will

deepen our human capital strategy to improve human capital, thereby enhancing our organizational strength. Specifically, we will implement additional measures aimed at enhancing the capabilities of each individual employee. By becoming an organization chosen by a diverse range of individuals, we will enhance our organizational strength. As a result, we will be able to achieve more, which in turn will improve well-being for our employees. By establishing such a relationship between individuals and the organization, we aim to realize our management strategies. Furthermore, we are considering adopting a new personnel system from FY2025 onwards to further accelerate SuMi TRUST Group's human capital strategy.

### Virtuous circulation of creating value centering on well-being



## Well-being for our employees

Be of healthy mind and body, identify with our Purpose, build healthy relationships that respect diversity, and pursue wellness in their own work by utilizing their own values and strengths.

Up to FY2023: Bolster human resources by pursuing well-being for employees.

**Bolstering human resources**  
(utilizing one's own values and strengths)

**Fortifying organizational strength**  
(build healthy relationships that respect diversity)

**Enhancing engagement**  
(identifying with our Purpose)

**Health management**  
(physical and mental health)

FY2024 onwards:  
"Challenge/Execution"

Human resources that have been enhanced by pursuing the well-being of our employees form organizational strength, and that in turn strengthens human resources. Through this mutually establishing relationship between individuals and the organization, both human resources and organizational strength will be cultivated.

Human Resources (Individual Capabilities) ↔ Organizational Strength (Organizational Capabilities)

**Building a framework of individuals (HR development) x organization (human resources portfolio) that realize management strategy**

Developing independent, career-oriented personnel | Promoting diverse active participation of diverse human resources  
Career development support / Challenge | Talent identification and optimal placement

**Enhancing engagement**

**Cultivating a culture of taking action and taking on challenges to realize our Purpose**

Cultivating a culture of generating challenges and innovations | Improving productivity and added value  
Further promoting well-being

**Health management**

**Reducing presenteeism**

Promoting health management | Optimizing work styles



## 1 Health Management

Physical and mental health is the foundation of well-being for our employees and the driving force behind added value creation. At SuMi TRUST Group, we are promoting various initiatives to create an organization where employees can feel healthy and happy and work with vitality. Since FY2022, we have been measuring pre-

### 1. Promoting health management

In July 2024, the Group reviewed its “declaration on work style reform” and established a “declaration on health management” to accelerate investment in the physical and mental health of our employees. Aiming to promote physical and mental health, we conduct awareness activities through training and have appointed occupational physicians and other health professionals at our business sites to provide detailed health management and guidance. In FY2023, we held several seminars for executives, including those from affiliated companies, to promote the importance of health investment in management. At SuMi TRUST Bank, in addition to annual health checkups, we have implemented a health management system to provide individual guidance to employees, resulting in an increased follow-up examination rate. For mental health, we conduct stress checks and measure presenteeism and absenteeism to understand employees’ conditions while working to improve the workplace environment. Additionally, we have established an in-house counseling room to maintain their mental health. Moving forward, we will continue to focus on maintaining and improving employees’ health and promote health management suitable for the age of 100-year life.

#### ■ Presenteeism (SuMi TRUST Bank)

	FY2022	FY2023
Presenteeism*1	79%	79%

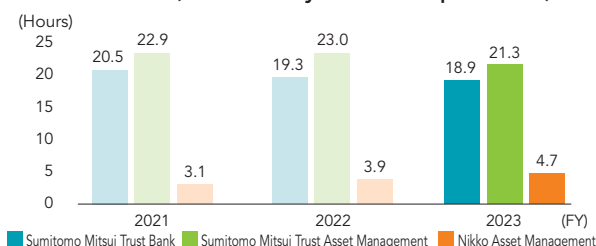
\*1 It refers to the state of working despite having some health issues and is an indicator of whether one can perform adequately at work; the higher the measure, the better.

### 2. Optimizing work styles

SuMi TRUST Group is enhancing IT investments and transforming business processes to improve productivity, reduce overtime work, and promote flexible work styles such as staggered working hours and telecommuting. Through these initiatives, we aim to enhance employees’ health, achieve work-life balance, and provide growth opportunities for them.

At SuMi TRUST Bank, introducing an 11-hour break between

#### ■ Overtime hours (non-statutory work hours per month)



senteeism among employees and focusing on promoting physical and mental health for all of them to enhance their vitality levels. These initiatives have been highly evaluated, and the Group has been certified as “Health & Productivity Management Outstanding Organizations – White 500” for seven consecutive years since 2018.

#### Declaration on health management

SuMi TRUST Group believes that the well-being of our employees is of the utmost importance in order to realize our mission of “Open up the entrusted future.”

The vision for health management is for each employee’s healthy and vibrant work to create value for our clients and society through our services, which in turn fosters employee engagement and results in a virtuous circulation.

We will continue to execute health management while sustaining work style reforms from the following perspectives.

- Supporting health promotion through health investment initiatives
- Achieving diverse work styles and work-life balance
- Providing opportunities for employees to thrive and grow with a sense of purpose

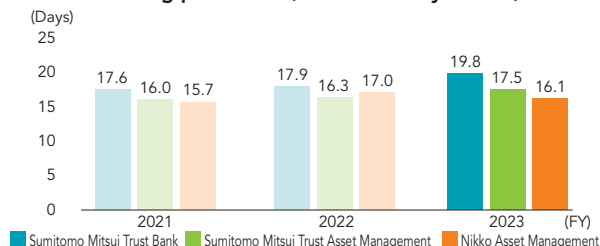
#### ■ Stress check (SuMi TRUST Group)

	FY2021	FY2022	FY2023
Overall Health Risk*2	95	93	90
Percentage of Employees with High Stress	10.5%	10.3%	10.1%

\*2 The average of the standard population is 100, and the lower the value, the better.

work shifts and encouraging people to take planned leave have proven effective, resulting in reduced overtime hours and increased days of paid leave taken. For further optimization of work styles, we are considering the introduction of an 11-hour break between work shifts across the entire group, as well as setting a target for the rate of paid leave taken and expanding full remote work at SuMi TRUST Bank.

#### ■ Status of taking paid leave (number of days taken)



## 2 Enhancing Engagement

SuMi TRUST Group aims to enhance its human capital and employee engagement by having employees empathize with our Purpose “Creating new value with the power of trusts and let a prosperous future for our clients and society bloom” and conse-

quently strive to resolve management challenges as well as social missions. Additionally, in preparation for our 100th anniversary, we are working to cultivate a corporate culture of taking on challenges to realize our brand slogan “Open up the entrusted future.”

### 1. Cultivating a culture of generating challenges and innovations

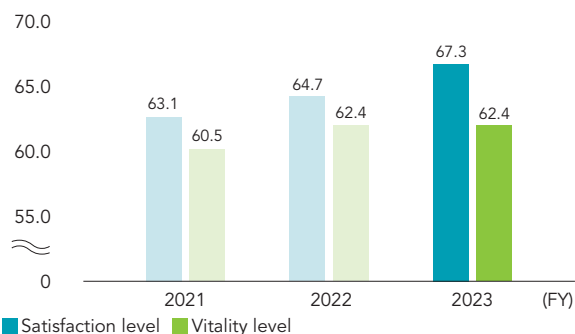
The Group is working to promote the Purpose group-wide and foster a company culture in which all employees are encouraged to pursue their challenges and grow, and encourage two-way communication, in particular between management and employees, so as to provide opportunities to work with a sense of purpose. For the 100th anniversary project, we selected 443 employees (as of March 31, 2024) from 24 affiliated companies as ambassadors with a focus on building a culture of taking on challenges, and letting them lead and drive the project. At SuMi TRUST Bank, during the formulation of our Purpose in 2021, the President himself conducted 26 caravan sessions (with about 12,000 employees participating) to communicate our Purpose to all employees. Since then, we have continued efforts to further instill our Purpose and management strategies through dialogue-based lectures with the President for all section managers and team leaders, as well as trust FR (Future Generations Relations) seminars aimed at developing the next generation. In addition, the Bank has introduced employee awareness surveys and pulse surveys to objectively assess the degree of penetration of company policies, the work environment, and the level of engagement that enables top management and general managers to objectively monitor the latest conditions and take necessary actions. The level of satisfaction and vitality, which function as an indicator to evaluate the quality of employee engagement, exceeded the baseline score of the 60 range. In FY2022, the score

reached the highest level since the integration back in 2012 and has been on an upward trend. However, while satisfaction levels have significantly increased, vitality levels have remained stable. Moreover, although the understanding of our Purpose and the degree of actions related to it remain high, they have shown a decline. Our analysis shows that these issues reflect a transitional phase where employees find it challenging to translate their growing understanding of our Purpose into specific actions and practices for their jobs and future. Moving forward, we will focus on creating a transparent, psychologically safe work environment and further strengthening one-on-one interactions to support employees in taking concrete actions to apply and realize our Purpose in their jobs and future and taking on challenges. Additionally, through the 100th anniversary project, we are also considering implementing awards as a way to recognize the attitude to embrace challenges.

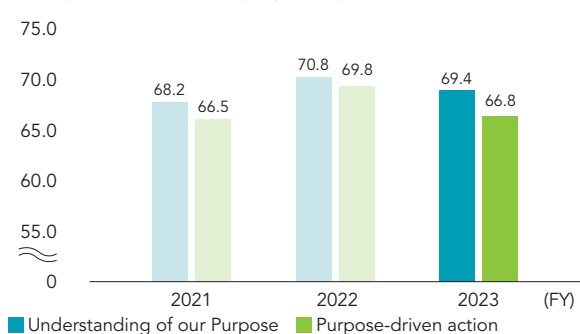
■ Number of voluntary resignations in indefinite-term employees (FY2023)

	Number of voluntary resignations	Turnover rate
Sumitomo Mitsui Trust Bank	347	3.4%
Sumitomo Mitsui Trust Asset Management	21	4.5%
Nikko Asset Management	18	3.0%

■ Employee awareness survey (Satisfaction and vitality) (SuMi TRUST Bank)



■ Employee awareness survey (Sympathy for our Purpose) (SuMi TRUST Bank)



### 2. Improving productivity and added value

SuMi TRUST Group monitors employee feedback on issues such as the complexity of internal procedures, inefficiencies in business processes, and outdated practices through employee awareness surveys. We believe that reforming business processes and improving productivity are crucial challenges that will drive individual employees’ ac-

tions and foster a corporate culture of taking on challenges. Accordingly, SuMi TRUST Bank has launched “Future X” in FY2024 and has been initiating a company-wide business process reform. Going forward, we will continue to enhance human capital by creating time for each employee’s value creation.

### 3. Further promoting well-being

In April 2021, our Group has newly appointed an executive officer in charge of well-being. We have been promoting in-house and external well-being activities through participation in several collaborative industry-government-academia sessions such as the “Well-being Initiative” hosted by Nikkei Inc. Since a series of caravan events that were held in FY2021 (approximately 10,000 total employees participated in total of 34 sessions), we have been aiming to enhance the company’s culture of well-being in such a way that the executive officer in charge of well-being directly approaches employees and actively discusses about the importance of well-being. Furthermore, in recent years, we have been focusing not only on company branding but also on enhancing employee engagement via external promotions.



Published in The Nihon Keizai Shimbun, August 2023



Published in The Nihon Keizai Shimbun, December 2023

Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

Data Section

#### Providing employees with "FINANCIAL WELL-BEING"

SuMi TRUST Group is striving to contribute to FINANCIAL WELL-BEING<sup>\*1</sup>, one of the ways in which we are working to build a prosperous future that is the goal of our Purpose, and aim to become the best partner in the age of 100-year life. As we strive towards achieving our Purpose, we consider FINANCIAL WELL-BEING to be a part of value creation ultimately contributing to the well-being of our clients as well as society and we offer every client appropriate options that is tailored to realize happiness over the time horizon of a 100-year lifetime. SuMi TRUST Bank assists employees’ asset formation by providing them with knowhow that SuMi TRUST Bank has accumulated through its businesses to help them gain their own FINANCIAL WELL-BEING, so that employees may concentrate on value creation. Regarding defined contribution pension trusts, more than 80% of employees selected investment trusts, and approximately 70% of employees also have access to a matching contribution scheme. New employees who joined SuMi TRUST Bank in 2022 were offered the opportunity to take part in educational programs that harnessed the knowhow 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 investment trusts as their investment and utilizing matching a contribution system in the defined pension plan. The educational programs have now been made available to Group companies and employees’ families.

In addition, in FY2022, the RS Trust<sup>\*2</sup> was introduced for all employees as a new equity incentive plan in order to help employees align their interest with the company and pursue medium- to long-term growth together. In April 2023 and April 2024, more than 10,000 employees received shares. Moreover, the financial incentive of the Shareholding Association was increased to 20% from 8% in FY2022, and the annual contribution to the program increased 2.5 times<sup>\*3</sup> as a result.

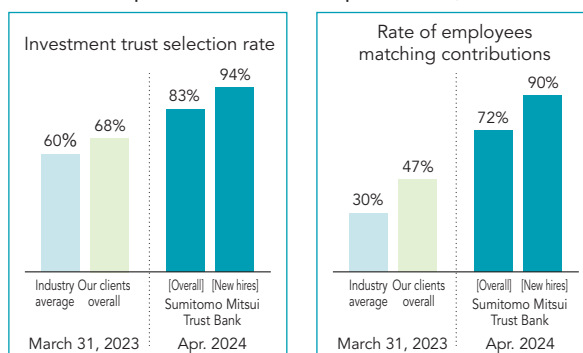
By age group, the growth rate of young and mid-level employees in their 20s and 30s stands out. The purpose of this system is to share the management philosophy of our Purpose with employees and to promote awareness of medium- to long-term growth. We believe that this system will lead to resolving social issues and pave the way for the growth of our Group. Additionally, we provide asset-building education for all employees based on the investment education program that we have accumulated through our pension business and workplace businesses. We are constantly striving to expand the content and receiving positive feedback from many employees, such as “I feel a little less anxious about the future.” We will continue to promote continuous improvement of financial literacy and autonomous asset formation.

\*1 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.”

\*2 A stock compensation plan for employees that combines the advantages of share delivery trust and restricted stocks (RS: Restricted Stock)

\*3 Comparison of the amount of annual reserves between FY2021 and FY2023

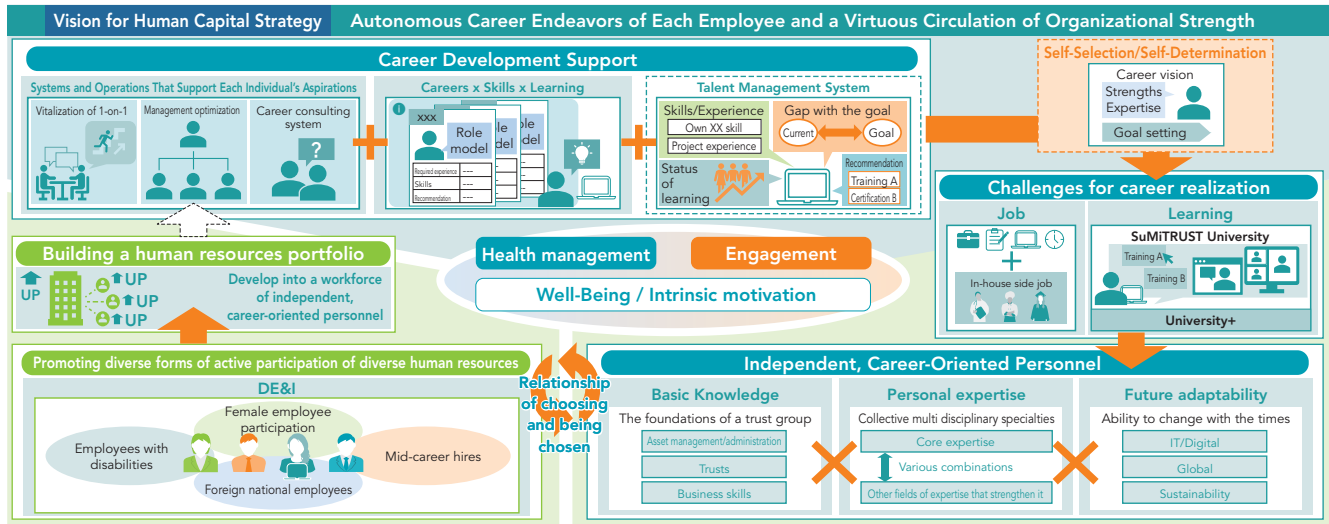
#### ■ Utilization of corporate defined contribution pension trusts (SuMi TRUST Bank)



### 3 Human Resource Strength (Individual Capabilities) ⇔ Organizational Strength (Organizational Capabilities)

As a trust group with the strengths of its wide array of functions and diversified business portfolio, our Group has placed emphasis on “utilizing the diversity and creativity of each employee for company management.” The concept of diversity, equity, and inclusion under the doctrine of fair and equitable treatment is enshrined in our management princi-

ples (mission) so that employees with diverse attributes and backgrounds can add value to the organization. We will implement various measures to help each employee achieve their aspirations. Additionally, by becoming an organization chosen by diverse human resources, we will build the workforce necessary to achieve our management strategies.



#### 1. Developing independent, career-oriented personnel

In its human resource development efforts, our Group has defined independent, career-oriented personnel as “personnel with fundamental knowledge of trust who can combine multiple areas of expertise, independently assess their area of focus and integrate their specialty as they shape their own careers.” Our Group is committed to nurturing such personnel through our career development efforts. Today, social systems have further expanded and become complex, requiring multifaceted responses to solve problems for clients and society. We will produce human resources that can adapt to the future with comprehensive capabilities that integrate the fundamental skills each individual possesses with the expertise accumulated through their career.

##### ① A fair personnel evaluation system involving participation of the appraisee

The personnel evaluation system of SuMi TRUST Group is “self-participatory.” Employees discuss with their supervisors to set specific task objectives, and at the end of the fiscal year, they review with their supervisors the outcome of the tasks and the process for achieving them, to ensure a high level of satisfaction regarding their appraisal. At SuMi TRUST Bank, in order to support autonomous career development, we have established a system whereby the organization and employees define medium- to long-term aspirations, based on which they set medium- to long-term and annual goals and challenges.

##### ② The foundations of a trust group

Many SuMi TRUST Bank employees have qualifications as real estate transaction agents, securities analysts and other certifications that are closely related to trust businesses. The employees enhance their expertise and comprehensive capabilities unique to a trust bank by gaining practical experience through their job assignments. In addition, the Bank has highly specialized employees with qualifications as pension actuaries, real estate appraisers and other specialized qualifications, all of whom contribute to increasing the number of professionals in the Group.

■ Number of personnel with certain qualifications (SuMi TRUST Bank, as of the end of March 2024)

Real estate transaction agent	6,549
Securities analyst	807
Real estate transaction agent & securities analyst	570
Financial planner - 1st grade	748
Pension actuary	46
Personnel who passed the real estate appraiser examination	186
In-house lawyer	36
Certified public accountant	14
Licensed tax accountant	10
Labor and social security attorney	43
PhD	14

### ③ Strategic human resource assignment and multiple specialties

Our Group aims to maximize the potential of employees through strategic job positioning. SuMi TRUST Bank has established a development program for young employees, in which employees gain experience in multiple businesses within five years of joining the company, so that they can determine their own aptitude for the business through their work experience, and a work challenge system (applicants assigned to specific business areas based on their application) for new graduate hires with the aim to promote the autonomous career development of employees. In addition, the Bank holds business briefing sessions (762 participants in FY2023) as an opportunity for employees to learn more about each business area and have an opportunity to consider their own future career development, after which job openings are posted. Approximately one third of applicants is engaged in a business or department of their choice. The Bank launched its in-house side job system in fiscal 2021, with the aim of integrating human resources and knowhow in a way that transcends traditional operational boundaries, promoting skill development and innovation through having employees engage in the work of their choosing once a week. The system's menus have now grown to 30 varieties. We have also started inter-group side jobs, and are working on facilitating human resource exchange as well as knowledge sharing within the group.

#### ■ Career development support (SuMi TRUST Bank)

	FY2021	FY2022	FY2023
Number of internal job posting system applicants	359	377	425
Percentage of employees who qualified through the job posting system	27%	33%	32%
Average age of applicants	30.8	31.6	32.6

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

Project	Details
Well-being promotion	Plans internal and external promotion of well-being (event planning, internal and external social activities and information dissemination)
Life plan consulting	Offers life plan consulting services for occupational clients (an online portal, strategic planning for the asset formation generation)
My Future Project	Administrative staff at Corporate Business challenge other departments in their own area of business
RPA building	Produces RPA (JiPath) and promotes automation
Sustainability	Planning and developing measures for sustainability work at Group companies
University of Tokyo Joint Research Dispatch (Zero Carbon)	Participation in joint research with the University of Tokyo (examination of supply of funds and investment that contribute to solving social issues)
Digital Marketing	Examining the enhancement of marketing by advanced technology-enabled analytics in collaboration with major tech companies

### ④ Ability to change with the times

SuMi TRUST Bank has focused on re-skilling by training and expanding its support for obtaining essential qualifications to strengthen its employees' skillset of IT/digital-related technologies required to bolster the trust businesses. In April 2023, we set specific KPIs for IT/digital talent development and implemented proactive measures such as enhancing training content. As a result, HR development is progressing as planned. Moreover, as part of our initiatives to develop talent that can lead global business, we are expanding the pool of potential global business personnel by enhancing foreign language proficiency through language training. We are also providing practical

experience to those without prior overseas experience by dispatching them abroad and strategically placing them in global roles domestically. Furthermore, we are implementing EGP training (Enhancing Global Perspective), which involves selecting next-generation management personnel who have primarily built their careers domestically and sending them to top overseas business schools for short-term programs to foster a global management perspective. We are also promoting education on sustainability with the aim of creating future-appropriate human resources who can change in accordance with evolving trends.

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

	FY2021	FY2022	FY2023
Core IT proficient human resources*	—	—	245
Core IT proficient human resources* (Junior)	—	—	1,118
Globally capable personnel	610	650	739

\* Core IT proficient human resources is a newly established metric aligned with the Medium-Term Management Plan (FY2023-2025), and there are no actual figures for FY2021 and FY2022.

## 2. Career development support / Challenge

Self-selection and self-determination of employees are important for developing independent, career-oriented personnel. To this end, the Group will support the efforts and challenges of each and every employee to realize their "Aspiration" through the expansion of options as well as the development of systems and environments that enable employees to make their own choices and self-determination.

### ① Connecting careers, skills, and learning

SuMi TRUST Bank defines and visualizes the necessary skills and career paths for each of the broad-ranging operations of a trust bank. By communicating these role models and learning menus, we support the voluntary endeavors of our employees. Furthermore, in the future, we plan to combine these elements into our talent management system, which is currently under preparation. This will enable employees to recognize their own skills and work experiences, understand the gap to their career visions, and identify the learning and work experiences needed to achieve them, fostering autonomous career development. The Company will also utilize this system to identify the personnel needed to achieve its management strategies, optimize personnel deployment aimed at their growth, and enhance relocation management.

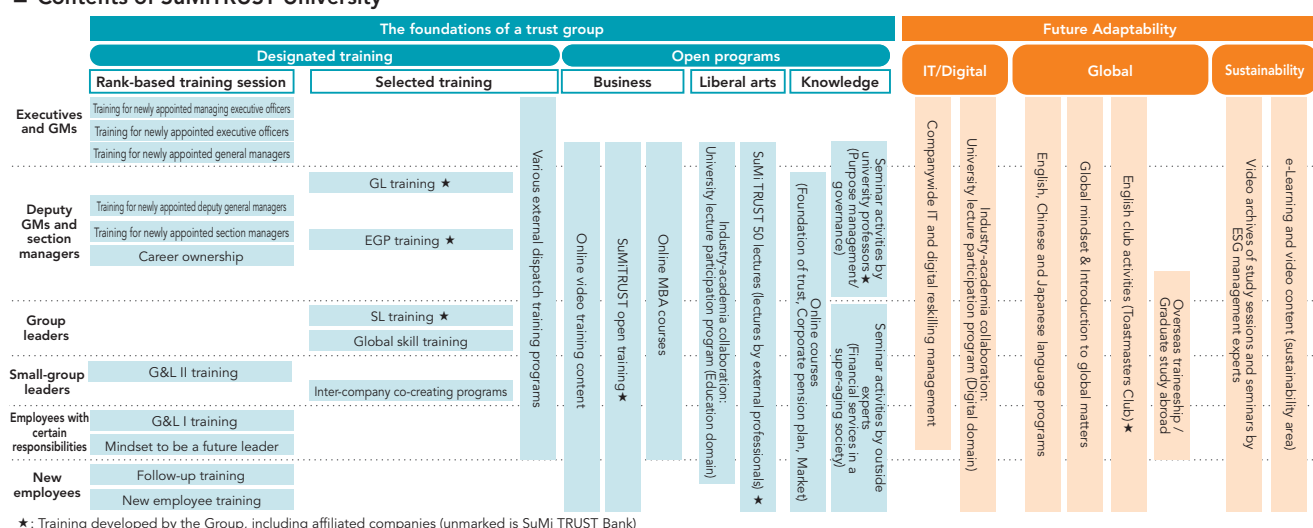
### ② Systems and operations that support each employee's aspirations

To increase the vitality level, which is an indicator of employee engagement, and to translate this into specific actions based on employees' purposes, it is crucial for the management to provide career support tailored to the characteristics and career aspirations of each subordinate through efforts including 1-on-1 meetings. Meanwhile, SuMi TRUST Bank recognizes, through the measurement of presenteeism, that section managers are particularly busy with daily tasks and guiding subordinates. Therefore, the Bank aims to support employees' career development by not only optimizing the scale of sections and increasing the number of section managers but also by placing in-house career consultants.

### ③ Expanding HR development content

In order to realize the career aspirations of each employee, SuMi TRUST Group provides opportunities for employees to choose and learn according to their career aspirations at SuMiTRUST University (in-house college) in addition to group training to improve their operational and other skills. In FY2022, we launched a learning management system called "University+," which aims to create new value through seminars in which employees who have no interaction in the ordinary course of business gather for discussions and studies and also have opportunities to exchange opinions with an aim to stimulate each other's perspective.

#### ■ Contents of SuMiTRUST University



#### ■ Investment in HR development (Training cost per person, FY2023)

Sumitomo Mitsui Trust Bank	Sumitomo Mitsui Trust Asset Management	Nikko Asset Management
142,000 yen	94,000 yen	101,000 yen

#### ■ Transition of training activities (SuMi TRUST Bank)

	FY2021	FY2022	FY2023
Total number of trainees	14,050	16,781	49,444
Group training hours	6,680	6,759	5,769

In FY2023, we expanded online content that can be learned through personal choice, such as IT and digital topics, and streamlined overlapping content from group training with a focus on internal knowledge. Consequently, while the total number of training participants has significantly increased, the time allocated for group training has decreased.

## 3. Promoting diverse active participation of diverse human resources

Our Group believes that securing human resources with diverse experience and skills is essential for maintaining and developing the broad and deep business unique to a trust group and is promoting various measures to achieve this objective.

### ① Women's active participation promotion / Work-life balance support

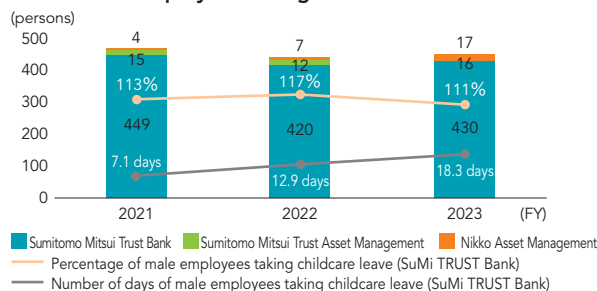
SuMi TRUST Group has set KPIs in favor of the Keidanren "Here We Go Year 2030 30%," project, under which companies aim to have women account for 30% or more in management roles by the year 2030, and we have established KPIs that will increase the ratio of women in management positions (section managers, team leaders and above) to 20% or more by the end of March 2025. In addition, as a part of its general business owner action plan to promote the active participation and advancement of women, SuMi TRUST Bank has formulated a plan which aims to have 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, thereby accelerating the planned initiatives. In addition to rank-based training sessions and for all employees and female leaders, in FY2021 we introduced an Executive support program, in which com-

pany's executives directly support the career development of female employees who are responsible for management duties. As of FY2023, a total of 160 female employees have participated. Through the analysis of gender remuneration disparities, we came to recognize the importance of initiatives that help achieve careers regardless of life events, such as promoting female employees to management positions, reducing overtime hours, creating a system that offers career options and enables early return to work according to life events, and enhancing flexible working systems. Going forward, we will continue to expand our work-life balance support system and foster a supportive corporate culture.

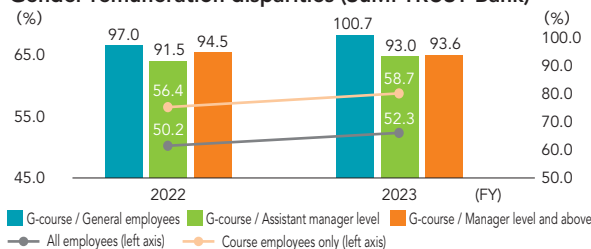
#### ■ Status of female employees in management positions



### ■ Number of employees taking childcare leave



### ■ Gender remuneration disparities (SuMi TRUST Bank)



Gender remuneration disparities among all employees and course employees (about 76% of all employees) are influenced by factors such as the higher concentration of men in managerial roles in higher-paying G-course positions. In G-course, gender remuneration disparities for each position exceed 90%. However, as the remuneration gap tends to widen at the level of managers and above where women's life events occur, we are promoting women to managerial positions, and simultaneously implementing measures to minimize women's career breaks, such as support for their early return to work.

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

Fiscal Year	Issue	Measure
FY2017	Accompanying spouse on overseas transfer	Established new system for employees to take leave to accompany spouses on overseas transfers
FY2019	Balancing cancer treatment and work	Established cancer treatment leave
FY2021	Balancing between fertility treatments and work	Established the Fertility Counselling Office
FY2022	Commencing childcare leave for male employees	Established new childcare leave
FY2023	Support for early return to work	Increased the number of affiliated childcare facilities and introduced a work-life balance support system including household assistance services

### ■ Number of employees using systems to optimize work-life balance

	FY2021	FY2022	FY2023
Number of employees taking nursing care leave	244	284	320
Number of employees taking cancer treatment leave	50	50	40
Number of employees taking leave of absence to accompany family members overseas	21	17	22

## ② Empowering mid-career hires

Our Group actively hires mid-career employees. At SuMi TRUST Bank, 22% of all employees and 24% of those above the management level (as of March 31, 2024) are mid-career hires. In recent years, to establish growth areas, the Bank has adopted unique strategies such as recruiting PhDs in science and engineering to establish technology-based finance teams with the aim to solve social issues.

### ■ Number of mid-career hires in each fiscal year

	FY2021	FY2022	FY2023	
				*
Sumitomo Mitsui Trust Bank	139	247	179	22%
Sumitomo Mitsui Trust Asset Management	56	45	42	9%
Nikko Asset Management	24	30	38	90%

\* The percentage of mid-career hires to all employees at the end of the fiscal year

## ③ Empowerment of employees of many nationalities

Employees of many nationalities play active roles in our Group, and the number in management positions is increasing every year. SuMi TRUST Bank conducts training aimed at giving a better understanding of our Group and its operations and strengthen its human network. The Bank also promotes personnel exchanges through long-term overseas business trips and posting.

### ■ Status of foreign national employees (as of March 31, 2024)

	Number of foreign national employees (Japan)	Number of local employees hired at overseas offices	Percentage of management positions at overseas offices filled by local staff
Sumitomo Mitsui Trust Bank	87	774	74%
Sumitomo Mitsui Trust Asset Management	3	13	50%
Nikko Asset Management	55	313	97%

## ④ Promoting the success of persons with disability

SuMi TRUST Group aims to create a working environment where all employees, regardless of their disability, can work with sense of fulfilment as members of the workplace. At SuMi TRUST Bank, employees with disabilities work at 109 departments (as of March 31, 2024) where they have contact with clients or perform administrative tasks at the head office. In FY2022, we established an organization within the Human Resources Dept. dedicated to promoting the active participation of employees with intellectual and mental (developmental) disabilities, and this initiative has now been adopted in Osaka as well. The employment rate for persons with disabilities as of June 2024 is 2.33%.

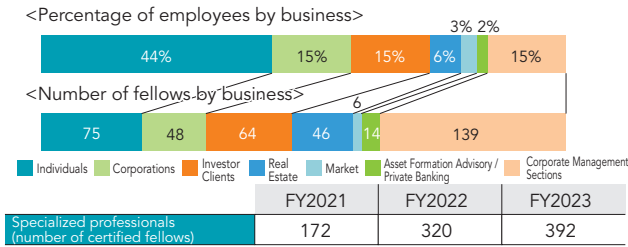
## 4. Talent identification and optimal placement

SuMi TRUST Group identifies critical talent groups who are essential to advance the Group's business model through assessments related to the visualization of our human resource portfolio. By the combination of investment in human resource development, strategic human resource assignment, and new graduate and career hiring, we are strengthening the human capital and organizational strength that are necessary to achieve our management strategy. We are also advancing initiatives to manage successors by identifying critical posts essential for the continuity of the Group's management. We aim to further enhance our human capital from both offensive and defensive perspectives.

### ① Specialized professionals (number of certified fellows)

At SuMi TRUST Bank, we certify employees as fellows by their capabilities to contribute to revenue generation and generate added value through their advanced expertise as fellows across a wide range of business areas and generations, and we are committed to expanding our specialized personnel.

■ Percentage of employees and number of fellows by business (SuMi TRUST Bank, as of March 31, 2024)



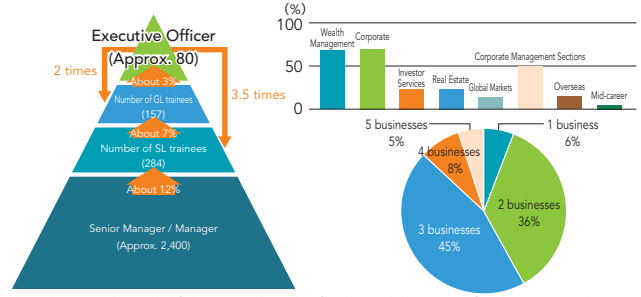
② Senior management personnel (next-generation leaders)

In collaboration with universities in Japan and overseas, we hold training for selected personnel each year, such as GL training (Global & General Leader training: For deputy general managers) and SL training (Strategic Leader training: For senior managers). For the participants of these programs, we promote the development of the next generation of leaders and secure a pool of necessary management personnel by offering opportunities to put their learning into practice through promotion, reassignment and other means. In addition, we are supported by management personnel unique to a trust bank, who possess diverse business experiences and is capable of cross-sectional value creation, which is attainable by cross-business personnel assignments unique to a trust bank.

■ Pool of necessary management personnel (SuMi TRUST Bank)

	FY2021	FY2022	FY2023
Number of participants in selected training (cumulative)	393	419	497

■ Status of securing management personnel, the ratio of each business experienced by executive officers and above, and the number of businesses experienced by executive officers and above (SuMi TRUST Bank, as of March 31, 2024)



The numbers in parentheses in the left chart represent the number of employees with the position as of March 31, 2024. GL and SL training participants are the cumulative total of employees with the position and the training experience. The upper right shows the percentage of current executive officers and above with experience in each business, while the lower right shows the number of business experiences of executive officers and above. (In addition to overseas experience, the previous job before joining as a mid-career is also counted as one business).

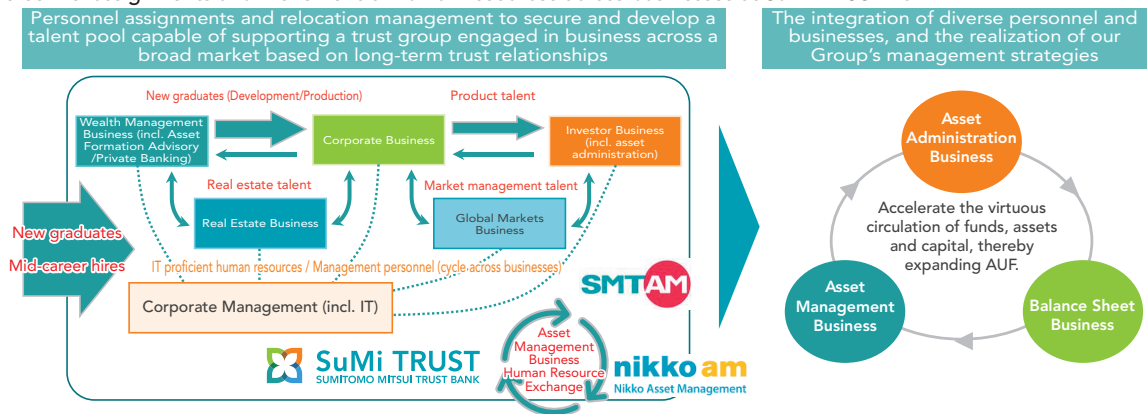
Aiming to be an organization that is actively participated in by diverse human resources to create new value

Based on a fiduciary spirit, leveraging its significant expertise and comprehensive capabilities, SuMi TRUST Group is a trust group that creates unique value through a new business model that integrates diverse businesses. Our Group's initiatives are the very history of trust in Japan. SuMi TRUST Group has embraced a history of challenge and pioneering, in which it has tackled the challenges faced by clients and society in each era, utilizing the functions of trust, and taking on a series of challenges to provide solutions. With a wide range of business areas, the characteristic that defines our Group is that highly specialized human resources in each business area demonstrate their strengths, enhance each other's abilities, and work together to realize value creation. In respect of the individuality of our diverse human resources and to enable each employee to maximize their abilities, our Group is working to create an organization that creates new value by taking the circumstances of each employee into consideration.

Through strategic human resource assignment and relocation management across various businesses, SuMi TRUST Bank strengthens

collaboration across diverse business areas, which is the foundation for its business model unique to a trust bank, and is centered on asset management and asset administration which leverages long-term transactions based on trust relationships with clients. Simultaneously, the Bank is developing and reinforcing diverse human resources unique to a trust bank, which is a source of the Group's competitiveness. Moreover, to transform businesses in line with evolving trends, we are expanding investment in human resource development, such as reskilling, in key areas. Simultaneously, we actively incorporate fields in which it is difficult to gain experience and knowledge internally through mid-career hiring, thereby enhancing organizational strength. Initial assignments after joining are also purposefully aligned with the external environment and management strategy of the time. By strategically combining new graduate and mid-career recruitment, human resource development, and personnel assignments, SuMi TRUST Bank is developing management and specialized personnel to support its future and build a talent pool that helps achieve management strategies.

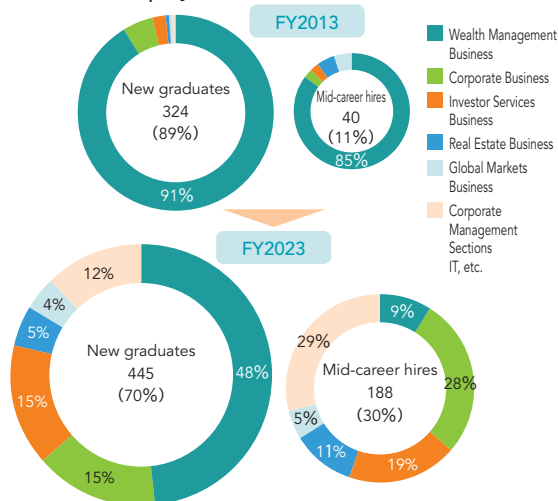
■ Personnel assignments and movement of human resources across businesses at SuMi TRUST Bank





Over the past 10 years, SuMi TRUST Bank has seen significant changes in initial assignments after joining the company. In departments responsible for planning, employees with diverse expertise, gained from experiencing various roles through strategic personnel assignments, coexist. The proportion of these employees and those certified as fellows is close to the company-wide average. Moreover, the combination of experience in planning with experience across multiple businesses contributes to the formation of a

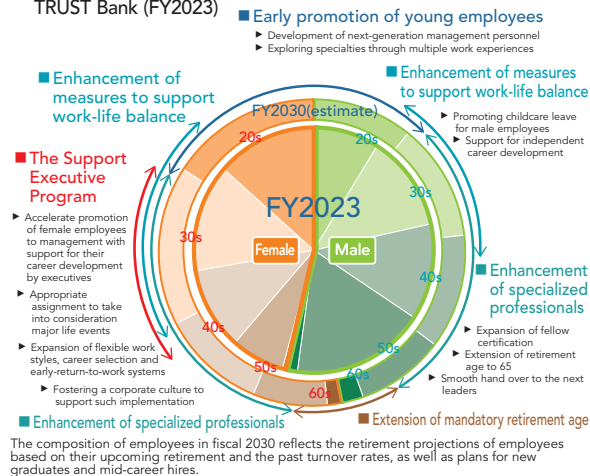
■ Changes in initial assignments of new graduates and mid-career employees (SuMi TRUST Bank)



The number of mid-career hires in FY2023 conflicts with the figure on page 77 because it includes rehired employees after retirement.

Furthermore, SuMi TRUST Bank is implementing concrete measures, with an eye on future changes in the age distribution of its employees, an increase in the ratio of women and other changes in its talent pool. The Bank is accelerating its efforts to create a rewarding organization in which all employees work actively and create new value. Going forward, we will continue to support the auto-

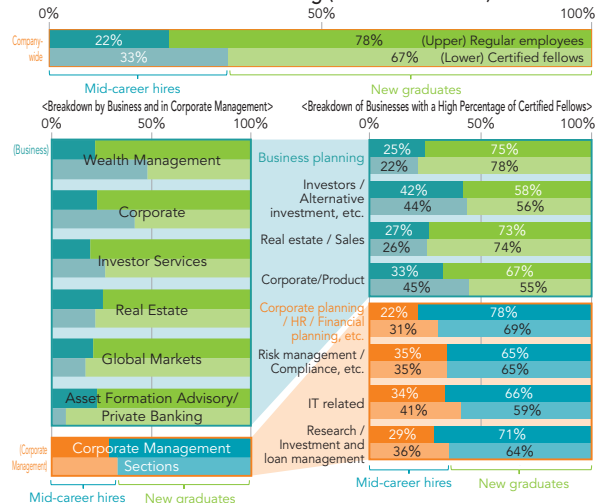
■ Composition of employees by age and key measures in SuMi TRUST Bank (FY2023)



The composition of employees in fiscal 2030 reflects the retirement projections of employees based on their upcoming retirement and the past turnover rates, as well as plans for new graduates and mid-career hires.

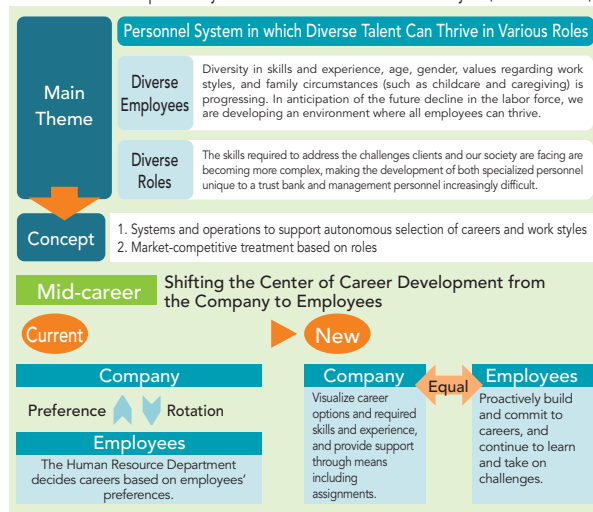
talent pool for future management personnel. On the other hand, external talent is actively recruited through mid-career hiring in key areas such as alternative investments and IT, as well as defensive areas such as risk management and compliance. As a result, the proportion of mid-career hires among both regular employees and fellows is high. By integrating various types of talent, including new graduates who have experienced multiple roles through personnel assignments, we create value typical of a trust bank.

■ Percentage of employees and certified fellows by new graduate recruitment and mid-career hiring (SuMi TRUST Bank)



nomous career choices of each employee under the principle of fair and equitable treatment and placement, and will continue to strengthen its investment in human capital while promoting changes to its personnel system and operations that aligns with the future so that diverse employees can excel in diverse roles.

■ Overview of the new personnel system under consideration for FY2025 and beyond (SuMi TRUST Bank)





Nobuaki Kato  
External Director

Kaoru Kashima  
External Director

Mitsuhiro Aso  
External Director

Direct dialogue with investors through a panel discussion with External Directors

## Toward the Board of Directors Trusted by Stakeholders

On March 5, 2024, a “Panel Discussion with External Directors” was held at the head office of Sumitomo Mitsui Trust Holdings, to which approximately 50 institutional investors were invited. Three External Directors took the stage to discuss growth strategies, corporate governance, and questions raised by investors.

### Understanding of market valuation and evaluation of management strategies

**Fukuta:** Could you tell us how you evaluate the stock price and what you consider as the challenges?

**Kato:** Even before the request from the Tokyo Stock Exchange last spring, the Board of Directors has been dis-

cussing with a strong awareness of the need to achieve ROE of at least 8% in FY2025 and 10% or above by FY2030, and to achieve PBR at least 1.0x as early as possible. In particular, Mr. Takakura, President & CEO, has repeatedly mentioned this at the Board of Directors’ meetings, and SuMi TRUST Group has been discussing what is needed to improve its PBR ahead of global trends. Although there is a background that the banking industry has been required to be well capitalized in accordance with financial regulations, we were initially surprised to see the entire Japanese financial industry’s PBR ratios below 1.0x across the board. SuMi TRUST Group needs to work hard to achieve a PBR of at least 1.0x. As is true of the banking industry as a whole, one of the reasons for the low PER, which is a component of PBR, is that the industry is viewed by investors as being conservatively managed. Growth strategies are important for improving PER, and we need to make investors be sure of the strategy that we will follow to grow.

From this perspective, SuMi TRUST Group is working to grow through the expansion of AUF (Assets Under Fiduciary) in the Medium-Term Management Plan with three areas of value creation, namely “The age of 100-year life,”



**Tomomi Fukuta**  
Moderator  
Lazard Japan Asset Management  
Senior Vice President  
Portfolio Manager/Analyst  
Temporarily Professor, Keio University Graduate School

“ESG/Sustainable Management,” and “Networking.” I believe that this is the right direction. In order for a company to grow, it is necessary to create new markets and to have competitive products and materials, and it is important to have the development ability to support this. SuMi TRUST Group has the advantage of being well-versed in broad-ranging businesses, especially trust-related businesses, and has extensive expertise, development ability, and brand strength through the accumulation of trust over many years.

At the Board of Directors’ meetings, we consider it a challenge to have more in-depth discussions focused on growth strategies, and I would like to deepen discussions regarding promising products that will contribute to creating an Asset Management Nation, as well as strategies for products and services that are competitive with other companies. In addition to a steady commitment to the strategy, the power to convey the message is also important. We intend to deepen discussions on our growth strategies and clearly disclose the results of these discussions in order to gain the understanding and support of our stakeholders.

**Kashima:** External Directors are also very concerned about the PBR under 1.0x, and consider “ROE of 10% or above in FY2030” as an important target also in terms of meeting expectations from outside the company and improving PBR. However, we cannot expect our stakeholders to have high expectations for the future without better results. In order to achieve ROE of 10% or above, it is also important to discuss how to expand current profits. I believe that such discussions will ultimately make investors’ expectations and trust in SuMi TRUST Group, which will also lead to improvement in our PER. In addition, the AUF that SuMi TRUST Group has disclosed, is a meaningful concept in terms of comprehensively presenting our Group’s strategy; however, it is a highly unique indicator. Thus, it may also be difficult to understand it from an outside perspective. We believe it is necessary to make the utmost effort to improve our disclosure in a way that is easier to understand.

**Fukuta:** Could you tell us how you discuss at the Board of Directors about the current Medium-Term Management Plan and management strategies such as business portfolios and what challenges you recognize there?

**Kato:** We spent about a year intensively discussing the formulation of the Medium-Term Management Plan, in particular taking a lot of time deliberating on the selection of areas of value creation. In addition, aiming for the aspiration in FY2030, we have set targets for the three years of the current Medium-Term Management Plan by back

casting from the aspiration. As the outline was disclosed in May last year, SuMi TRUST Group believes that our business model of growing our fee revenue based on the growth of our businesses for asset management and asset administration will enable us to achieve growth with high capital efficiency. SuMi TRUST Group’s growth strategy is a unique business model that allows us to earn revenue as we exercise our function as a financial intermediary between economic agents - individuals, corporations, and investors. On the other hand, we believe that upgrading the management base is even more important, as cross-business and sophisticated business management is required to link investment chains across each economic entity and exercise synergy. We believe that we need to make further efforts to promote such sophistication and to help investors better understand SuMi TRUST Group’s growth strategy through careful dialogue with them.

**Kashima:** To increase profits, strengthening the business portfolios by optimizing a combination of businesses is a very important issue. I have the impression that discussions on business portfolios are taking place more frequently at the Board of Directors’ meetings and are becoming more specific in content. The Board of Directors actively discusses the analysis of the business portfolios and the operations that need to be improved or withdrawn. Furthermore, in the process of discussion, we are able to discuss with an awareness of enhancement of total values including not only economic value but also non-financial added value and social value that only our Group can provide, which I feel is a high-quality discussion.

On the other hand, we recognize that development of the underlying data is the challenge to further increase the effectiveness of the discussion in the future. The Trust Group has a variety of businesses, and in developing interrelated businesses, it is not enough to focus on the profit and



**Nobuaki Kato**  
External Director

He served as President and CEO of DENSO CORPORATION, and has been serving as an External Director at SuMi TRUST Holdings since June 2021. Member of the Nominating Committee, the Compensation Committee, and the Conflicts of Interest Committee.

loss of individual businesses. The challenge is that some areas exist where the contributions between businesses have not been fully analyzed or explained in a quantitative manner. I feel that if the degree of contribution is visualized with reasonable figures, the quality of future discussions will be further improved. The Executives also share a common understanding of the challenges and are actively working on joining the contribution of cross-business and non-financial indicators.



**Kaoru Kashima**

**External Director**

After serving as Managing Director of Ernst & Young ShinNihon LLC and Representative Director of Ernst & Young Institute, she served as an External Director at Sumitomo Mitsui Trust Bank, Limited, for two years from June 2019. She has been serving as External Director of SuMi TRUST Holdings since June 2021. Member of the Audit Committee and the Risk Committee in FY 2023. Chairperson of the Audit Committee, member of the Nominating Committee and the Compensation Committee in FY2024.

## Evaluation of efforts for enhancing corporate governance

### **Fukuta: What discussions are taking place in the Nominating Committee regarding the composition of the Board of Directors?**

**Aso:** Let me first explain the evolution of SuMi TRUST Holdings' governance structure. When I became an external auditor for Sumitomo Mitsui Trust Bank, Limited in 2016, SuMi TRUST Holdings was a company with a board of corporate auditors. I was involved as an observer in the discussions to review the institutional design, and based on the conclusion that we should shift to a company with three committees, we changed to the current structure in 2017. Since then, our subsidiaries, Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management have also shifted to companies with Audit and supervisory committee, so that our Group's governance has steadily become more sophisticated. However, other companies' governance is also improving as corporate governance codes become more prevalent, and we believe that constant efforts to improve the level of our governance are necessary.

There are various views on the appropriate number of directors. Some believe that fewer is better from the standpoint of discussion, while others believe that more than a certain number of directors is appropriate in light of SuMi TRUST Group's broad and highly-specialized business domain. In any case, I believe it is important for the Board of Directors to become effective, and, as a long-time member of our Group, I feel that the nature of the Board of Directors has changed. For example, SuMi TRUST Holdings' Board of Directors' meetings are characterized by lengthy discussions. But we define focusing on basic policies and strategies as the ideal form of the Board of Directors, so that we have been able to organize the content of our discussions. In addition, by providing adequate advance explanations and knowledge to the directors appropriately, the discussion has changed from a mere formal discussion to one in which the directors participate and discuss substantively.

### **Fukuta: What are the key points of deliberation carried out by the Audit Committee in the governance of the group companies?**

**Aso:** Looking at examples of other companies, it is recognized that accounting irregularities tend to occur in domestic and overseas group companies more frequently. SuMi TRUST Holdings has also focused on auditing the group companies from this perspective and from the perspective of implementing our group management strategies. The Audit Committee audits the group companies not only from the perspective of auditing the illegality of the execution of duties by executive officers and others, but also from the perspective of auditing the validity of the execution of duties. In the audit process, we take differences in the size of each group company into consideration. In case of a large group company, we hold regular meetings to exchange opinions with the Audit Committee of them so that we can understand each other's thinking and ensure effectiveness. For smaller group companies, we encourage them to strengthen their systems by providing any supports of our Holdings' Internal Audit Department.

## ROE discussion at the board of directors' meetings

**Fukuta: Given the tailwind of the external environment, it is expected that the ROE target of the Medium-Term Management Plan will be achieved earlier than planned. Could you tell us what kind of discussions are being held at the Board of Directors' meetings regarding ROE?**

**Kato:** SuMi TRUST Holdings has been discussing ROE

ahead of our peers. In order to improve capital efficiency, it is a matter of course to increase profit, which is the numerator, but reducing capital, which is the denominator, is a theme that requires courage as a corporate executive officer. The question is how to reduce strategic shareholdings and what balance of surplus capital should be used for future growth investment and shareholder returns. Witnessing the rapid progress in the dissolution of strategic shareholdings in Japan, we feel that even Japanese companies are able to go through such a transformation. While there were triggers such as the Tokyo Stock Exchange's request, we see this as a very positive trend and expect that our initiative of the reduction toward zero will further accelerate in the future, as rapidly understood by our clients partly because of changes in the external environment surrounding us. In addition, SuMi TRUST Holdings regularly conducts share repurchases and enhances shareholder returns through dividends. We are also investing in equity, human capital, and IT and digital investments, which has shifted to the way to utilize the surplus capital for future growth.

**Kashima:** In 2021, SuMi TRUST Holdings declared "Announcement that the Group shall not hold any strategic shareholdings as a conventional stable shareholder". However, in response to various opinions from directors that take diverse stakeholders into consideration, such as the importance of analyzing the impact on our Group's business and business partners, the executives are utilizing these opinions in reduction activities, monitoring, and the exercise of voting rights. The Board of Directors believes that steady reductions are being made by closely monitoring of the impact of transactions, etc. From the



**Mitsuhiro Aso**  
External Director

After retiring from the position of the Superintending Prosecutor of the Fukuoka High Public Prosecutors Office, he registered as a lawyer. After serving as an external auditor at Sumitomo Mitsui Trust Bank, Limited, for three years from June 2016, he has been serving as an External Director at SuMi TRUST Holdings since June 2019. Chairperson of the Audit Committee, member of the Nominating Committee and the Compensation Committee for FY2023.

\*Mr. Mitsuhiro Aso retired from the position of Director of the SuMi TRUST Holdings at the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 20, 2024.

viewpoint of improving ROE, it is important to develop the ability to earn profits along with the financial discussion on capital. The current environment is a tailwind for our Group, and we need to deepen our discussions to achieve our ROE target as early as possible. One thing to keep in mind when doing so is the risk-taking involved in tackling something new. As a financial institution, SuMi TRUST Group strictly manages risks within the framework of the Risk Appetite Framework (RAF), but we recognize the challenge that we have not yet reached a sufficient internal consensus on what level of risk we should tolerate. I would like to further discuss the concept of risk-taking in order to achieve the ROE target earlier.

## After the Discussion

### For future board of directors' meetings

In the current Medium-Term Management Plan that was launched last year, we aim to achieve ROE of 10% or above by FY2030 and to steadily move forward to achieve PBR of at least 1.0x sooner. During deliberations at the Board of Directors' meetings, we have discussed the need to disseminate the distinctive features of SuMi TRUST Group's business model more externally, which is focused on businesses for asset management and asset administration. In this context, I am pleased to have this opportunity to talk about the discussions at SuMi TRUST Holdings' Board of Directors' meetings. We received many questions on the day. We were reassured by the high level of interest from investors and appreciate their positive

feedback on the event. We will continue to contribute to the sustainable growth of SuMi TRUST Group by actively expressing our opinions, focusing on areas in which each External Director is expected to exercise his or her own role. We also consider increasing opportunities for dialogue with our stakeholders, including investors, on a variety of topics.



**Kaoru Kashima**

External Director  
Chairperson of the Audit Committee, FY2024  
Member of the Nominating Committee  
Member of the Compensation Committee

# Corporate Governance

SuMi TRUST Group has been enhancing its corporate governance structure in line with its business model. In addition to the statutory committees of a Company with Three Committees (a company prescribed in Article 2, item (xii) of the Companies Act), we also have 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 Chair of the Board of Directors.

## 1 Message from Chair of the Board of Directors



**Isao Matsushita**  
 External Director, Chair of the Board of Directors, Chair of the Nominating Committee

### Board of Directors' Policy

SuMi TRUST Holdings is a financial holding company that owns subsidiaries such as Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management and other companies. As one of the largest trustees of trust assets in Japan, we conduct business of a highly public nature. Under such circumstances, in order to uphold a robust management foundation based on a high degree of self-discipline guided by our fiduciary spirit and to gain the unwavering trust of society, our Board of Directors continued to work on enhancing and refining corporate governance in FY2023, with the objective of improving SuMi TRUST Group's sustainable growth and increasing corporate value over the medium- to long-term\*1.

\*1 For the basic policy and approach to corporate governance, please refer to the following link: [https://www.smth.jp/english/about\\_us/management/governance](https://www.smth.jp/english/about_us/management/governance)

### 1. Key deliberations of the board of directors in FY2023

At the Board of Directors meetings in FY2023, considering the importance of the initial fiscal year for surely realizing the current Medium-Term Management Plan, we set the business portfolio and the Group's asset management business strategy as "Management Theme"\*2 and discussed over a long period. In addition, with regard to the business portfolio, from the perspective of actively utilizing the knowledge of external directors, the Board of Directors deliberated on the overall policy. Meanwhile, the executives deliberated on proposals by considering the opinions of the Board of Directors, and the Board of Directors discussed the proposals with the results of the deliberations. The deliberations were deepened through such discussion process between the Board of Directors and the executives. In deliberations on the business portfolio, we analyzed and reviewed each business in

terms of profitability, growth, and capital efficiency under two time frames: the Medium-Term Management Plan period and 2030. In addition, we discussed businesses to be strengthened and those to be improved or discontinued. In deliberations on the Group's asset management business strategy, taking into account the concept of "Policy Plan for Promoting Japan as a Leading Asset Management Center" published by The Government of Japan, we held a series of discussions on the Group-wide asset management business strategy, the direction for each company's fulfillment of its functions, and a road map for the implementation of the strategy. As part of the annual management plan, we also discussed the establishment of a Chief Officer (CxO) position and other positions to strengthen the Group's management and clarify the key responsibilities of officers.

#### ■ Deliberations of the Board of Directors on the management plan, the business portfolio, the Group's asset management business, etc.

Year/Month	Deliberations		Rallying process of developing strategy	
2023	Jan.	● Group asset management business strategy <span style="float: right;">Management Theme</span>	Dialogue over strategies	Strategy Development
	Mar.	● Group Medium-term Management Plan		
	Jun.	● Strengthening our business portfolio (a policy to consider)		
	Aug.	● Strengthening our business portfolio <span style="float: right;">Management Theme</span>		
	Nov.	● Business strategy (investment and financing) ● Business strategy (asset management) <span style="float: right;">TB Management Theme</span>		
	Dec.	● Group asset management business strategy ● Business portfolio (direction) <span style="float: right;">Management Theme</span>		
2024	Feb.	● Business strategy (asset administration) <span style="float: right;">TB Management Theme</span>		
	Mar.	● FY2024 Group Management Plan		

\*2 The external directors of Sumitomo Mitsui Trust Bank also participate in discussions on "Management Themes" as Board meeting observers, not for the purpose of reaching conclusions, but rather to discuss important management issues and themes from a medium- to long-term perspective freely and openly, so that their viewpoints and opinions are capitalized on for management. In addition, the agenda on important management issues of the Board of Directors of Sumitomo Mitsui Trust Bank, which are deliberated together with our SuMi TRUST Holdings' external directors, is set as "TB Management Theme."

## 2. Sophistication of corporate governance

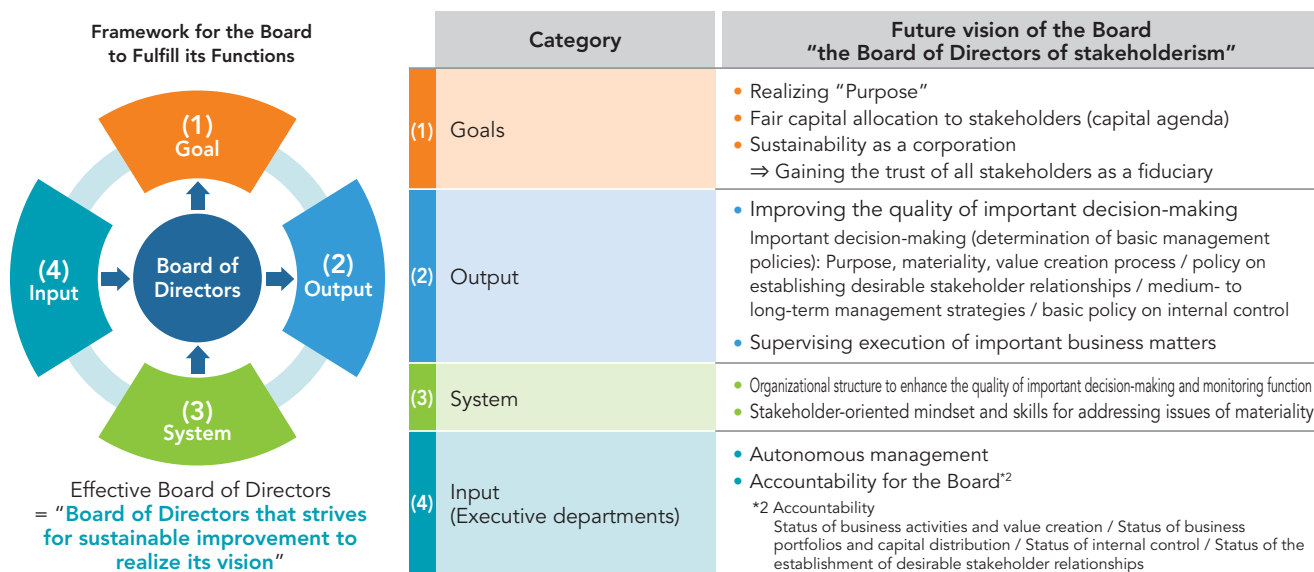
SuMi TRUST Holdings, through a series of deliberations on the vision of the Board of Directors, has confirmed that the goal of the Board of Directors<sup>\*1</sup> is to fulfill its fiduciary duty to our diverse stakeholders. Based on the above, an effective Board of Directors is defined as “a Board of Directors that strives for sustainable improvement to realize its vision”. The Group conducts annual evaluations of the effectiveness of the Board of Directors (“Evaluation of the Board of Directors”) to assess whether the ideal state has been achieved, and strives for further enhancement through the continuous PDCA cycle. As shown below, FY2023 Eval-

uation of the Board of Directors assessed that the Board of Directors has continued to evolve its ongoing framework, including defining the roles of the Board and its members, and enhancing the PDCA cycle to improve the effectiveness.

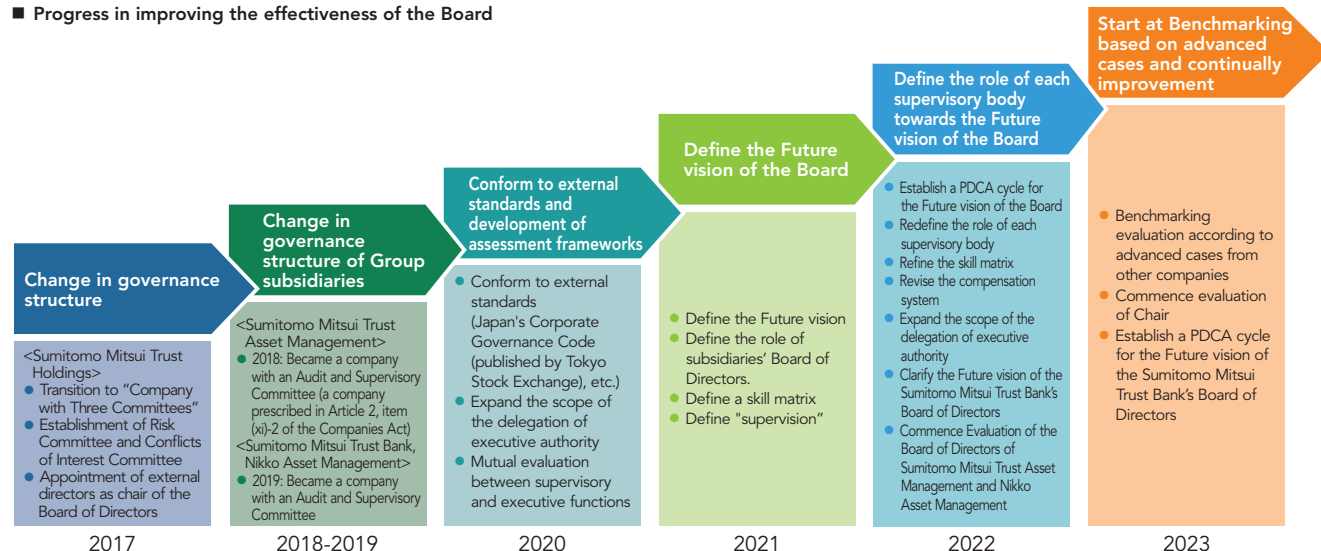
As Chair of the Board of Directors, I will continue to strive to maintain our sustainability and protect our stakeholders’ long-term interests in order to fulfill our fiduciary duties to investors and other stakeholders.

\*1 We define this as the “the Board of Directors of Stakeholderism”.

### ■ The Board of Directors of Stakeholderism

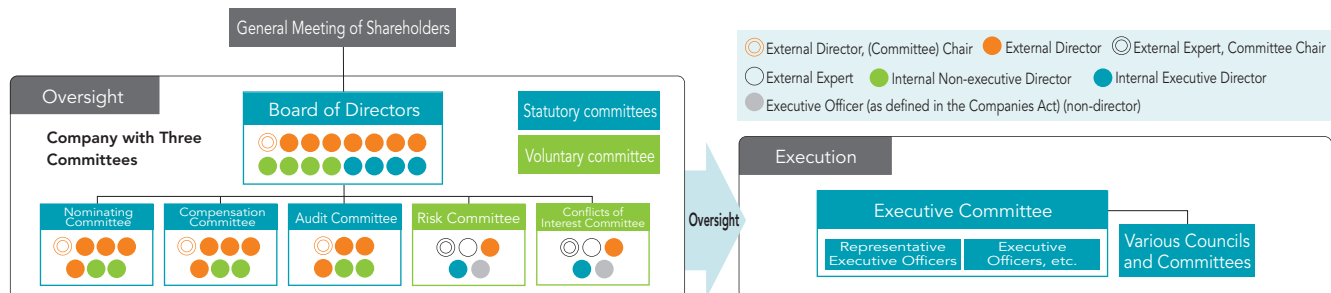


### ■ Progress in improving the effectiveness of the Board



## 2 Composition and Role of the Board of Directors and Committees

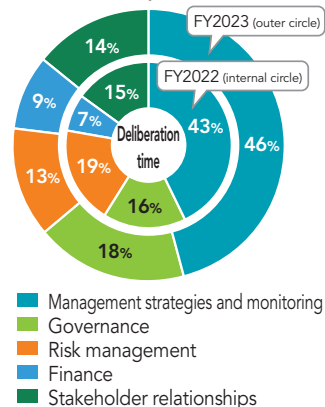
### ■ Oversight structure (as of June 30, 2024)



### ■ Main themes for deliberations and topics of the Board of Directors during FY2023 (met 16 times)

Theme category	Main topics
Purpose/materiality/value creation process	Pervasion of Purpose throughout the Group
Policy on establishing desirable stakeholder relationships	Dialogue policy with stakeholder, Client-oriented business operations, Strategic shareholdings, Promotion of health management, DE&I, and human resources system, Promotion of sustainability
Medium-to Long-term management Strategies and Discipline in capital allocation	Business portfolio, Group asset management business strategy, DX strategy, Capital policy
Foundation supporting management strategy and capital allocation	Management accounting, Sustainability governance (including materiality management)
Basic policy on internal controls	Sustainability risk management policy, Cybersecurity, System development risk, Compliance awareness raising

### ■ Deliberations by the Board of Directors



### ■ Overview of the Committees

	FY2023 Main matters for deliberation, etc.*
Nominating Committee (16 times)	<ul style="list-style-type: none"> <li>Nomination of Director candidates to be submitted to the General Meeting of Shareholders of the SuMi TRUST Group, etc. In FY2023, we discussed that it is necessary to improve the effectiveness of the Board of Directors by adding an external director with skills to realize the SuMi Trust Group's unique business model focused on asset management and administration. As a result, a total of Sixteen candidates for director were selected.</li> </ul>
Compensation Committee (13 times)	<ul style="list-style-type: none"> <li>Reviewed the compensation system for directors and executive officers, Determined performance-linked bonuses and stock-based remuneration for FY2023. In FY2023, we held discussions on compensation levels, weighting, and the evaluation system to determine what constitutes an appropriate compensation system for directors and executive officers of the Group, and thereafter, we conducted a review of the compensation system.</li> </ul>
Audit Committee (17 times)	<ul style="list-style-type: none"> <li>Status of the achievement of management strategies, The development and enhancement of the Group-wide internal control system, Control over appropriate and accurate financial reporting and disclosure, etc. In FY2023, we discussed the above themes which are the key audit items.</li> </ul>
Risk Committee (7 times)	<ul style="list-style-type: none"> <li>Appropriateness of the Group's risk management initiatives in light of the recent external environment, The development and instillation of a risk culture, Sustainability, Cybersecurity initiatives, etc.</li> </ul>
Conflicts of Interest Committee (6 times)	<ul style="list-style-type: none"> <li>The best interests of clients as a trust group, Strengthening the Group's conflict of interest management framework and risk control in its trust business (including concurrent operations), etc.</li> </ul>

\* July 2023 - June 2024  
Please refer to page 89 for the composition, etc. of each Committee. Please refer to the link below for the role, overview and objectives of each Committee.  
Basic Policy on Corporate Governance [https://www.smth.jp/english/-/media/th/english/about\\_us/management/governance/policy.pdf](https://www.smth.jp/english/-/media/th/english/about_us/management/governance/policy.pdf)

#### [Reference] External Directors' Meeting: Voluntary meetings organized by external directors

The External Directors' Meeting is a meeting body intended to foster trust among external directors through frank exchange of opinions and shared recognition from an independent and objective standpoint and to utilize the opinions expressed at the meeting to fulfil their roles as external directors by channeling them to the executive level as necessary. In FY2023, two meetings were held to discuss topics such as the subjects that should be deliberated by the Board of Directors, the Group's supervisory function and the sophistication of governance, etc. These discussions led to future discussions by the Board of Directors, improvements in management and other operations.



### 3 Evaluation of the Effectiveness of the Board of Directors in FY2023

Every year we conduct an evaluation of the Board of Directors in an effort to enhance its effectiveness by putting the PDCA cycle into action to implement improvement measures for issues recognized in the assessment (please see the link below for the results of the Evaluation of the Board of Directors for the period under review (overview)).

[https://www.smth.jp/english/-/media/th/english/about\\_us/management/governance/pdf/e\\_evaluation.pdf](https://www.smth.jp/english/-/media/th/english/about_us/management/governance/pdf/e_evaluation.pdf)

#### 1. Initiatives to address issues identified through the evaluation of the Board of Directors in FY2022

The following table shows the issues identified in FY2022 Evaluation of the Board of Directors and the initiatives for effectiveness improvement. As a result of verification through

the assessment, etc. of questions related to each initiative in the Evaluation of the Board of Directors, we were able to confirm certain improvements in issues from the last fiscal year.

##### ■ Issues and initiatives recognized

Issue-1	Deliberation on business portfolios for improved profitability and growth capabilities of business strategies
Initiatives	Recognizing that strengthening the business portfolio by considering the optimal combination of businesses to improve capital efficiency is an important management issue, we analyzed the profitability and growth potential of each business and deepened our discussions on optimizing resource allocation. In the course of these discussions, we also confirmed the improvement in such area as a result of fruitful discussions that focused not only on economic value but also on total value creation, including non-financial value and the creation of social value unique to our Group.
Issue-2	Organic collaboration with the Board of Directors of subsidiaries, and discussions to realize the Group strategy based on the collaboration
Initiatives	In order to strengthen organic collaboration between the holding company and its major subsidiaries (Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, and Nikko Asset Management), business briefings and opportunities for dialogue among external directors within the Group were established. As a result, through the evaluation of each company's Board of Directors, a deeper understanding of the Group's strategy and strengthened cooperation among supervisory bodies were confirmed. In addition, with regard to the Group Asset Management Business Strategy, the external directors of major subsidiaries also participated in the deliberations in order to share the understanding of the Group's overall growth strategy and the expected roles of the subsidiaries in relation to this strategy.
Issue-3	Enhanced discussions in light of expectations from various stakeholders
Initiatives	In addition to deliberations based on the principle of the best interests of clients and the status of shareholder dialogue, the Board of Directors deepened its discussions by identifying broad ESG issues, such as climate change and human rights, as priority topics for deliberation. Moreover, to expand accountability to our stakeholders, we enhanced our deliberations by bringing stakeholder's views and expectations via opportunities such as panel discussions between institutional investors and external directors.

#### 2. Results of the evaluation of the Board of Directors in FY2023 and initiatives going forward

In FY2023, the Board of Directors confirmed steady progress toward realizing the Board of Director's future vision by deepening discussions with the executives about the Group's management strategies, clarifying the structure of internal controls throughout the Group and pursuing supervision according to those controls, enhancing efforts to establish agendas and discussions that consider the relationship with various stakeholders. The results of the FY2023 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 an adequate degree of

effectiveness is being sustained. At the same time, we also identified the issues to be improved and enhanced as below, which we will strive to work on in order to realize the Board's Future vision. According to the recognition of the following issues, in FY2024, the Board of Directors will select and deliberate on topics that will have a significant impact on medium- and long-term management strategies, and deepen discussions on creating sustainable competitive advantages in the course of business model reform. In addition, the Board of Directors will also select and discuss topics to deepen deliberations on the composition of the Board of Directors in order to improve the effectiveness of the Board of Directors.

##### Issues identified in FY2023 Evaluation of the Board of Directors

- (i) Expand initiatives and deliberations to improve accountability to stakeholders
- (ii) Enhance deliberations on business portfolio, management strategy, resource allocation, etc.
- (iii) Enhance deliberations on the composition of the Board of Directors

## 4 Foundation Supporting the Board of Directors

### 1. Basic principles regarding the composition of the board of directors

The Board of Directors at SuMi TRUST Group has appointed a 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 SuMi TRUST 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 role of independent external directors in corporate governance, we have established a principle that, at least one-third of the directors on the Board of Directors should be independent external directors. The Company established and disclosed Independence Standards of Independent Directors. In principle, all statutory committees are chaired by independent external directors.

### Message from the Chair of the Nominating Committee



**Isao Matsushita**  
External Director, Chair of the Board of Directors  
Chair of the Nominating Committee

Having defined SuMi TRUST Group's reason for existence (Purpose) and identified high-priority issues (materiality), we also recognize that the mission of resolving social issues presents us with growth opportunities. This is why we have placed at the core of our management approach the notion of "balanced creation of both social and economic values".

The Nominating Committee selects candidates who satisfy the level of expertise and experience (skills) required to address SuMi TRUST Group's high-priority issues (materiality) and who can effectively manage the Board of Directors of SuMi TRUST, which has a wide range of business domains and fields. In selecting the candidates for Director to be proposed at the General Meeting of Shareholders in FY2024, we discussed that it is necessary for improving the effectiveness of the Board of Directors to add one external director with the skills necessary to realize SuMi Trust Group's unique business model focused on asset management and administration. As a result, the Board of Directors is composed of Sixteen Directors, half (eight) of whom are external directors. Incidentally, external directors serve as the Chair of the Board of Directors and all statutory committees. This structure enables the Board of Directors and the committees to fully exercise their supervisory function.

The Board of Directors of SuMi TRUST Group aims for "the Board of Directors of Stakeholderism" as its "Future Vision", and aims to be a monitoring board to pursue the realization of the reason for existence (Purpose) of SuMi TRUST Group and earn the trust of all stakeholders. As a result of our efforts to continuously improve the effectiveness of the Board by building frameworks and enhancing operations, the Evaluation of the Board in FY2023 assessed that the governance framework construction of the Board has been steadily progressing toward the Future vision.

Based on the aforementioned recognition, towards FY2025, the Nominating Committee will work together with the Board of Directors to examine the reduction of the number of Directors, and increase in the number of External directors to constitute a majority, etc., and will select candidates for Director that contribute to the effectiveness of the Board of Directors.

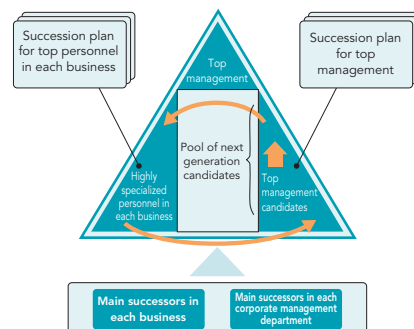
### 2. Succession plan

In order to achieve sustainable growth for the Group and enhance its corporate value, we have formulated a succession plan for the top management of SuMi TRUST Group, Sumitomo Mitsui Trust Bank and Sumitomo Mitsui Trust Asset Management. We have also created a management personnel development plan for those in charge of managing each business and those engaged in corporate management. We have defined the ideal qualities and requirements for the nominees required to serve as directors and officers, and systematically manage and cultivate a group of candidates.

#### <Training and appointment process>

The Nominating Committee selects a pool of top management candidates each year based on the proposals and opinions presented by the executive side. Based on the current and future business environment, the Nominating Committee deliberates on future development policies, assignments to be given to the candidates and other matters based on performance, achievements, evaluations, expertise and experience (skills), and reflects such matters as placement in different departments from the next fiscal year onward, giving candidates an opportunity to develop and to overcome challenges. We also continue to track the status of development. While continuing this cycle, when the Company actually appoints new top management members, the Nominating Committee will deliberate on the candidates' performance, achievements, evaluations, expertise and experience (skills), in a multifaceted manner, with a focus on candidates who have been trained during the cycle, and will ultimately report to the Board of Directors. The progress of succession plan and development plans are periodically reported to the Board of Directors.

#### ■ Development of management personnel based on management team succession plan



### 3. Skills required of directors

With Purpose and Fiduciary as the starting points, the new Medium-Term Management Plan identifies high-priority issues (materiality) in the area of value creation, such as “the age of 100-year life,” “ESG/sustainable management,” “regional ecosystems and the global investment chain (networking)” for the virtuous circulation of funds, assets and capital. From the viewpoint of enabling effective supervision by the Board of Directors, it identifies skills that help to address materiality after discussion by the Nominating Committee. Please refer to the link below for the reasons for the selection of each skill.

Convocation Notice of Ordinary General Meeting of Shareholders for the Thirteenth Fiscal Period and General Meeting of Class Shareholders by Common Shareholders of SuMi TRUST Group

<https://www.smth.jp/english/-/media/th/english/stock/meeting/E240522-1.pdf>

#### ■ Relationship between the skills required of directors and materiality

Required skills	Relevant main high-priority issues (=materiality)	
Corporate management	Corporate governance and human capital	
Financial and accounting	Financial strength expected by stakeholders	
Legal affairs, risk management and compliance	Risk management and resilience, compliance and conduct, and security	
Trust, asset management and asset administration	Trust × DX, fiduciary spirit, ESG/sustainable management, age of 100-year life, and regional ecosystems and global investment chain	
Digital, IT and technology	Trust × DX	
Sustainability	Environment	ESG/sustainable management, and regional ecosystems and global investment chain
	Society	ESG/sustainable management, age of 100-year life, and regional ecosystems and global investment chain
	DE&I	ESG/sustainable management and Human Capital
Internationality	Regional ecosystems and global investment chain, and risk management and resilience	

### Effective supervisory framework -Skill matrix and composition of the Board of Directors and Committees-

Name	Position	Gender	Tenure of Director	Expertise and experience (skills) of Directors Statutory											Statutory committee			Voluntary committee
				Corporate management	Financial and accounting	Legal affairs, risk management and compliance	Trust, asset management and asset administration	Digital, IT and technology	Sustainability			Internationality (*2)	Nominating	Compensation	Auditing	Risk (*3)	Conflicts of Interest (*4)	
									Environment	Society	DE&I							
Isao Matsushita	Director (external) (*1) Chair of the Board of Directors	Male	7 years	●	●					●	●	●	●	○	○			
Hiroko Kawamoto	Director (external) (*1)	Female	7 years	●		●								○	○			
Nobuaki Kato	Director (external) (*1)	Male	3 years	●				●	●	●				○	○			○
Kaoru Kashima	Director (external) (*1)	Female	3 years	●	●	●								○	○	○		
Tomonori Ito	Director (external) (*1)	Male	1 year				●			●						○		
Hajime Watanabe	Director (external) (*1)	Male	1 year	●	●	●	●			●	●	●		○	○		○	
Hirokazu Fujita	Director (external) (*1)	Male	Newly appointed		●	●	●									○		
Kazuo Sakakibara	Director (external) (*1)	Male	Newly appointed			●					●					○		
Toru Takakura	Director and President (Representative Executive Officer) (CEO)	Male	3 years	●		●	●			●	●	●						
Atsushi Kaibara	Director, Deputy President (Representative Executive Officer)	Male	1 year	●		●	●											
Yasuyuki Suzuki	Director, Senior Managing Executive Officer (CRO)	Male	1 year	●		●	●										○	○
Kazuya Oyama	Director, Executive Officer	Male	3 years	●	●	●	●			●	●	●						
Tetsuo Ohkubo	Chairman	Male	13 years and 3 months	●	●	●	●			●	●	●		○	○			
Masaru Hashimoto	Director	Male	7 years	●	●	●	●			●	●	●		○	○			
Toshiaki Nakano	Director (Member of Audit Committee)	Male	1 year	●		●	●									○		
Kouchi Kato	Director (Member of Audit Committee)	Male	New appointed	●		●	●									○		

\*1 External director as prescribed in Article 2, item 15 of the Companies Act. The overall balance, including the areas of expertise and experience (skills) listed above, is taken into consideration when external Directors are selected.

\*2 Judged based on whether or not the person has overseas work experience, etc. Internal Directors have experience in global business development related to SuMi TRUST Group's business operations such as trust.

\*3 The Risk Committee is composed of two external experts, Mr. Kenji Fujii (former Managing Executive Officer of Mizuho Securities, former Managing Executive Officer of Mizuho Financial Group) and Mr. Haruyuki Toyama (former Head of International Department, Bank of Japan), and Ms. Yuki Takada (Managing Executive Officer (CCO) of SuMi TRUST Group), and is chaired by Mr. Fujii.

\*4 The Conflicts of Interest Committee is composed of two external experts, Mr. Hideki Kanda (Emeritus Professor of the University of Tokyo) and Ms. Akiko Hosokawa (Partner at Atsumi Sakai Law Office, Foreign Law Joint Enterprise), and Ms. Yuki Takada (Managing Executive Officer (CCO) of SuMi TRUST Group), and is chaired by Mr. Kanda. In addition, Mr. Hideki Kanda is an external director of Sumitomo Mitsui Trust Bank, Limited.

#### (Topics) Training for Directors and Executive Officers

SuMi TRUST Group enhances opportunities to provide information to directors, including independent external directors, in order to improve the effectiveness of the Board of Directors. We hold training sessions for directors throughout the year, inviting external lecturers to explain important topics that contribute to the understanding of the business environment, including economic trends, as well as information about SuMi TRUST Group's business, as needed.

#### < Examples of training topics in FY2023 (★: Internal officers at the level of managing director and above also participated) >

- Global trends in the asset management business (★)
- Recent trends in corporate governance (★)
- Best interests of clients (★)
- Human rights awareness raising and compliance (★)
- Business strategies for each Group company and business
- Financial and macroeconomic trends
- Guidance for Directors on the Code of Conduct for corporate acquisitions (★)
- Recent trends in sustainability disclosure standards (★)
- Cybersecurity (★)

#### 4. Compensation system for directors and executive officers

Compensation for directors and executive officers intended to function effectively as an incentive for the improvement of corporate performance and expansion of enterprise value. Rather than focusing on a single-year performance evaluation in which short-term revenue contributions are emphasized, we are building a compensation system with a balance of near-term incentives and medium- to long-term incentives. In principle, the compensation system consists of a combination

of basic salaries, performance-linked bonuses, and stock compensation (RS Trust). For performance-linked bonuses, and stock compensation (RS Trust), we have established a system in which the items shown in the table below are set as indicators (KPI) and reflected in the amount of compensation. The compensation system for directors and executive officers was reviewed in FY2024. For details, please see "Message from Chair of the Compensation Committee".

#### Message from Chair of the Compensation Committee



### Hiroko Kawamoto

External Director  
Chair of Compensation  
Committee

The Compensation Committee discussed how the compensation system for directors and executive officers should serve as a sound incentive for sustainable growth and be appropriate for the Group, from three perspectives: compensation level, compensation weighting and evaluation system.

The level of compensation was reviewed in light of economic trends, social conditions, and the Group's business environment and performance, as well as with reference to collected data on executive compensation provided by an external professional organization and with an awareness of market prices.

Regarding the weighting of compensation, in order to reflect the trust group's unique business model of building long-term, trusting relationships with clients, the weighting of remuneration has been increased with a focus on stock compensation, which is a medium- to long-term incentive, together with bonuses for directors and executive officers, which are short-term incentives, in a balanced manner so as to increase performance-linked compensation. As a result, the weighting for the President will be approximately 25% for bonuses and 35% for stock compensation, and for officers other than the President, approximately 20% for bonuses and 20% for stock compensation.

In order to clarify the relationship between sustainable growth in corporate value and enhancement of shareholder value, the evaluation system introduced relative Total Shareholder Return (TSR) as a stock price indicator for stock compensation. The indices used for comparison are the TOPIX Industry (banking industry) (inclusive of dividends) and the JPX Nikkei Index 400 (inclusive of dividends). In addition to comparisons with other companies in the industry, the indices are also compared with blue-chip companies with high investment attractiveness. In addition, we have added a multi-year assessment for the performance indicator for stock compensation, based on actual results compared to the last year of the previous Medium-Term Management Plan.

We will continue to discuss this issue in light of changes in the environment and other factors.

Indicator Type	Indicators (KPIs) for performance-linked compensation	Weighting	Calculation method	Decision-making process
■ Bonuses for directors and executive officers (short-term incentive)				
Short-term performance indicator	(1) Consolidated net business profit	66.7%	Calculated based on a 2:1 weighting of the achievement levels for (1) and (2), respectively.	The Compensation Committee determines the achievement level after giving full consideration to special factors that cannot be ascertained based on the target achievement level alone. Special factors are generally considered within $\pm 10\%$ .
	(2) Profit attributable to owners of parent	33.3%		
■ Stock compensation (medium- to long-term incentive)				
Performance indicator	(1) Consolidated net business profit	30%	(1) and (2) are calculated based on a 1:1 weighting of the target achievement rate for the fiscal year and a comparison of the actual results with the final year of the previous Medium-Term Management Plan period, respectively.	The performance-linked coefficient is determined within a range from 130% (upper limit) to 0% (lower limit).
	(2) Profit attributable to owners of parent			
Stock price indicator	(3) Relative Total Shareholder Return (TSR) <sup>*1</sup>	10%	Calculated on the basis of the SuMi TRUST Group's relative TSR for the period covered by the relevant Medium-Term Management Plan. However, if the SuMi TRUST Group's TSR is less than 100%, the maximum is 100%.	
Financial indicators	(4) Consolidated shareholders' equity and ROE	10%	Assessment score calculated based on qualitative assessment of progress on achieving Medium-Term Management Plan targets.	
	(5) Consolidated CET1 ratio (common equity tier 1 capital ratio)	30%		
	(6) Consolidated overhead ratio (OHR)	10%		
ESG indicators	(7) ESG overall assessment (categories: climate change, FD & CS, employee engagement, DE&I (empowerment of women, etc.), Results by ESG assessment organizations <sup>*2</sup> )	30%	Assessment score calculated based on overall assessment comprising both quantitative and qualitative evaluations of activities in each assessment category.	

\*1 The comparative index for TSR is the average relative TSR calculated using the rate of change of the TOPIX Industry (Banking) (inclusive of dividends) and the rate of change of the JPX Nikkei Index 400 (inclusive of dividends).

\*2 The three "ESG assessment organizations" are MSCI, FTSE and Sustainalytics.

# Our Directors and Executive Officers and Composition of the Board of Directors of Our Group's Core Subsidiaries

## 1 Our Directors and Executive Officers

For details of their career and other information, please refer to the following link: CONVOCATION NOTICE OF ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE THIRTEENTH FISCAL PERIOD AND GENERAL MEETING OF CLASS SHAREHOLDERS BY COMMON SHAREHOLDERS: <https://www.smbj.co.jp/english/media/ir/english/stock/convocation/E240522-1.pdf>

### Directors (external)



External Director (Chair of the Board of Directors)

Chair of Nominating Committee Compensation Committee Member

Important Concurrent Positions

External Director of MatsukiyoCocokara & Co.

### Isao Matsushita

- Apr. 1970 Joined Nippon Mining Co., Ltd. (currently, ENEOS Corporation ("EC"))
- June 2006 Representative Director and President of Japan Energy Corporation (currently, EC)
- June 2012 Representative Director and President (President and Executive Officer) of JX Holdings, Inc. ("JXH") (currently, ENEOS Holdings, Inc. ("EH"))
- June 2015 Senior Executive Advisor of JXH (currently, EH) (retired from his position in June 2019)
- June 2016 External Director of Matsumoto Kiyoshi Holdings Co., Ltd. (currently, MatsukiyoCocokara & Co. ("MCC")) (current position)
- June 2017 Director of SuMi TRUST Holdings (current position)



External Director

Nominating Committee Member Chair of Compensation Committee

Important Concurrent Positions

External Director of East Japan Railway Company  
External Director of Canon Marketing Japan Inc.

### Hiroko Kawamoto

- July 1979 Joined All Nippon Airways Co., Ltd. ("ANA")
- Apr. 2016 Executive Vice President, Director for Promotion of Diversity of ANA; and Promotion Officer for the Tokyo Olympic and Paralympic Games
- June 2016 External Director of SuMi TRUST Bank (retired from her position in June 2017)
- June 2017 Director of SuMi TRUST Holdings (current position)
- June 2020 External Director of East Japan Railway Company (current position)
- Apr. 2021 Adviser to ANA Strategic Research Institute Co., Ltd. (retired from her position in March 2023)
- Mar. 2023 External Director of Canon Marketing Japan Inc. (current position)



External Director

Nominating Committee Member Compensation Committee Member Conflicts of Interest Committee Member

Important Concurrent Positions

—

### Nobuaki Kato

- Apr. 1971 Joined Nippon Electrical Equipment Co., Ltd. (currently, DENSO CORPORATION ("DC"))
- June 2005 President & CEO of DENSO INTERNATIONAL EUROPE B.V. (retired from his position in June 2007)
- June 2008 President & CEO (torishimariyaku shacho) of DC
- June 2015 President & CEO (torishimariyaku kaicho) of DC
- June 2018 Advisor of DC (retired from his position in June 2019)
- June 2021 Director of SuMi TRUST Holdings (current position)



External Director

Nominating Committee Member Compensation Committee Member Chair of Audit Committee

Important Concurrent Positions

Certified public accountant  
Outside Audit & Supervisory Board Member of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited

### Kaoru Kashima

- Nov. 1981 Joined Showa Audit Corporation (currently, Ernst & Young ShinNihon LLC ("EY"))
- Apr. 1985 Registered as certified public accountant
- June 2002 Senior Partner of ShinNihon & Co. (currently, EY) (retired from her position in June 2019)
- Sep. 2010 Managing Director in charge of Corporate Culture Promotion Office and Public Relations Office of EY
- July 2012 Managing Director, General Manager of Knowledge Headquarters of EY (retired from her position in February 2016)
- June 2019 Outside Audit & Supervisory Board Member of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)
- June 2019 External Director of SuMi TRUST Bank (retired from her position in June 2021)
- Mar. 2020 Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited (current position)
- June 2021 Director of SuMi TRUST Holdings (current position)



External Director

Audit Committee Member

Important Concurrent Positions

External Director of Electric Power Development Co., Ltd.  
Professor of the Institute of Business and Finance of Waseda University  
Specially Appointed Professor of the Global and Transdisciplinary Studies of Kyoto University of Advanced Science  
External Director of Mitsui Sumitomo Insurance Company, Limited

### Tomonori Ito

- Apr. 1979 Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)
- Mar. 1995 Joined Union Bank of Switzerland (currently, UBS)
- Apr. 2011 Specially Appointed Professor of the Graduate School of International Corporate Strategy of Hitotsubashi University
- June 2016 External Director of Electric Power Development Co., Ltd. (current position)
- Apr. 2020 Specially Appointed Professor of the Graduate School of Business Administration of Hitotsubashi University (retired from his position in August 2021)
- Sep. 2021 Professor of the Institute of Business and Finance of Waseda University (current position)
- Apr. 2022 Specially Appointed Professor of the Graduate School of Business Administration of Kyoto University of Advanced Science (current position)
- June 2022 External Director of Mitsui Sumitomo Insurance Company, Limited (current position)
- June 2023 Director of SuMi TRUST Holdings (current position)



External Director

Nominating Committee Member Compensation Committee Member Risk Committee Member

Important Concurrent Positions

Chairman of Japan Economic Research Institute Inc.  
External Corporate Auditor of Japan Freight Railway Company  
Outside Audit & Supervisory Board Member of Tokyu Corporation  
External Director of Fukoku Mutual Life Insurance Company

### Hajime Watanabe

- Apr. 1981 Joined The Japan Development Bank (currently, Development Bank of Japan Inc. ("DBJ"))
- June 2018 President and CEO of DBJ
- June 2022 Adviser to DBJ (retired from his position in June 2023)
- Jan. 2023 Adviser to DBJ REAL ESTATE Co., Ltd. (retired from his position in June 2023)
- Apr. 2023 Chairman of Japan Economic Research Institute Inc. (current position)
- June 2023 External Corporate Auditor of Japan Freight Railway Company (current position)
- June 2023 Director of SuMi TRUST Holdings (current position)
- June 2024 Outside Audit & Supervisory Board Member of Tokyu Corporation (current position)
- July 2024 External Director of Fukoku Mutual Life Insurance Company (current position)



External Director

Audit Committee Member

Important Concurrent Positions

—

### Hirokazu Fujita

- Apr. 1980 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently, Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMN"))
- Apr. 2017 Senior Managing Director and Chief Investment Officer (CIO) of Tokio Marine Holdings, Inc. ("TMH")
- Apr. 2017 Senior Managing Director of TMN (retired from his position in June 2020)
- June 2020 Audit & Supervisory Board Member (full-time) of TMH (retired from his position in June 2024)
- Nov. 2020 Executive Director of The Japan Audit & Supervisory Board Members Association (retired from his position in June 2024)



External Director

Audit Committee Member

Important Concurrent Positions

Attorney-at-law  
Of Counsel at Anderson Mori & Tomotsune  
Auditor of Tokyo Dental College  
Outside Director of Takasago Thermal Engineering Co., Ltd.  
Acting Chairman of the Board of Governors of Japan Broadcasting Corporation ("NHK")

### Kazuo Sakakibara

- Apr. 1984 Public Prosecutor of Sapporo District Public Prosecutors Office
- Jan. 2020 Superintending Prosecutor of Osaka High Public Prosecutors Office (retired from his position in July 2021)
- Oct. 2021 Registered as an attorney-at-law
- Nov. 2021 Of Counsel at Anderson Mori & Tomotsune (current position)
- Apr. 2022 Auditor of Tokyo Dental College (current position)
- June 2023 Outside Director of Takasago Thermal Engineering Co., Ltd. (current position)
- June 2023 External Director of SuMi TRUST Bank (retired from his position in June 2024)
- Mar. 2024 Acting Chairman of the Board of Governors of NHK (current position)

## Directors (internal)



Director, President and Executive Officer (Representative Executive Officer) (CEO)<sup>\*1</sup>

Important Concurrent Positions

Director of SuMi TRUST Bank

Toru Takakura



Director, Deputy President and Executive Officer (Representative Executive Officer)

Important Concurrent Positions

—

Atsushi Kaibara



Director, Senior Managing Executive Officer (CRO)<sup>\*2</sup>

Risk Committee Member Conflicts of Interest Committee Member

Important Concurrent Positions

Director, Deputy President of SuMi TRUST Bank

Yasuyuki Suzuki



Director, Executive Officer

Important Concurrent Positions

President of SuMi TRUST Bank

Kazuya Oyama



Director (Kaicho)

Nominating Committee Member Compensation Committee Member

Important Concurrent Positions

Director of SuMi TRUST Bank

Tetsuo Ohkubo



Director

Nominating Committee Member Compensation Committee Member

Important Concurrent Positions

Chairman of SuMi Trust Bank

Masaru Hashimoto



Director

Audit Committee Member

Important Concurrent Positions

—

Toshiaki Nakano



Director

Audit Committee Member

Important Concurrent Positions

—

Koichi Kato

## Executive Officers

Managing Executive Officer, Executive Officer (CISO)<sup>\*3</sup>  
Manatomo Yoneyama

Managing Executive Officer  
Atsushi Matsumoto

Managing Executive Officer (CFO)<sup>\*4</sup>  
Masakatsu Sato

Managing Executive Officer  
Takumi Fujisawa

Managing Executive Officer (CCO)<sup>\*5</sup>  
Risk Committee Member Conflicts of Interest Management Member  
Yuki Takada

Managing Executive Officer  
Riro Sato

Managing Executive Officer  
Masayuki Okamoto

Managing Executive Officer (CSuO)<sup>\*6</sup>  
Chikako Matsumoto

Executive Officer  
Miyu Yajima

Executive Officer  
Masaya Yamashiro

Executive Officer, Executive Officer  
Hisato Nakano

To enhance group-based management capabilities and to clarify the key responsibilities of officers on a global basis, we introduced a CXO system, establishing the following positions in April 2024.

\*1: CEO = Chief Executive Officer \*2: CRO = Chief Risk Officer \*3: CISO = Chief Information Security Officer \*4: CFO = Chief Financial Officer

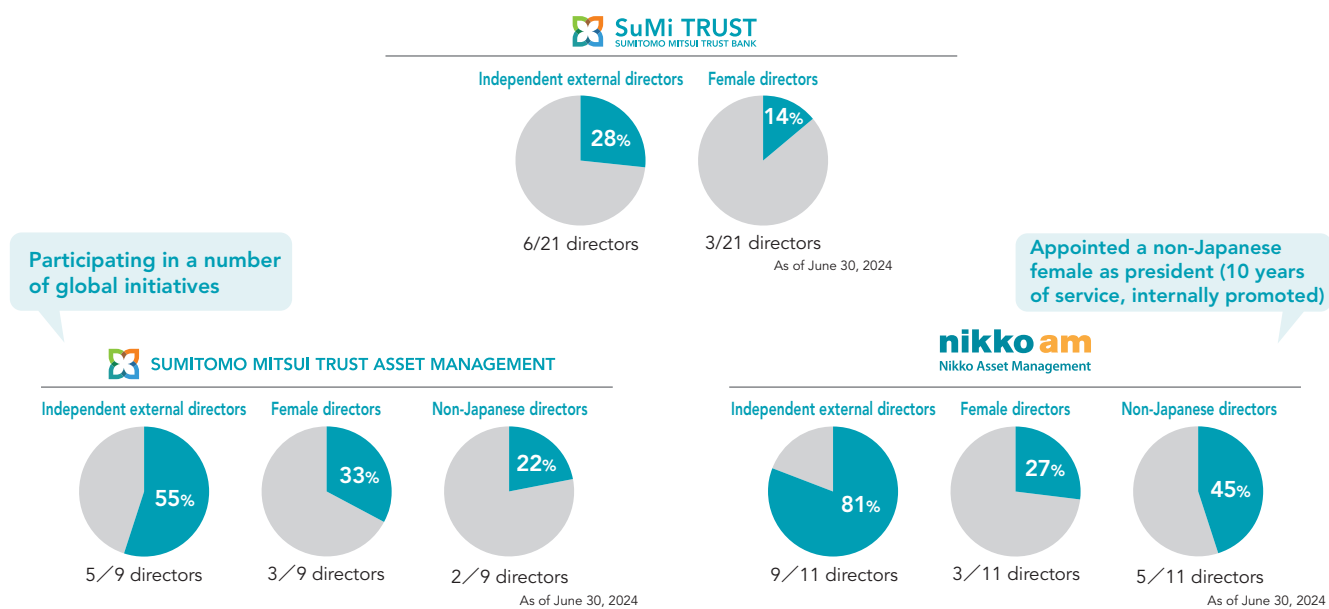
\*5: CCO = Chief Compliance Officer \*6: CSuO = Chief Sustainability Officer

## 2 Composition of the Board of Directors of Our Group's Core Subsidiaries

Our Group engages in the financial business globally and offers highly specialized products and services such as trust, asset management and asset administration through the active participation of a diverse range of employees. Therefore, we strive to ensure that the boards of directors of our Group's core subsidiaries are well-balanced with di-

rectors who have broad-ranging experience and knowledge in various fields including corporate management, financial and asset management operations and international experience, and also incorporate diverse perspectives through the participation of female and foreign directors, so that the boards fulfill their functions appropriately.

### ■ Diversity in the Boards of Directors at major core subsidiaries



### ■ (Reference) Initiatives to ensure boards of directors of our group's core subsidiaries fulfill their functions

In order to enhance the effectiveness of the supervisory body as a whole, our Group has developed a framework to ensure that the boards of directors of the subsidiaries fulfill their functions in group governance. More specifically, our Group's core subsidiaries, such as Sumitomo Mitsui TRUST Bank, Sumitomo Mitsui Trust Asset Management (SuMiTAM),

and Nikko Asset Management (NAM), which have internal control in place and are managed autonomously, are expected to have their boards of directors fulfill their supervisory functions autonomously. We ensure the effectiveness of those supervisory bodies by evaluating their operations as monitoring boards.

Functions and roles of the Holdings Board of Directors	Classification of governance functions and management policies of the subsidiaries and affiliates		
<ul style="list-style-type: none"> <li>HD Board of Directors mainly deliberates on the Purpose, policy for appropriate capital distribution to stakeholders, and basic group management policies (including management strategies and the basic policy on internal control) that enable the sustainability of such value creation, of SuMi TRUST Group.</li> <li>Responsible for corporate governance of the entire corporate group as the apex of the group governance structure, and appropriately designs and supervises the roles and functions of the subsidiaries.</li> </ul>	Impact on the Group	Important companies with significant impact on the Group management	
	Management autonomy and internal control autonomy	Companies that have internal control in place and are managed autonomously	
	Group management function perspective	Management strategies Status of control by the supervisory body	
	[Illustration of functioning of the boards of directors of the subsidiaries and affiliated companies based on the above]		
	Supervision type	Expectation for the role for autonomous supervision	Certain dependence on control by parent
	Functions of the boards of directors of the subsidiaries and affiliates	Monitoring board (autonomous control framework)	Conventional board (Controls including parent support)
HD's supervisory perspective	Management strategies and execution status Internal control status Evaluation of operation of the supervisory body	Management strategies and execution status Internal control status Evaluation of control by parent company	
Examples of relevant companies	SuMi Trust Bank, SuMiTAM, NAM	...	

# Fiduciary Spirit

## 1 Providing Value to Clients

SuMi TRUST Group has cherished and inherited the fiduciary spirit, which is the core of the trust system. The fiduciary spirit refers to the attitude of a trustee fulfilling their responsibility to act faithfully for their clients with care as a good manager. We aim to be the “Best Partner” that provides the best benefits for our clients and offers them maximum value by thoroughly operating client-oriented business. Moreover, our Group promotes “client-oriented

business operation” and “customer satisfaction improvements” as an integrated effort and has established a system to advance the penetration and execution of fiduciary duty.

Our Group is constantly striving to be completely client-oriented, to improve customer satisfaction and to help solve social issues. Through these initiatives, we aim to earn the trust of our clients and society and to grow hand-in-hand with them.

## 2 Implementing a Client-oriented Approach

Our Group has published the “Fiduciary Duties of the Sumitomo Mitsui Trust Group” (hereinafter “the Policies”). As the “Best Partner” for our clients, we aim to enhance our efforts to thoroughly implement a client-oriented approach by providing products and services that align with the best benefits for our clients.

For the results of these initiatives, we periodically announce a report entitled “KPIs for initiatives pursuing to be

the ‘Best Partner’ for our clients.” These KPIs include those “comparable common KPIs for sales companies” for investment trusts and foreign currency-denominated insurance. Our Group will continue to establish an extensive organizational structure from the management level to the working level, and strives constantly to enhance our initiatives in this area.

### ■ Promoting/supervising structure of our Group

	Organization		Initiatives
Sumitomo Mitsui Trust Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> <li>● Manage conflicts of interest for the entire group</li> <li>● Monitor progress of fiduciary duties</li> </ul>
	Executive Committee	Conflicts of Interest Management Enhancement Committee	<ul style="list-style-type: none"> <li>● Discuss important cases</li> <li>● Supervise improvements in relevant departments</li> </ul>
	Department in charge	FD & CS Planning and Promotion Department	<ul style="list-style-type: none"> <li>● Ensure execution of Fiduciary Duties (FD) and promote Customer Satisfaction (CS) improvements</li> </ul>
Compliance Department		<ul style="list-style-type: none"> <li>● Enhance conflict of interest management</li> </ul>	
Group companies*	Group-wide	Fiduciary Duties Discussion Panel	<ul style="list-style-type: none"> <li>● Share and discuss initiatives related to the fiduciary duty of each company</li> </ul>

\* Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Mutual Fund & Insurance Research Institute, and Sumitomo Mitsui Trust Life Partners



### 3 Management of Conflicts of Interest

With the approval of the Board of Directors, our Group announced the Summary of the Management Policy Concerning Conflicts of Interest, in order to protect the interests of our clients from undue harm caused by the provision of various services by group companies and their related parties. Our Group identifies and classifies transactions that have possible conflicts of interest\* in advance and manages such transactions appropriately.

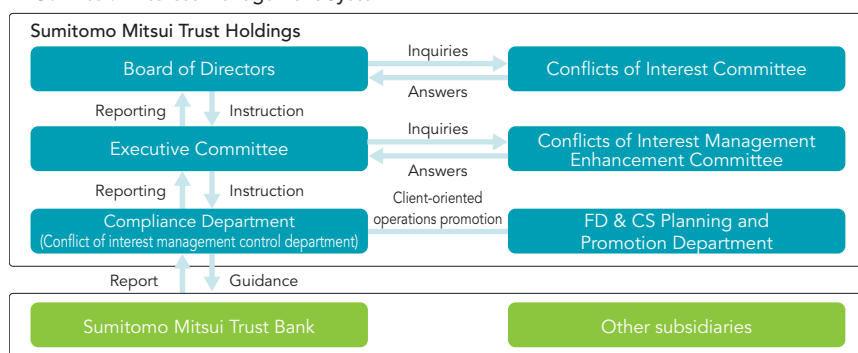
Furthermore, we developed a system in which the Compliance Department, which is the department that oversees management of conflicts of interest independently of sales divisions, regularly verifies the effectiveness of management of conflicts of interest across the Group. The results are regularly

reported to the Board of Directors and other relevant parties and we have a framework to continuously implement the necessary improvements and guidance.

In addition, our Group has established Conflicts of Interest Committee in an effort to enhance the effectiveness of the Group's framework for managing conflicts of interest. The majority of members of the Committee are external experts. It serves as an advisory body to the Board of Directors and verifies the appropriateness of the Group's management of conflicts of interest. A summary of agendas of the Committee has continuously been made available through our website.

\* A conflict of interest refers to a situation where there are conflicting interests between SuMi TRUST Group and its clients, or between clients of the Group.

#### Conflict of Interest Management System<sup>\*1</sup>



Conflicts of Interest Committee Members <sup>*2</sup>	
Chairperson:	Hideki Kanda <sup>*3</sup> Emeritus Professor, The University of Tokyo
Member:	Nobuaki Katoh External Director, Sumitomo Mitsui Trust Holdings
Member:	Akiko Hosokawa Partner Partner, Atsumi Sakai Law Office, Foreign Law Joint Enterprise
Member:	Yasuyuki Suzuki Director, Senior Managing Executive Officer (CRO) <sup>*4</sup> , Sumitomo Mitsui Trust Holdings
Member:	Yuki Takada Managing Executive Officer (CCO) <sup>*5</sup> , Sumitomo Mitsui Trust Holdings

\*1 See page 94 for roles and responsibilities of each management structure and main departments

\*2 Positions as of the end of June 2024

\*3 External Director of SuMi TRUST Bank

\*4 CRO stands for Chief Risk Officer and is responsible for risk management

\*5 CCO stands for Chief Compliance Officer and is responsible for compliance

### 4 Shaping Corporate Culture to Become Our Clients' "Best Partner"

SuMi TRUST Bank aims to be the "Best Partner" for clients by implementing the following initiatives.

Initiatives for PDCA Cycle Reinforcement	Strengthening PDCA cycle for improvement based on client evaluations by standardizing evaluation items of client questionnaires, sophisticating analysis, sharing the challenges, and taking other measures.
Initiatives for Human Resource Development	Regularly and continuously conducting training on FD practice, CS awareness-raising, sharing of complaints and VOC (voice of clients), business etiquette through training programs designed for newly appointed general managers, new employees, and other employees at each level. Major training programs implemented in fiscal 2023 are as follows. [Training for all employees] <ul style="list-style-type: none"> <li>Client support management training (addressing to complaints, etc. and supporting persons with disabilities, etc.) &lt;semi-annually&gt;</li> <li>FD &amp; CS training (permeating awareness of FD and CS) &lt;annually&gt;</li> <li>Universal design training (regarding the universal design of SuMi TRUST Bank) &lt;annually&gt;</li> </ul> [Rank-based training session] <ul style="list-style-type: none"> <li>New employee training &lt;April&gt;</li> <li>New employee follow-up training &lt;October-November&gt;</li> <li>Mid-career recruitment guidance &lt;Monthly&gt;</li> <li>Training for newly appointed financial consultants and trust consultants &lt;quarterly&gt;</li> <li>Rank-based training for newly appointed general managers, etc. (semi-annually)</li> </ul>
Initiatives for FD & CS Awareness Instillation	Held lectures on topics that contribute to FD & CS for all employees of group companies. Also implemented initiatives for expressing mutual gratitude to enhance unity among all employees.
Initiatives for Solidifying FD & CS Awareness	Held FD & CS Committees for the purpose of enhancing FD and improving CS at each branch. In FD & CS Committees, we analyze and review the voice of clients, and share best practices and areas for improvement within branches and departments.

## 5 Status of Initiatives Aimed at Becoming Our Clients' "Best Partner," and Key Performance Indicators (KPIs)

By practicing fiduciary duty, supporting asset formation, asset management and asset administration of clients, our Group seeks both to provide our clients with comfort and satisfaction, and to contribute to society and economy. At SuMi TRUST Bank, we are gradually enhancing and expanding a variety of consultation channels, including online consultation platforms and nighttime and holiday reception services, to provide consulting opportunities to clients who

have difficulty visiting the bank or who live where there are none of its branches nearby.

In addition, we aim to achieve sustainable and stable growth of the Group 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 initiatives, these indicators are revised as necessary.

### Client-oriented initiatives aimed at becoming our clients' "Best Partner" [our own actions]

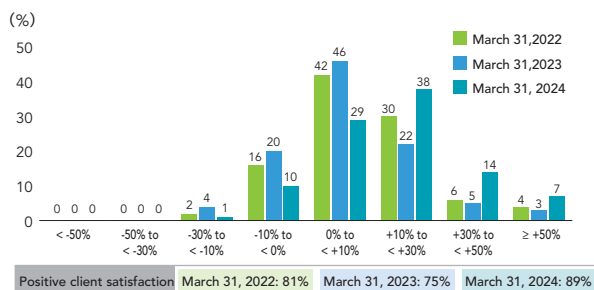
Field	Certifications, etc.	March 31, 2024
Asset formation assistance	Financial Planning Specialist (Level 1 and 2), CFP, AFP, Kinzai Financial Skills Examination Specialist (Level 1 and 2)	7,222*
Assistance in real estate transactions, etc.	Number of employees who have passed the real estate transaction specialist test	6,076*
Providing appropriate consulting for elderly clients	Certified the bank gerontologist	3,991*
Assistance in inheritance, wills, estate planning, etc.	Financial Consultants and Trust Consultants	293

\* Number of course employees of SuMi TRUST Bank who have passed the above certification test

### Client comfort and satisfaction, contribution to society and economy [evaluation by clients and society]

#### Improving investment returns for clients

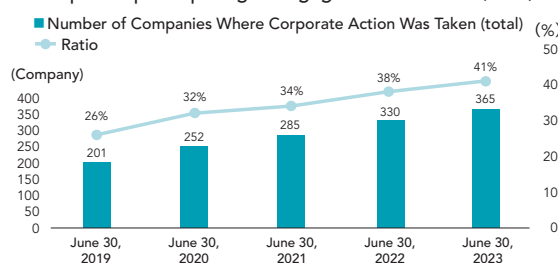
■ Distribution of clients with investment trust gains/losses, including realized profit and loss



When proposing investment products to 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.

#### Enhancing asset management

■ Number of companies where corporate action was taken\* and ratio of companies where corporate action was taken to companies participating in engagement activities (total)



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management strives to increase the medium- to long-term investment returns of its clients via engagement activities aimed at raising corporate value over the medium-to long-term and via stewardship activities such as the exercise of voting rights.

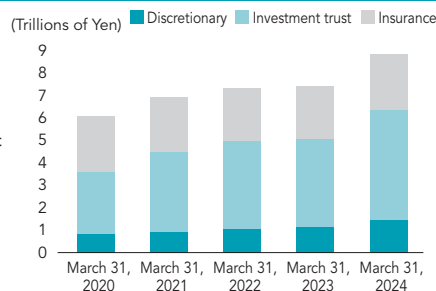
\* Number of companies that have taken action consistent with the views expressed by the company in engagement activities

### Sustainable and stable growth of the Group [objective parameters]

Offering a wide range of products and services to fulfill the diverse needs of clients

Sumitomo Mitsui Trust Bank provides a wide range of high-quality products and services, including investment trusts for clients' diverse needs, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Comprehensive offerings drive growth in balances of investment trusts, discretionary investment management products, and insurance

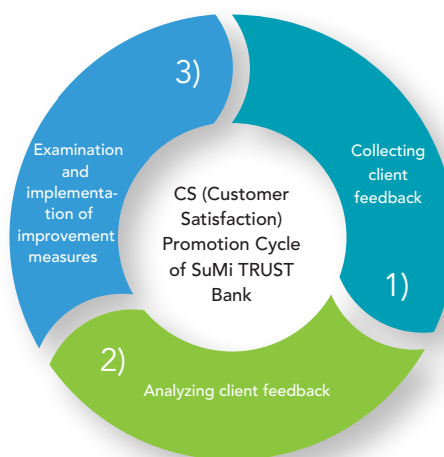


## 6 Initiatives to Link “Voice of Clients” to Enhance Customer Satisfaction

### 1. System to leverage voice of clients

SuMi TRUST Bank 1) receives many valuable opinions and requests from clients and feedback, such as “voice of clients” via branches throughout Japan and through call centers and the website. 2) To analyze this client feedback, we strive to better meet our clients’ needs by making client feedback more visible, so that we can better recognize such needs. Furthermore, 3) regarding opinions and requests received from clients, branches and head office cooperate to investigate and analyze the reasons and identify problems. Based on the results, we search for necessary improvement measures and strive to provide better products and services. At the Group, we formulated Voluntary Declaration of Consumer-Orientation\* in June 2019 to ensure that clients and society always trust us and continue to grow together, and compiled and publicized the results of improvements based on client feedback.

\* Promoted by the Consumer Affairs Agency, a Voluntary Declaration of Consumer-Oriented Management 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. Client feedback

Among the voice of clients, there were a total of 1,554 complaints SuMi TRUST Bank over the period from April 1, 2023 through March 31, 2024. The main content is as shown in the table below.

Content	Number of cases in FY2022	Number of cases in FY2023	Major complaints
Dissatisfaction with the response of staff in charge	617	482	<ul style="list-style-type: none"> <li>Inadequate handover after change of person in charge</li> <li>Inadequate follow-up on investment status of owned products</li> <li>Inadequate explanation of the annual card fees</li> </ul>
Complaints regarding administrative procedures	642	714	<ul style="list-style-type: none"> <li>Fee-related operations</li> <li>Failure to consider the relevant items upon issuance of a balance certificate</li> </ul>
Dissatisfaction with products and services	189	173	<ul style="list-style-type: none"> <li>Losses on investment instruments</li> <li>Restriction on the use of Internet banking</li> <li>Restriction on some ATM transactions</li> </ul>
Others	196	185	—

## 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 Action Guidelines for the Best Interests of Clients designed to enhance the Group’s client protection and convenience in order to enable group companies to develop an appropriate framework to manage client protections in accordance with the characteristics of their own operations. Based on the basic policy, each group company has established control divisions for client

protection management and supervisory divisions according to functions. The control divisions 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 divisions 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

Our 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 framework to manage client protection, such as thoroughly enforcing the suitability rule\* and duty of honesty and fairness, creating a client explanation manual that stipulates appropriate the provision of information to clients and expanding and improving training, based on the solicitation policy regarding provision of financial products and services and “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.

\* The suitability rule prohibits inappropriate solicitation in view of clients’ knowledge, experience, financial position and purpose of transactions.

## 3. Client information management

Our Group has established the “Sumitomo Mitsui Trust Group Privacy Policy” to securely protect personal data of its clients in order to establish 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.

# 8 Enhancing and Sophisticating Business Operational Quality

SuMi TRUST Group positions the provision of products and services that exceed client expectations based on the fiduciary spirit as the foundation of credibility from clients and society. With that, our Group is working on the enhancement and sophistication of business operational quality, prioritizing them as our most important management challenge.

Recognizing the importance of instilling this initiative among employees who are responsible for providing products and services, we have developed and published “Our Standards of Conduct” as a concrete set of guidelines to fulfill the responsibilities expected of our Group and to create new added value. We are committed to continuously fostering awareness in this regard.

In addition, one of the actions for clients set forth in the guidelines is the enhancement of business operational quality. They stipulate that to improve operational quality, it is crucial to strengthen risk management and streamline business processes by reviewing the entirety of the processes and visualizing the sequence of operations. They also specify the need to continuously engage in these activities and solidify an autonomous PDCA cycle to improve operational quality.

Based on the guidelines, we are improving business operational quality on a continuous and autonomous basis by over-viewing the entirety of products and services and dis-

covering vulnerabilities in business processes through the PDCA operation of the framework, which was developed in FY2022 for identifying, analyzing, and overcoming the challenges related to the enhancement and sophistication of business operational quality.

Specifically, the business division itself conducts a self-assessment of the status of risk control in business processes for each product and service, and the Business Process Planning Department conducts a cross-cutting assessment from a company-wide perspective and discusses necessary improvement activities at management level. This is conducted as the PDCA cycle once a year.

Furthermore, we have begun the progress monitoring, conducted throughout FY2023, on the measures included in the improvement activities set through the 2022 PDCA cycle.

We will continue to pursue robust business operations and thorough our management system based on a relationship of credibility that exceeds client expectations. Continuously enhancing and sophisticating operational quality while also updating it will strengthen our management foundation and organizational capabilities.

Based on the fiduciary spirit, we will develop safety and security that we have established in existing areas in the field of value creation.

# Internal Auditing

## 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 the business, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, financial facilitation, client protection and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business ex-

ecution 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. Sumitomo Mitsui Trust Holdings

#### (1) Organization

In addition to establishing the Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and control capabilities (governance) with regards 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 the basic policy on internal audits into account, 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

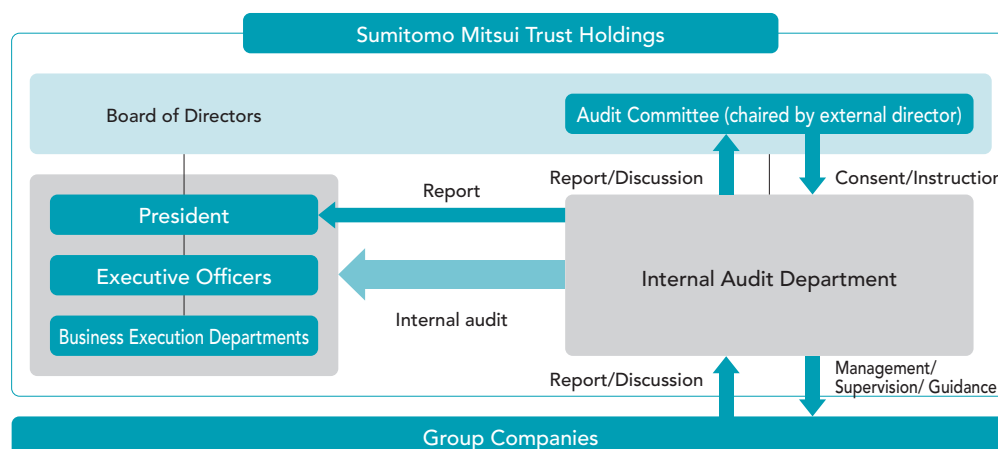
supervising SuMi TRUST Group's internal auditing, receives consultation from each group company regarding the audit plan, and confirms its consistency with the basic policy on internal audits. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from the 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 group company has formulated its own internal auditing plan in accordance with SuMi TRUST Holdings' basic policy on internal audits, and the plan 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, SuMi TRUST Holdings and others, and are also reported regularly to the Board of Directors.

#### ■ Internal auditing structure of SuMi TRUST Group



# Risk Management

## 1 Basic Policy on Risk Management

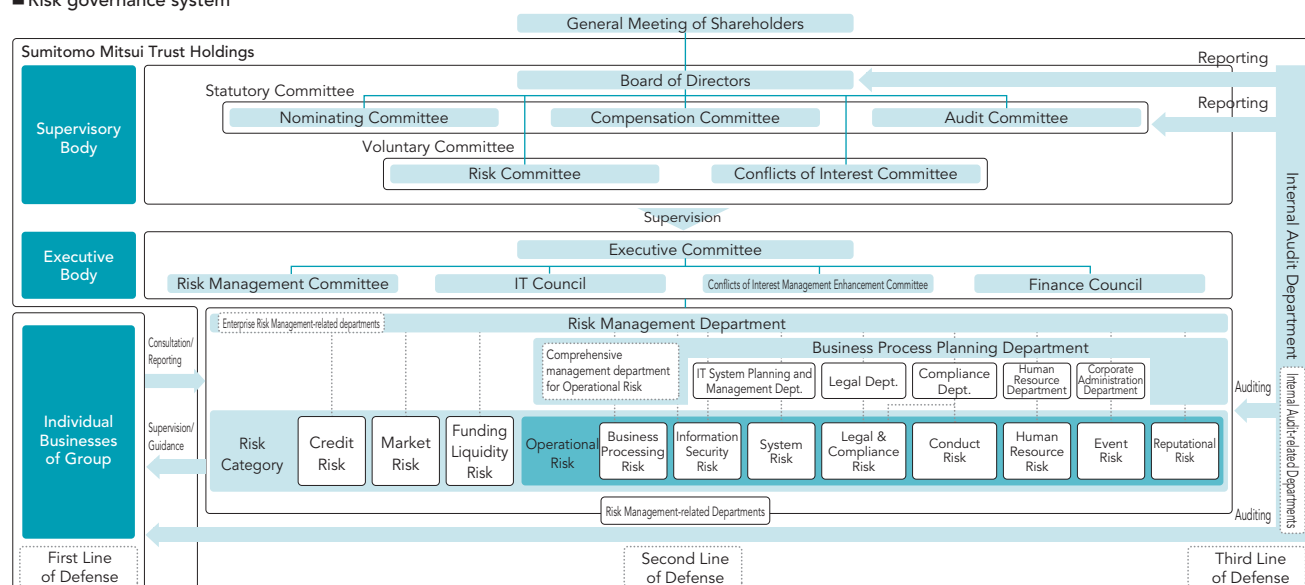
SuMi TRUST Group follows a basic policy of accurately assessing risk conditions and implementing necessary measures through a series of risk management activities, including risk identification, evaluation, monitoring, control and mitigation, based on the Group’s management policy and basic policy on the internal control system. Our Group’s risk management framework encompasses the Risk Appetite Framework and is linked to functions organically within the Group.

## 2 Risk Management System

### 1. Organizational structure

For the group-wide risk governance system, the Group has developed a Three Lines of Defense system consisting of risk management by individual Group 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



**(i) 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 Group business takes risks within the scope of its risk appetite in accordance with its risk-taking policy, evaluates risks and swiftly implements risk control at the on-site level when risks that are outside of its risk appetite materialize. In addition, the status of risk management is reported to the second line of defense in a timely manner.

**(ii) Second line of defense**

In accordance with the Group-wide basic policy on risk management approved by the Board of Directors, as control departments responsible for the management of each risk category, the Risk Management Department and risk management-related departments perform a check and balance function for the risk taking of the first line of defense, and supervise and pro-

vide guidance regarding the risk governance system from an independent standpoint. The Risk Management Department, as an enterprise risk management department, identifies and evaluates group-wide risks, creates a risk management process and sets risk limits. 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 the CRO (Chief Risk Officer) reports the status to the Executive Committee and the Board of Directors.

**(iii) 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.

#### (iv) Executive committee

The Executive Committee is composed of representative executive officers and executive officers, including the CRO, 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.

#### (v) 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 that reflects these strategic goals based on a solid understanding of where and what risks exist, 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 reviews their appropriateness, and reports its findings on matters concerning the recognition of the environment surrounding the Group and the effectiveness of its risk management based on requests for consultation from the Board of Directors.

##### ● 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 conflicts of interest management, which are the foundation for a "Best Partner" that pursues the best interests of 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.

#### (i) 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 size and characteristics of the identified risks. Among those risks, risks that are particularly important are managed as material risks.

#### (ii) Risk evaluation

The risks identified as requiring management undergo analysis, evaluation, and measurement in a manner appropriate for the scale, characteristics, and risk profiles of each of the

Group's businesses. Among those risks, we periodically evaluate material risks in terms of the 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).

#### (iii) Risk monitoring

After setting KRIs<sup>\*1</sup> and other indicators, risk conditions are monitored with appropriate frequency, given the conditions of the Group's internal environment (risk profiles and allocated capital usage status) and external environment (the economy and markets). Recommendations, guidance and advice are given to each of the Group's businesses based on the risk conditions.

Monitoring results are reported and submitted for proposal to the Board of Directors, the Executive Committee and other bodies regularly or as needed.

\*1: Key Risk Indicator

#### Risk predictor management for top risks

We select top risks, emerging risks, and others, based on the features of the business model and risk characteristics of the Group. We set risk appetite indicators for risks resulting from internal factors and early warning indicators for risks resulting from external factors for monitoring purpose.

##### ■ Main top risks and emerging risks

- Risks related to falling prices for strategic shareholdings, etc.
- Risks related to concentration of credit in major obligors in the credit portfolio
- Risks related to cyber-attacks
- Risks related to climate change<sup>\*2</sup>
- Geopolitical risks
- Risks related to innovation
- Stagflation risks

\*2 For more information on the Group's initiatives to address climate change-related risks, please refer to "ESG/ Sustainable Management" in this report and the TCFD Report.

#### (iv) Risk control and mitigation

If any events that could have a significant impact on the soundness of management occur, such as risk amounts exceeding the acceptable range of risk appetite or 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

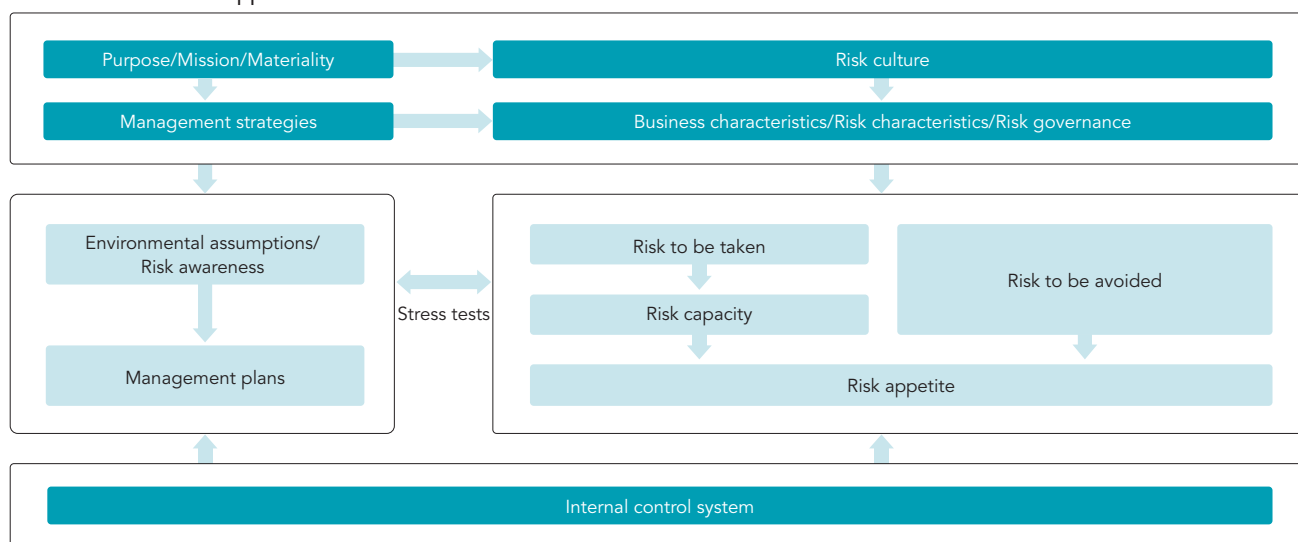
#### 1. Outline of the Risk Appetite Framework

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

With the primary objective of balancing improvement in profitability with enhancement of risk management, our

Group’s Risk Appetite Framework establishes communication processes through the setting, propagation, and monitoring of risk appetite and promotes the improvement of transparency in the decision-making process, the optimization of the allocation of management resources, and the strengthening of the monitoring system for risk-taking overall. Through the above, the Group is promoting the enhancement of risk governance, which forms a part of corporate governance, with the aim to achieve sound and sustainable development through the value creation process by implementing and enhancing the Risk Appetite Framework.

##### ■ Outline of the Risk Appetite Framework



#### 2. Risk appetite operation

##### (i) Determining risk appetite target

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

Under the Group’s Risk Appetite Framework, the Board of Directors establishes a risk-taking policy, based on Purpose and others, and sets risk appetite indicators taking the results of stress tests into account. In addition, the Executive Committee sets a detailed risk-taking policy and risk appetite indicators for each business type within the scope of the policy set by the Board of Directors.

The Group maintains the Risk Appetite Statement to clarify the overall picture, policy, and indicators of the Risk Appetite Framework.

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

##### (ii) Risk appetite monitoring

Our Group sets risk appetite indicators from the three perspectives of return, risk, and cost, and regularly monitors and verifies that risk taking is conducted appropriately. In addition, we set risk appetite indicators for each materiality to monitor actions to address material issues in order to ensure that the value creation process is functioning appropriately, and that financial and non-financial capital are circulating.

If the risk appetite indicators deviate from the set levels, the Group analyzes the cause and implements countermeasures or reconsiders the levels of risk taking.



## 4 Fostering and Instilling a Risk Culture

Our Group defines risk culture as a basic philosophy that prescribes the codes, attitudes, and conduct of the Group's organizations, 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 a fiduciary spirit.

We define risk-taking policies for each Group business when

formulating a management plan, and encourage appropriate risk-taking by all directors, officers and employees. In this way, the Group aims to build sustainable business models that contribute to enhancing corporate value and stakeholder value, and strives to have risk culture understood and embraced through e-Learning and discussion-based training to foster risk culture and have it take root throughout the Group.

## 5 Risk Characteristics

Based on a fiduciary spirit, and leveraging its significant expertise and comprehensive capabilities, the Group, as a trust 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.

Each of the Group's businesses faces various risks, including credit risk, market risk, funding liquidity risk and operational risk, depending on its business characteristics. In this context, as a basis for improving management of risks related to trust business operations, we have established the 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.

With regards to conduct risk as well, SuMi TRUST Bank, which is the core of the Group, periodically assesses the status of major risks and strives to promote and foster awareness among directors, officers and employees through internal training, thereby reducing and managing risks and preventing them from materializing.

## 6 Enterprise Risk Management

### 1. Enterprise risk management system

We manage risks by comprehensively ascertaining 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 a 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 aggregate risks that can be quantitatively measured using a single yardstick, such as VaR\*, and compare the aggregated risk value against our corporate strength, i.e., capital adequacy, thereby managing risks (integrated risk management).

\* Value at Risk

### 2. Capital allocation operations

For the purpose of the Group's capital allocation operations, SuMi TRUST Holdings allocates capital to each Group business for 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 assessment of capital adequacy level.

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 Group business is operated within both the allocated amount of capital and the risk appetite. The Risk Management Department measures risk amounts on a monthly basis, and reports regularly on the risk status 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.

## 7 Crisis Management

Our Group strives to develop systems to swiftly and appropriately implement measures in the event of disasters, large-scale 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.

In the event of a crisis, an emergency response headquarters led by the President will be established to ensure the safety of our clients, directors, officers, employees and their

families as a top priority. Further, we have BCPs (business continuity plans) in place to continue to provide services in the event of a crisis. In order to ensure the effectiveness of our BCPs, we periodically conduct exercises and revise their content. In particular, we have been working to develop and enhance alternative systems, such as backup offices and backup systems, to prepare for large-scale disasters.

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

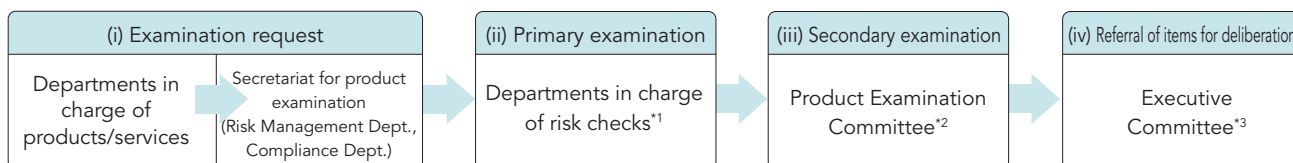
When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and developing materials and methods for explanation 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, we regularly monitor the status of our post-introduction initiatives, including from a risk management perspective after they are introduced.

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 they have been deliberated on by the Product Examination Committee.

### 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 Planning Dept.

\*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to review from the perspective of conflicts of interest in light of merchantability.

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

# Initiatives for Financial Facilitation

## 1 Initiatives for Financial Facilitation

SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking mortgage loans to be one of its most important social missions and is working to achieve it.

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 for various consultations, 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 regarding facilitation of financing through a dedicated telephone number as well as at branch offices.

SuMi TRUST Bank has a system under which it respects and abides by the "Guidelines for Management Guarantee", the "Special Provisions on Guidelines for Management Guarantee Focusing on Business Succession", "Basic Approach to the Guidelines for Management Guarantee at the Time of Business Termination" and other rules. The "Status of Utilization of the Guidelines for Management Guarantee" is also disclosed on its website. The Bank also respects "Guidelines on Arrangement for Victims of Natural Disasters," and is prepared to respond appropriately to consultations from clients who are directly or indirectly affected by natural disasters and by recent global affairs and global inflation.

## 2 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" 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 business succession and overseas expansion as well as in electronically recorded monetary claims.

#### (i) 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-owners 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 an 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 rich, wide-ranging set of experience to consult with clients on matters concerning inheritance, asset inheritance and business succession as well as asset management and 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 us.

#### (ii) Initiatives related to support for overseas expansion

SuMi TRUST Bank has a six-site network covering 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.

#### (iii) 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 Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members.

### 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 and others) for clients to other clients, and contributed to increasing their sales.

# Security (Information Security Risks and Cybersecurity Measures)

## 1 Information Security Risk

### 1. Information security risk management system

SuMi TRUST Group considers information assets to be one of the most important management resources, and has set the protection of personal information and client data as one of the materiality themes. 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 sub-categories under operational risk. It has assigned an officer in charge and established a control department to properly manage client information and implement cybersecurity measures.

In addition, we have established and announced Sumitomo Mitsui Trust Group Privacy Policy, 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 established internal rules and regulations regarding the

management framework and handling of information in accordance with the Personal Information Protection Act, related laws and regulations, and “Guidelines for Personal Information Protection in the Financial Field” established by the Financial Services Agency. Also Sumitomo Mitsui Trust Bank, Limited holds regular training sessions for all employees twice a year. Through these efforts, we ensure that all employees 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.

#### ■ Rules and regulations related to information security risk management

Rules	Rules on Sumitomo Mitsui Trust Group Privacy Policy, Risk Management Rules
Regulations	Risk Management Regulations, Operational Risk Management Regulations, Information Security Risk Management Regulations, System Risk Management Regulations
Guidelines	Information Security Risk Management Guidelines, System Risk Management Guidelines, Personal Information Handling Guidelines, Personal Data Management Guidelines, CSIRT Guidelines, Internal OA Management Guidelines, Guidelines for Taking Client Information Outside the Company, etc.

### 2. Organizational structure and others

Matters related to information security risk, as a risk sub-category within operational risk, are deliberated on comprehensively by the Risk Management Committee at Sumitomo Mitsui Trust Holdings and by the Operational Risk Management Committee at Sumitomo Mitsui Trust Bank, Limited, 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 Planning 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 Planning Department and the officer in charge of the IT System Planning and Management Department are responsible for overall information security risk management.

Organizational structure	Board of Directors, Executive Committee, Risk Management Committee (Sumitomo Mitsui Trust Holdings) Operational Risk Management Committee (Sumitomo Mitsui Trust Bank, Limited)
Officers in charge	Officer in charge of Business Process Planning Department and Officer in charge of IT System Planning and Management Department
Departments in charge	Business Process Planning Department and IT System Planning and Management Department

## 2 Cybersecurity Measures

### 1. Cybersecurity management framework

The Group has designated addressing cyberattacks as one of the materiality themes as well as a top risk, and we are planning and promoting our cybersecurity measures at the initiative of management through the formulation of Cyber Security Management Declaration.

- We have appointed a Chief Information Security Officer (CISO) who promotes the strengthening of cybersecurity measures under the leadership of CISO.
- We have established SuMiTRUST-CSIRT 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 upgrading of security measures through security review meetings and our IT Council, as well as by utilizing outside expertise.

- The Group has established internal rules and regulations based on U.S. cybersecurity 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, including 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.

## 2. 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<sup>\*1</sup>, and we have established a monitoring system centered on the CSIRT.

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

## 3. Enhancing cybersecurity measures

We have established a 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 including countering DDoS attacks and attacks on vulnerabilities, detecting and blocking phishing websites.

In addition, in order to ensure that our clients use our Internet banking services with a sense of security, as a countermeasure against phishing, we have limited maximum amounts for money transfer and strengthened information collection on threat trends. Further, as a technical countermeasure, we are working to strengthen the monitoring of unauthorized transactions.

We are also working to collect and analyze information on attacker trends and to improve our intelligence functions to enhance the Group's vulnerability management.

### ■ Major technical countermeasures

Entry measures Exit measures	<ul style="list-style-type: none"> <li>· Detection and blocking of malicious communications (including countering DDoS attacks)</li> <li>· Prevention of the intrusion of viruses and malware (suspicious apps)</li> <li>· Restriction of suspicious communications through behavior detection</li> <li>· Assessment and improvement of Internet path vulnerabilities through vulnerability assessments</li> </ul>
Internal measures	<ul style="list-style-type: none"> <li>· Detection of the behavior of malware entering endpoints (internal office automation terminals and servers)</li> </ul>
Integrated monitoring	<ul style="list-style-type: none"> <li>· Integrated analysis of multiple communication logs obtained from firewalls, proxy servers and others to improve detection accuracy</li> <li>· Analysis of encrypted communications (HTTPS and others) by combining them to expand detection range</li> </ul>

In addition, we regularly conduct self-analysis of risk situations using cybersecurity heat maps as well as third-party assessments using international cybersecurity assessment tools such as FFIEC-CAT<sup>\*2</sup>. We also participate in cyber exercises hosted by the Information Sharing and Analysis Center (ISAC)<sup>\*3</sup> and the National Center of Incident Readiness and Strategy for Cybersecurity, conduct our Group's own exercises for management and Group companies, and through PDCA cycle, we are working to enhance measures to strengthen cyber resilience. In addition, we have taken out cyber insurance to safeguard against emergencies.

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

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

## 4. Cybersecurity 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 ISAC and FS-ISAC<sup>\*4</sup>, and provides external training and certification support.

Also, Sumitomo Mitsui Trust Bank, Limited is continuously engaged in employee education through information security training and phishing email training for all employees, and cyber exercises conducted in cooperation with external organizations.

In addition, the CSIRT and the application and infrastructure development departments have formed an organization called the Task Force to discuss and coordinate the challenges related to cybersecurity measures to improve effectiveness, complement each other's expertise, and pool human resources.

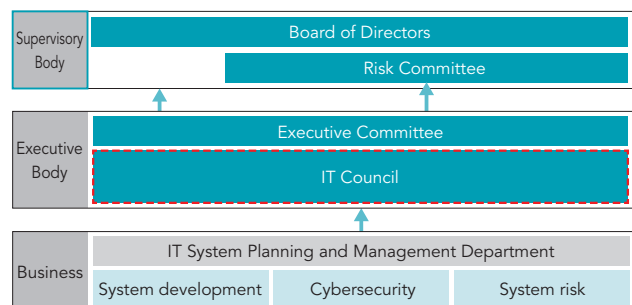
\*4 FS-ISAC (Financial Services Information Sharing and Analysis Center): Information sharing organization for financial institutions, mainly in the United States

## 5. System risk management framework

In order to minimize the impact of large-scale failures and disasters on information systems, and to prepare for early recovery and business continuity, we are working to strengthen resilience by clarifying the Group's communication and response systems, developing alternative measures and recovery procedures, and providing operational education and training. In addition, for risks related to delays and cost increases arising from system development of a certain scale, we monitor the progress and quality control aspects of large-scale system development projects, report to the IT Council, and consult with them in order to ensure proper management of system development.

## 6. IT council

The IT Council is an advisory body to the Executive Committee, and it consists of the officer in charge of the IT System Planning and Management Department, who serves as the chairperson, officers in charge and general managers of the respective corporate management departments, and external members with expertise. It deliberates on important system investments and system technology matters from a multifaceted perspective. In terms of risk management, the Council deliberates on risks arising from system development, cybersecurity, and system risks. In addition, as an advisory body, the Council actively utilizes the knowledge of external members with expertise to enrich discussions and enhance management.

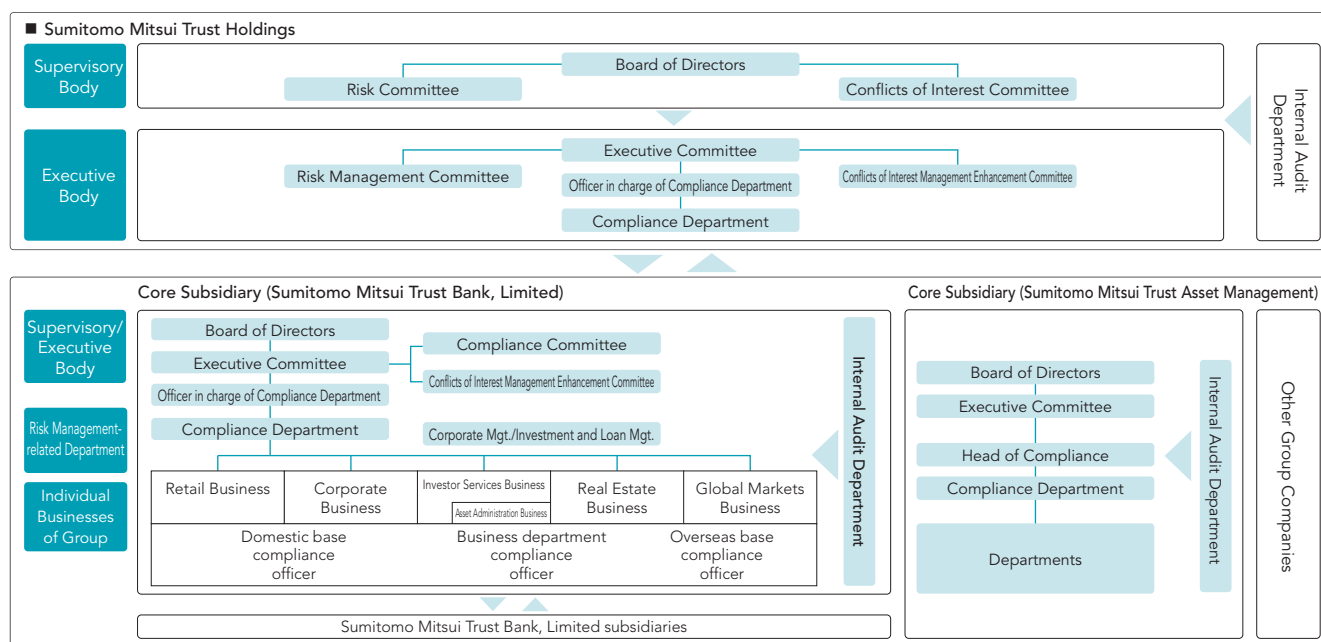


# Compliance

## 1 SuMi TRUST Group's Basic Initiative Policy and Compliance Framework

The Group has positioned compliance as one of its most important management challenges necessary for the realization of "The Trust Bank," its management principles and ideal model, and set out strict compliance with applicable laws and regulations in the Codes of Conduct ("Value"). Also, the Compliance Rules formulated by the Board of Directors define the Group's overall basic policy, the standards that directors, officers and employees must follow, and the Group's organization structure for realizing compliance. The Group formulates the annual Compliance Program, which consists of specific practice plans for realizing above, with

the approval of the Board of Directors, and the Board of Directors periodically evaluates the progress. In addition, SuMi Trust Holdings manages the compliance framework for the entire Group in order to create an appropriate framework in line with the characteristics of operations of each Group company. This is done by formulating the companies' Compliance Programs and providing guidance and oversight on the progress and achievement status of these programs. The Group's compliance status is managed and regularly reported to the Board of Directors by the executive officer who is the Chief Compliance Officer (CCO).



## 2 Initiatives for Thorough Compliance Awareness

Contents of the Compliance Manual, including explanations of laws and regulations that must be followed and actions to be taken in the event of the discovery of illegal or inappropriate behavior, are thoroughly informed throughout the Group. We are also improving compliance training to maintain a high level of compliance awareness through-

out the Group. More specifically, in addition to us providing training materials for e-Learning and discussion-based study sessions, the Group companies provide training and study sessions tailored to their respective businesses and products, as well as e-Learning on specific themes, to foster awareness.

### Hotline System

The Group has established the Compliance Hotline to enable directors, officers, and employees to directly report legal violations to the Compliance Department and external law firms. The system ensures protection of whistleblowers, and simple means of reporting (telephone and Web system) have been established. We have also set up an accounting hotline to receive reports of inappropriate accounting practices (Refer to page 398 of the material).

### Actual number of reports by reporting system

	FY2019	FY2020	FY2021	FY2022	FY2023
Compliance Hotline	30	31	35	29	35
Accounting Hotline	0	0	0	0	0
Number of reports received by HR help desk that qualify as hotline reports	29	36	54	44	65

\* Refer to page 47 for the HR help desk.

### 3 Initiatives to Prevent Money Laundering\* and Exclude Antisocial Forces

The Group has published an Anti-Money Laundering Compliance Policy, and continuously works to improve the framework to prevent unauthorized use of the financial services. The efforts include conducting periodic risk assessment of Group companies, including overseas offices, overseeing the development status of the framework, such as risk-based control measures, and providing guidance on improvement.

The Group's Codes of Conduct ("Value") declares that we will continue to take a resolute stance against antisocial forces, and we are working to prevent any transactions that involve anti-social forces. We have introduced anti-social forces exclusion clause for our various products and services, and we work closely with the police and other external expert or-

ganizations to cancel any transactions if antisocial forces are found to be involved after the commencement of a transaction.

\* 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 by collecting or providing 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 destruction (nuclear, chemical, or biological weapons)

\* Please see "Sustainability Report" (<https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/full/all.pdf>) published separately for more detailed information on the initiatives to prevent money laundering and exclude antisocial forces.

### 4 Initiatives to Prevent Bribery and Corruption\*

The Group has published an Anti-Bribery and Corruption Compliance Policy, and has implemented anti-bribery and anti-corruption programs under the supervision of management. We review and strengthen the programs through regular assessment of risks related to bribery and corruption, and endeavor to improve the framework. The efforts include fostering a close-knit collaboration between our overseas

bases and local legal offices to allow for swift and proper responses at overseas bases, where such risk is high.

\* 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.

\* Please see "Sustainability Report" (<https://www.smth.jp/english/-/media/th/english/sustainability/report/2022/full/all.pdf>) published separately for more detailed information on the initiatives to prevent bribery and corruption.

### 5 Conduct Risk Management Initiatives

SuMi TRUST Group recognizes risk that could have a negative impact on the Group, clients, markets, financial infrastructure, society, or the workplace environment due to an officer or employee of a Group company engaging in behavior that violates professional ethics or that otherwise fails to meet the expectations and trust of stakeholders as conduct risk.

In order to meet the expectations and trust of stakeholders, each Group company creates a PDCA cycle to identify, control, assess and improve conduct risk, thereby not only controlling problematic conduct (misconduct) but also promoting desirable conduct (good conduct). In addition, we formulated Our Standards of Conduct as a guideline for executives and employees of each Group company to put the

Group's cherished values into concrete actions.

Our Standards of Conduct consist of 25 items based on the four pillars: our standards for our clients, our standards for our people, our standards for our society, and our standards for our shareholders. They are positioned as guidelines that officers and employees of Group companies are expected to refer to when they are in doubt while making a decision. Through various types of training and discussions, we are working to disseminate them throughout the entire Group, and we are also starting to check officer and employee familiarity with them. Our Standards of Conduct are posted on the Group website to help stakeholders deepen their understanding of the Group.



Our Standards of Conduct



You can find them on the website of Sumitomo Mitsui Trust Holdings.

[https://www.smth.jp/english/about\\_us/management/standard](https://www.smth.jp/english/about_us/management/standard)



# Data Section



**Group Information and External Evaluation of SuMi TRUST Group**



**Financial Data**

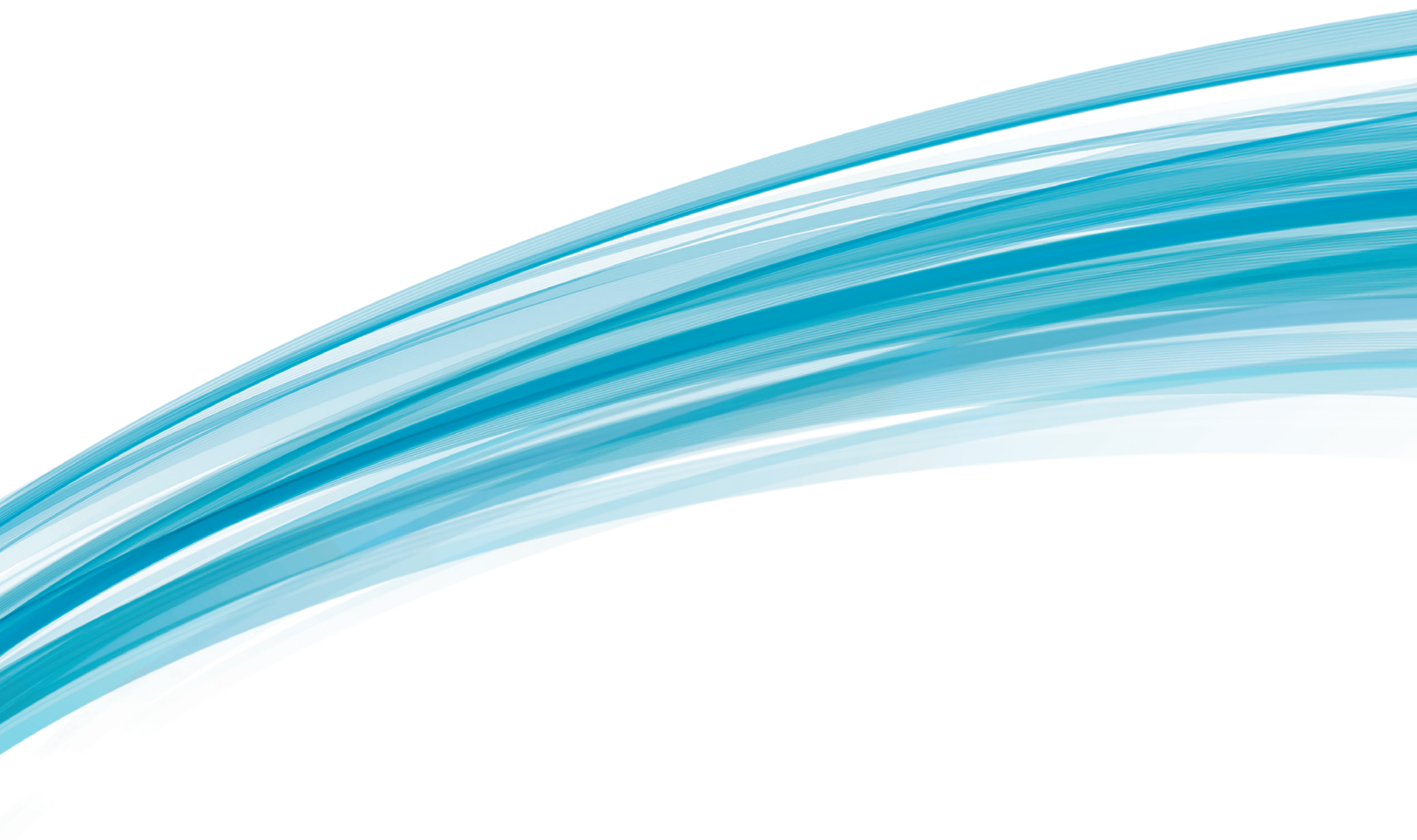


**Corporate Information**



# *Trust for a flourishing future*

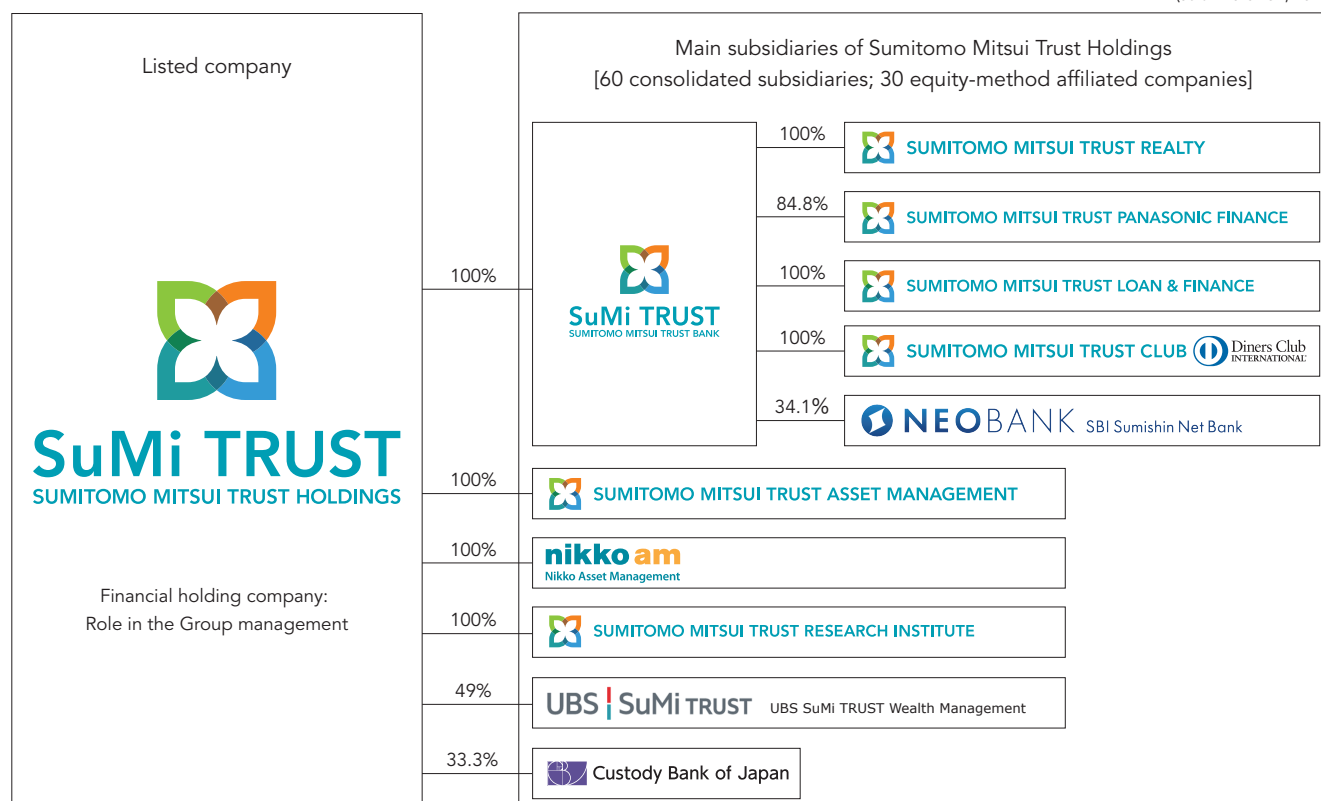
Sumitomo Mitsui Trust Group Brand slogan



# Group Information and External Evaluation of SuMi TRUST Group

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 its many group companies that specialize in banking, asset management and asset administration, real estate, and various other fields.

(as of March 31, 2024)



\* Ratio of ownership of voting rights is shown in %, including indirect ownership via subsidiaries.

## 1 Status of SuMi TRUST Group As of March 31, 2024

Trust (fee) businesses	Assets under management	¥139 trn	No.1 <sup>1</sup> among domestic financial institutions
	Assets under custody <sup>2</sup>	¥257 trn	No. 2 among domestic financial institutions
	Balance of corporate pension funds	¥14 trn	No. 1 among trusts
	Lead manager for corporate pension funds	1,272 cases	No. 1 among trusts
	Entrusted balance of real estate securitization	¥27 trn	No. 1 among trusts
	Number of shareholders under administration	37.78 mn	No. 1 among trusts
	Number of will trusts	41,658 cases	No. 2 among trusts
Banking businesses	Balance of monetary claims in trusts	¥20 trn	No. 1 among trusts
	Balance of loans to corporations	¥22 trn	No. 5 among domestic banks
	Total loan balance	¥33 trn	No. 5 among domestic banks

<sup>1</sup> As of December 31, 2022

<sup>2</sup> Balance of trust assets (under management). Trust banks specializing in asset administration are excluded due to their large amounts of re-entrusted trust assets.

## 2 ESG Assessment Organizations

MSCI  
ESG Rating  
(as of June 2024) **AA**

Sustainalytics  
ESG Rating  
(as of April 2024) **20.7**

FTSE  
ESG Rating  
(as of June 2024) **3.8**

## 3 Adopted Indexes

<p>2024 MSCI Japan Empowering Women Index (WIN)</p> <p>2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>2024 MSCI Japan ESG Select Leaders Index</p> <p>2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>	<p>2024 MSCI ESG Leaders Indexes</p>	<p>FTSE 4Good Index Series</p> <p>FTSE4Good</p>
<p>THE INCLUSION OF SuMi Trust Holdings IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SuMi TRUST Holdings BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.</p>			
<p>FTSE Blossom Japan Index</p> <p>FTSE Blossom Japan</p>	<p>FTSE Blossom Japan Sector Relative Index</p> <p>FTSE Blossom Japan Sector Relative Index</p>	<p>S&amp;P/JPX Carbon Efficient Index</p>	<p>Bloomberg Gender-Equality Index 2023</p>

## 4 Initiatives in Which SuMi TRUST Group Participates

<p>United Nations Global Compact (Sumitomo Mitsui Trust HD)</p>	<p>United Nations Environment Programme Finance Initiative (Sumitomo Mitsui Trust HD)</p>	<p>Principles for Responsible Banking (Sumitomo Mitsui Trust HD)</p>	<p>Signatory of:</p> <p>Principles for Responsible Investment (Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust AM, Nikko AM)</p>
<p>CDP Climate Change Program (Sumitomo Mitsui Trust HD)</p>	<p>A proud participant of:</p> <p>Climate Action 100+ (Sumitomo Mitsui Trust AM, Nikko AM)</p>	<p>Nature Action 100 (Sumitomo Mitsui Trust AM, Nikko AM)</p>	<p>GX League (Sumitomo Mitsui Trust Bank)</p>
<p>PCAF (Sumitomo Mitsui Trust HD)</p>	<p>Net-Zero Banking Alliance (Sumitomo Mitsui Trust HD)</p> <p>Net Zero Asset Managers initiative (Sumitomo Mitsui Trust AM, Nikko AM)</p>	<p>Taskforce on Nature-related Financial Disclosures (Sumitomo Mitsui Trust HD, Sumitomo Mitsui Trust AM)</p>	<p>Japan Climate Leaders' Partnership (Sumitomo Mitsui Trust Bank)</p>
<p>Principles for Financial Action towards a Sustainable Society (Sumitomo Mitsui Trust HD, Sumitomo Mitsui Trust AM, Nikko AM)</p>	<p>インパクト志向金融宣言 Japan Impact-driven Financing Initiative (Sumitomo Mitsui Trust HD)</p>	<p>30% Club Japan (Sumitomo Mitsui Trust AM, Nikko AM)</p>	<p>International Corporate Governance Network (Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust AM, Nikko AM)</p> <p>(Note) HD: Holdings, AM: Asset Management</p>

Impact Materiality

Financial Materiality

Governance and Management Framework Materiality

Data Section

# Financial Data

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Net Business Profit before Credit Costs	342.2	284.6	285.8	316.7	318.3	232.3
Total Credit Costs	(8.9)	6.1	9.1	19.3	(25.9)	(28.5)
Net Gains on Stocks	(33.9)	(4.2)	(3.7)	(2.1)	29.6	36.4
Of which, Amortization of Shares, etc.	(30.3)	(7.7)	(2.3)	(0.3)	(6.3)	(3.8)
Other Net Non-Recurring Profit	(27.2)	(31.4)	(33.2)	(41.4)	(43.9)	(43.9)
Ordinary Profit	272.1	255.0	258.0	292.4	278.0	196.3
Extraordinary Profit	22.8	(26.7)	(11.3)	(59.9)	(4.9)	(5.2)
Total Income Taxes	(109.3)	(75.1)	(91.6)	(60.1)	(93.9)	(56.9)
Net Income	185.6	153.1	154.9	172.4	179.1	134.2
Net Profit Attributable to Non-Controlling Interests	(20.9)	(19.4)	(17.2)	(12.7)	(12.2)	(12.7)
Net Income Attributable to Owners of Parent	164.6	133.7	137.6	159.6	166.9	121.4
<b>Total Assets</b>	<b>34,376.3</b>	<b>37,704.0</b>	<b>41,889.4</b>	<b>46,235.9</b>	<b>58,229.9</b>	<b>65,453.7</b>
Loans and Bills Discounted	20,636.4	22,391.6	23,824.0	25,550.0	27,525.8	28,040.4
Securities	6,795.7	6,346.0	5,764.4	4,813.3	4,926.2	5,127.7
<b>Total Liabilities</b>	<b>32,039.2</b>	<b>35,373.5</b>	<b>39,448.3</b>	<b>43,518.9</b>	<b>55,525.4</b>	<b>62,662.0</b>
Deposits	22,077.8	23,023.8	24,123.3	25,079.7	26,701.9	36,000.8
Negotiable Certificates of Deposit	3,252.8	4,103.5	5,100.1	6,570.5	7,130.6	7,326.6
<b>Total Net Assets</b>	<b>2,337.0</b>	<b>2,330.4</b>	<b>2,441.0</b>	<b>2,716.9</b>	<b>2,704.5</b>	<b>2,791.6</b>
Treasury Stock	1,817.8	1,711.5	1,901.7	1,860.1	1,966.8	2,031.6
Of which, Retained Earnings	696.8	790.1	886.4	970.3	1,087.1	1,159.0
Accumulated Other Comprehensive Income	9.0	134.4	203.5	529.6	410.1	430.9
Non-Controlling Interests	510.1	484.4	335.6	326.9	327.1	328.4
<b>Consolidated Common Equity Tier 1 Capital Ratio</b>	<b>—</b>	<b>8.30%</b>	<b>9.32%</b>	<b>10.28%</b>	<b>11.36%</b>	<b>11.04%</b>
<b>Consolidated Tier 1 Capital Ratio</b>	<b>—</b>	<b>9.95%</b>	<b>10.83%</b>	<b>11.45%</b>	<b>13.36%</b>	<b>13.54%</b>
<b>Consolidated Total Capital Ratio</b>	<b>—</b>	<b>14.10%</b>	<b>14.78%</b>	<b>15.57%</b>	<b>16.75%</b>	<b>16.42%</b>
Dividend Per Share (Yen)*	42.5	45	50	60	65	65
Dividend Payout Ratio	30.3%	27.2%	29.3%	29.6%	30.0%	40.9%
Net Assets Per Common Share (Yen)*	2,065.56	2,353.58	2,555.11	3,093.19	3,090.60	3,218.79
Net Income Per Common Share (Yen)*	192.70	156.38	172.44	201.92	216.65	158.62
ROE	9.58%	7.48%	7.13%	7.17%	7.00%	5.01%

\* Value calculated by assuming that the reverse stock split on October 1, 2016, and a stock split on January 1, 2024, were executed in previous years.

● For derivative transactions, 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, the figures as of March 31, 2021, have been updated.

(Billions of yen)

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
270.5	282.2	289.0	294.7	346.0	324.6	338.6
2.9	(2.9)	(43.8)	(7.8)	(41.5)	(10.4)	(11.8)
6.3	13.7	40.1	(43.5)	(38.3)	3.0	(188.5)
(0)	(3.4)	(12.4)	(0.8)	(0.9)	(1.6)	(2.0)
(47.2)	(36.5)	(27.6)	(60.2)	(36.4)	(31.4)	(36.9)
232.6	256.4	257.6	183.1	229.7	285.8	101.3
6.1	(15.0)	(16.9)	16.8	(1.7)	(14.4)	(3.3)
(73.0)	(60.5)	(75.6)	(56.0)	(57.7)	(79.3)	(17.6)
165.7	180.7	165.0	143.9	170.2	192.0	80.3
(11.7)	(6.8)	(2.0)	(1.7)	(1.1)	(1.0)	(1.1)
153.9	173.8	163.0	142.1	169.0	191.0	79.1
68,356.7	57,029.1	56,500.5	63,368.5	64,633.2	69,022.7	75,876.9
28,190.5	29,025.7	29,703.3	30,506.9	30,876.5	31,810.9	33,420.9
5,537.6	5,759.5	6,437.5	6,983.4	7,879.2	6,933.0	9,938.9
65,484.4	54,298.7	53,909.6	60,646.0	61,887.9	66,200.1	72,739.2
37,351.8	31,903.5	30,688.9	33,467.6	33,230.1	35,387.2	37,418.2
6,563.3	6,328.6	5,860.2	7,160.5	6,587.9	7,461.0	9,220.9
2,872.3	2,730.3	2,590.9	2,722.5	2,745.2	2,822.5	3,137.6
2,127.8	2,242.9	2,334.3	2,416.0	2,517.5	2,587.8	2,566.3
1,263.4	1,387.5	1,495.0	1,581.0	1,682.5	1,803.0	1,802.0
496.8	410.4	220.8	277.7	198.0	204.2	539.9
246.8	75.8	34.5	27.7	28.7	29.5	30.5
11.33%	12.18%	12.62%	12.12%	12.31%	10.79%	11.35%
13.74%	14.18%	14.47%	13.51%	13.71%	12.01%	12.55%
16.31%	16.77%	17.23%	15.76%	15.61%	13.24%	13.64%
65	70	75	75	85	105	110
32.1%	30.5%	34.5%	39.5%	37.7%	40.2%	100.6%
3,448.68	3,504.34	3,411.24	3,596.04	3,624.85	3,843.26	4,316.77
201.96	229.46	217.16	189.83	225.70	258.57	109.16
6.05%	6.58%	6.25%	5.41%	6.25%	6.93%	2.68%

Impact Materiality

Financial Materiality

Governance and Management  
Framework Materiality

Data Section

# Corporate Information

## 1 Status of Profit and Loss

Terms marked with an asterisk are explained in the "Glossary" below.

### 1. Financial highlights

Net business profit before credit costs was 338.6 billion yen, further exceeding the full-year forecast (330.0 billion yen), which was revised upward by 10.0 billion yen in October 2023, due to strong performance of Net fees and commissions and related profit, mainly corporate credit-related and other fee-related profits.

Net income attributable to owners of the parent was 79.1 billion yen as a result of the reduction of bear funds with low break-even point to reduce the risk to future period earnings.

There was no impact on capital due to this loss realization, and we paid dividends in line with our initial forecast.

### 2. Net business profit before credit costs

Net business profit before credit costs (consolidated) increased by 14.0 billion yen from the previous fiscal year to 338.6 billion yen, due to strong performance in corporate credit related fees and asset management and administration related fees by favorable stock market conditions and yen depreciation. The results also exceeded the fiscal year forecast, which was revised upward by 10 billion yen from the initial forecast in October, 2023.

### 3. Net interest income and related profit

Effective interest related earnings (consolidated), which is the sum of Net interest income and related profit and Profit attributable to deployment of surplus foreign currency funds included in Other profit, was 289.9 billion yen, a decrease of 10.6 billion yen from the previous fiscal year. The main reason for the decrease was the absence of termination gain on bonds bear fund realized in the previous fiscal year.

### 4. Net fees and commissions and related profit

Net fees and commissions and related profit (consolidated) increased by 29.5 billion yen from the previous fiscal year to 478.8 billion yen, due to strong performance of corporate credit related fees and asset management and asset administration related fees, driven by market factors such as rising stock prices and yen depreciation.

### 5. Net income attributable to owners of the parent

As announced in October 2023, Net income (consolidated) decreased by 111.8 billion yen from the previous year to 79.1 billion yen mainly due to reduction of bear funds with low breakeven point in FY2023. This operation has reduced the risk to future periodic profit and loss and has increased the certainty of achieving profit targets.

#### SuMi TRUST Holdings (consolidated)

	(Billions of yen)	
	FY2023	Change from FY2023
Net business profit before credit costs*	338.6	14.0
Ordinary profit	101.3	(184.5)
Net income attributable to owners of the parent	79.1	(111.8)
Total credit costs*	(11.8)	(1.4)
Net gains on stocks	(188.5)	(191.5)
Return on equity (ROE)* <sup>1</sup>	2.68%	(4.25%)
Net assets per common share (BPS)	4316.77 yen	473.51 yen
Earnings per common share (EPS)	109 yen	(149 yen)

\*<sup>1</sup>  $\frac{\text{Net income attributable to owners of the parent}}{(\text{Beginning balance of shareholders' equity} + \text{Ending balance of shareholders' equity}) / 2} \times 100$

#### SuMi TRUST Bank (non-consolidated)

	(Billions of yen)	
	FY2023	Change from FY2023
Net business profit before credit costs*	275.9	30.0
Net interest income and related profit*	(85.4)	(218.8)
Net fees and commissions and related profit*	211.2	17.9
Net trading profit	75.9	65.4
Net other operating profit	364.4	193.3
General and administrative expenses	(290.1)	(27.8)
Total credit costs*	(11.5)	0.8
Other non-recurring profit	(205.6)	(196.8)
Ordinary profit	58.7	(165.8)
Extraordinary profit	(3.7)	(3.4)
Net income	57.8	(111.2)

Note: Amounts less than 100 million yen are rounded down.

#### Dividends

	FY2023	Change from FY2023
Dividend per share on common stock (Yen) <sup>2</sup>	110.00	+ 5.00

\*<sup>2</sup> Dividend amounts have been adjusted to take into account the stock split (two-to-one) effective on January 1, 2024.

#### Glossary

##### Net Business Profit before Credit Costs

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.

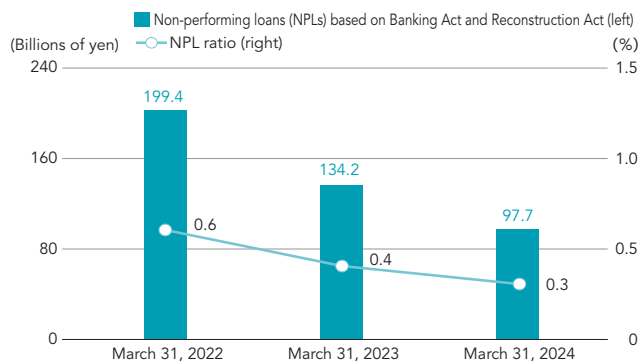
##### Net Fees and Commissions and Related Profit

Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

## 2 Financial Status

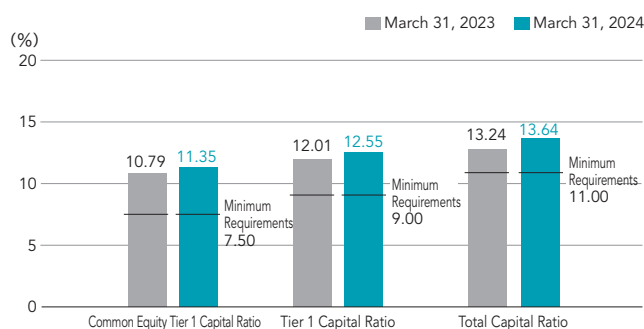
### 1. Problem assets based on the banking act and the financial reconstruction act\* (Non-consolidated)

The total balance of Non-performing loans (NPLs) based on the Banking Act and Reconstruction Act as of the end of March 2024 decreased by 36.5 billion yen from the end of March 2023 to 97.7 billion yen. NPL ratio remained low at 0.3%, a result of a 0.1 percentage point decrease from the end of March 2023. The percentage of coverage ratio covered by collateral and the allowance for loan losses is also adequate, at 83.1% for doubtful loans and 57.7% for substandard loans.



### 2. Capital adequacy ratio, etc.

Common Equity Tier 1 capital ratio as of the end of March 2024 increased 0.56 percentage points from the end of March 2023 to 11.35%, mainly due to the increase in capital resulting from the accumulation of net income and the rise in the stock market. The total capital ratio increased by 0.40 percentage points to 13.64%. Both ratios remained well above the regulatory requirements of 7.50% and 11.00%, respectively.



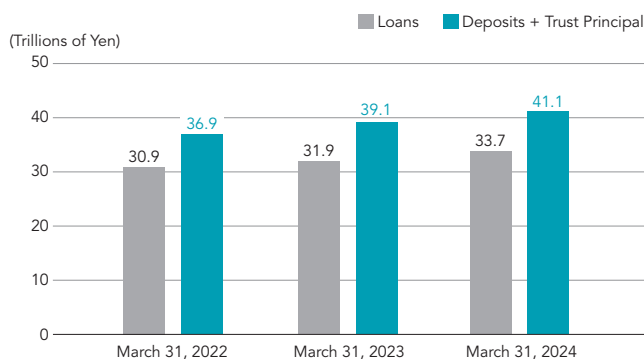
\* Implemented finalized Basel III from March 31, 2024

## 3 Assets and Liabilities

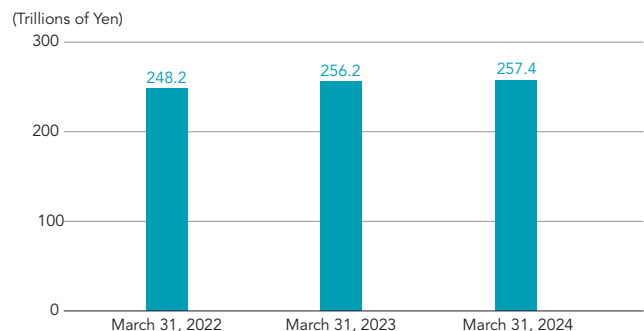
### 1. Loans and deposits (Non-consolidated)

Loans discounted as of the end of March 2024 increased by 1.8 trillion yen from the end of March 2023 to 33.7 trillion yen, mainly due to an increase in the balance of loans to corporate clients. Deposits, etc.\*, increased by 2.0 trillion yen to 41.1 trillion yen, mainly due to an increase in deposits from corporate clients.

\* Deposits, etc., include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.



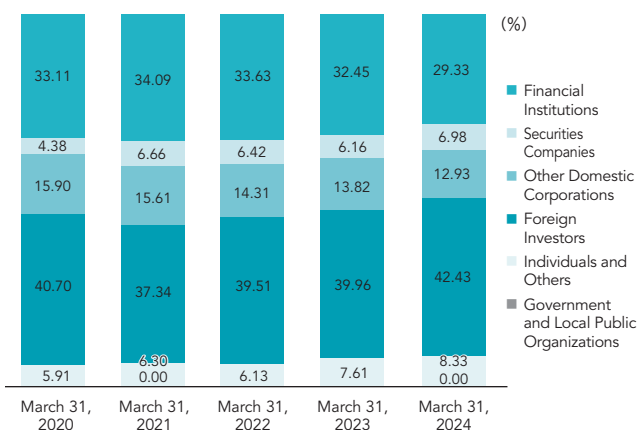
### 2. Balance of trust account (Non-consolidated)



## 4 Corporate Information (as of June 30, 2024)

Registered Trade Name:	Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location:	1-4-1 Marunouchi, Chiyoda-ku, Tokyo, 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
Total number of issued shares:	721,355,380 shares of common stock
Stock Exchange Listings:	Tokyo and Nagoya stock exchanges Tokyo (Prime Market), Nagoya (Premier Market)
Securities Code:	8309

## 5 Composition of Shareholders (Common Shares) (As of March 31, 2024)



Shareholder type	Number of shareholders (People)	Number of Shares Held (units of shares)	Component Ratio (%)
Financial Institutions	175	2,130,488	29.33
Securities Companies	57	506,755	6.98
Other Domestic Corporations	1,801	939,501	12.93
Foreign Investors	974	3,082,294	42.43
Individuals and Others	60,754	605,348	8.33
Government and Local Public Organizations	1	40	0.00
<b>Total</b>	<b>63,762</b>	<b>7,264,426</b>	<b>100.00</b>
Shares constituting less than one unit	—	1,609,080 shares	—

\*1 Number of shares per unit: 100 shares

\*2 Treasury Stock (7,309,636 shares) is included 73,096 units in "Individuals and Others" and 36 shares in "Shares constituting less than one unit."

\*3 The component ratio is rounded off to two decimal places.

## 6 Rating Information (as of June 30, 2024)

		Long-term	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA	—
	R&I	AA-	—
Sumitomo Mitsui Trust Bank	S&P	A	A-1
	Moody's	A1	P-1
	Fitch	A-	F1
	JCR	AA	—
	R&I	AA-	a-1+



## Introduction of Our 100 Year Anniversary Project

We are honored to introduce various activities for the 100 Year Anniversary Project, including a 100 year anniversary commemorative magazine, brand films, and lobby exhibitions at our branches.



100 year anniversary commemorative magazine

<https://www.100th.smth.jp/LqAjPdP-KV7w65LQuLMFwGMnAkKajp2ZwjDvi/wp-content/uploads/2024/07/100-year-anniversary-commemorative-English.pdf>



## Annual Report

Sumitomo Mitsui Trust Holdings' Annual Report (Integrated Report and Financial Data Section) is available on our website.



<https://www.smth.jp/english/investors/report/disclosure>



## Corporate Logo and Corporate Color



Corporate Logo

Future Bloom, the Group's logo, embodies our purpose of trust for a flourishing future. The four transparent petals represent the sense of our Mission we bear toward our various stakeholders (clients, society, shareholders, and employees), with the respective colors, a reference to our Values (Codes of Conduct): "Trustfulness and Loyalty" (natural green), "Dedication and Development" (golden orange), "Trust and Creativity" (blue green), and "Self-help and Self-discipline" (sky blue).



Corporate Color

Our corporate color is "Future Blue," which fuses the values embodied by the Corporate Logo and evokes a sense of the future while remaining familiar.

● This report contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties.

Trust for a flourishing future



**SUMITOMO MITSUI TRUST GROUP**

Sumitomo Mitsui Trust Holdings, Inc.

IR Department

1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

Telephone: +81 (3) 3286-8354

URL: <https://www.smth.jp/en/ir/index.html>