



SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

INTEGRATED REPORT

—ANNUAL REPORT—

Year ended March 31, 2017

2017





SuMi TRUST



Symbol Mark

The symbol mark features "Future Bloom" representing the vision of the Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."



Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

Management Principles (“Mission”)

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

Ideal Model (“Vision”)

—Towards “The Trust Bank”—

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

Codes of Conduct (“Value”)

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

Completely Client-oriented—Truthfulness and Loyalty

We will adhere to the highest degree of “Truthfulness and Loyalty” as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

Contribution to Society—Dedication and Development

We will remain dedicated in all our efforts, with “Frontier Spirit,” and continue to contribute to society.

Realization of Organizational Capability—Trust and Creativity

We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

Establishment of Individuality—Self-help and Self-discipline

With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

Strict Compliance with Applicable Laws and Regulations

We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

Resolute Stance against Antisocial Forces

We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.

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Editorial Policy

The Sumitomo Mitsui Trust Group has prepared this integrated report so readers can understand the Group's initiatives aimed at sustainable growth and at providing values for all our stakeholders. After spelling out the Group's value creation process and the medium- to long-term vision, we explain the management foundation supporting our business strategy as a financial group specialized in trust banking. In applying our editorial approach, we strive to improve and expand not just financial information but also non-financial information such as business strategy and environmental, social and governance (ESG) factors, referencing the integrated reporting framework issued by the International Integrated Reporting Council (IIRC). For more specific financial information and ESG information, please see the Financial Data Section and visit our website.

<Reporting Coverage>

Reporting Period:

From April 1, 2016 to March 31, 2017

(Partially including the information after April 1, 2017)

Scope of Reporting:

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

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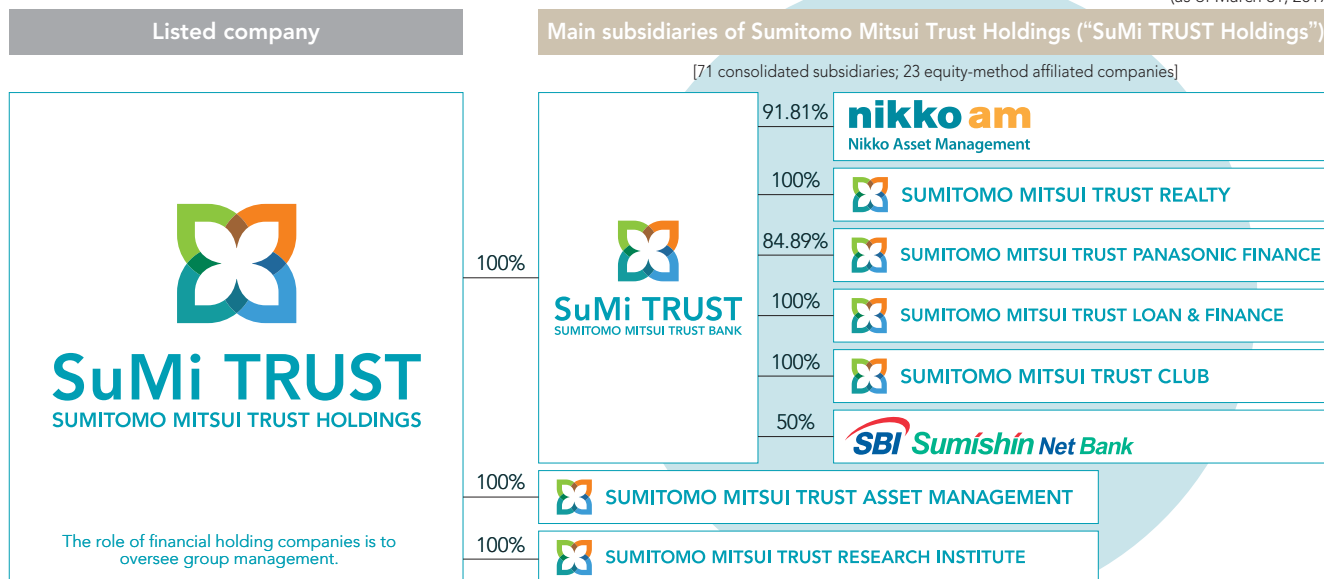
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Group Information

The Sumitomo Mitsui Trust Group (the “SuMi TRUST Group”) has many Group companies with businesses in areas such as banking, asset management and administration, and real estate. Through the mutual coordination and cooperation of these Group companies with Sumitomo Mitsui Trust Bank (“SuMi TRUST Bank”), we can harness our comprehensive capabilities by integrating our trust and banking functions to provide total solutions from the standpoint of our clients.

(as of March 31, 2017)

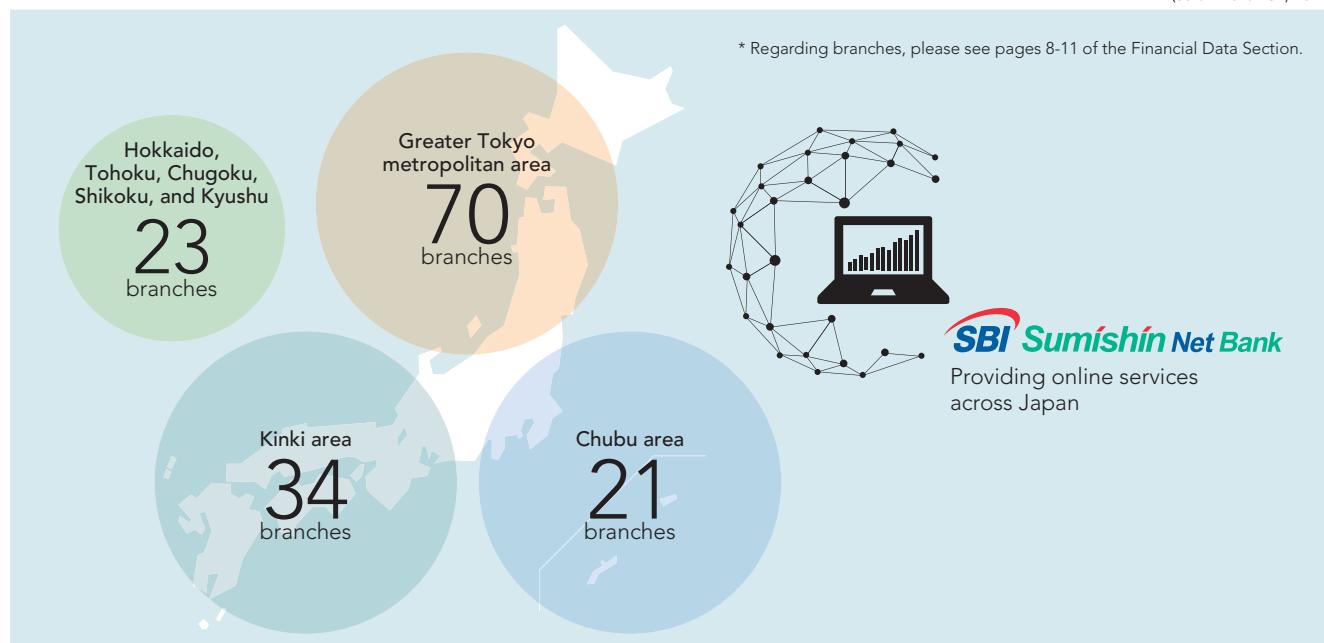


Ratio of ownership with voting rights is shown, including indirect ownership via subsidiaries.

Domestic Network

SuMi TRUST Bank has built a domestic branch network with a well-balanced footprint centering on the greater Tokyo metropolitan area, Kinki area, and Chubu area. In the internet domain, SBI Sumishin Net Bank offers services nationwide.










(as of March 31, 2017)



Status

The SuMi TRUST Group is Japan's largest asset manager and custodian, and it is the trust bank group that is top ranked in each business.

(as of March 31, 2017)

	Assets under Management	¥80 trillion	No.1 among Japanese bank and securities company groups
	Assets under Custody*	¥261 trillion	No.1 among Japanese bank groups
	Balance of Corporate Pension Funds	¥14 trillion	No.1 among Japanese trust banks
	Lead Manager for Corporate Pension Funds	1,343 funds	No.1 among Japanese trust banks
	Entrusted Balance of Investment Trusts	¥64 trillion	No.1 among Japanese trust banks
	Entrusted Balance of Securitized Real Estate	¥14 trillion	No.1 among Japanese trust banks
	Number of Shareholders under Administration	25,226 thousand people	No.1 among Japanese trust banks
	Balance of Loans to Corporations	¥19 trillion	No.4 among Japanese banks
	Total Loan Balance	¥28 trillion	No.4 among Japanese banks

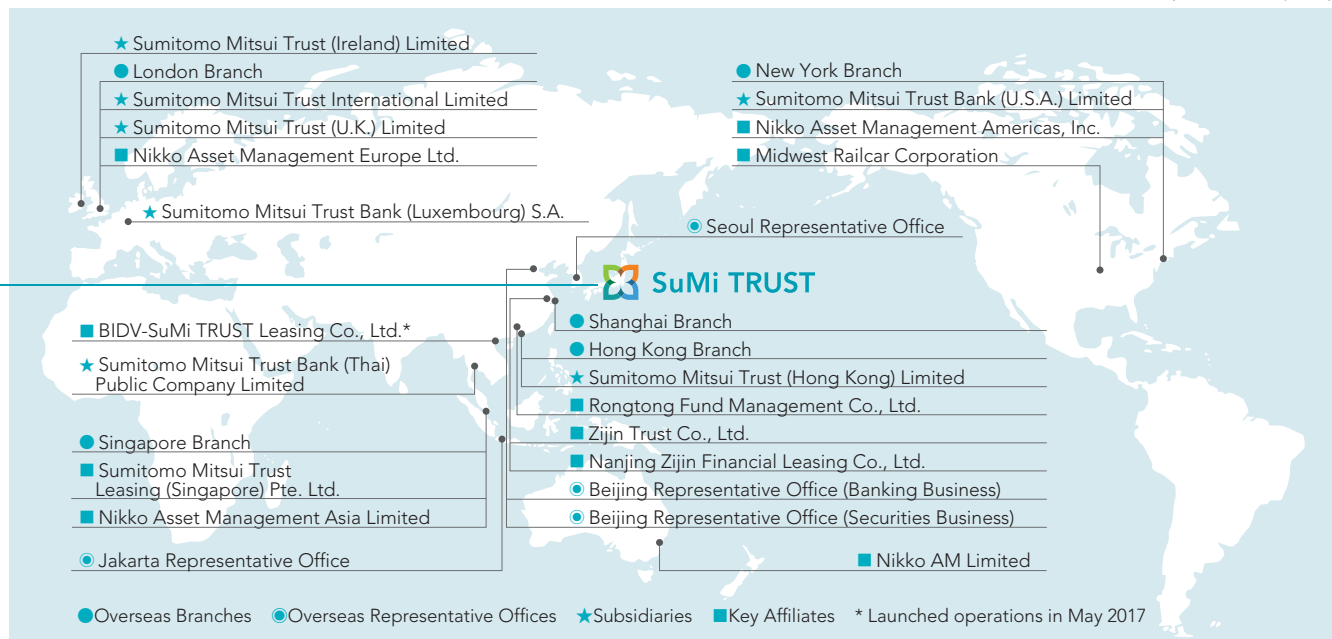
Includes estimates based on investigations by SuMi TRUST Holdings

* Refers to the aggregate balance of trust assets at the SuMi TRUST Group

Overseas Network

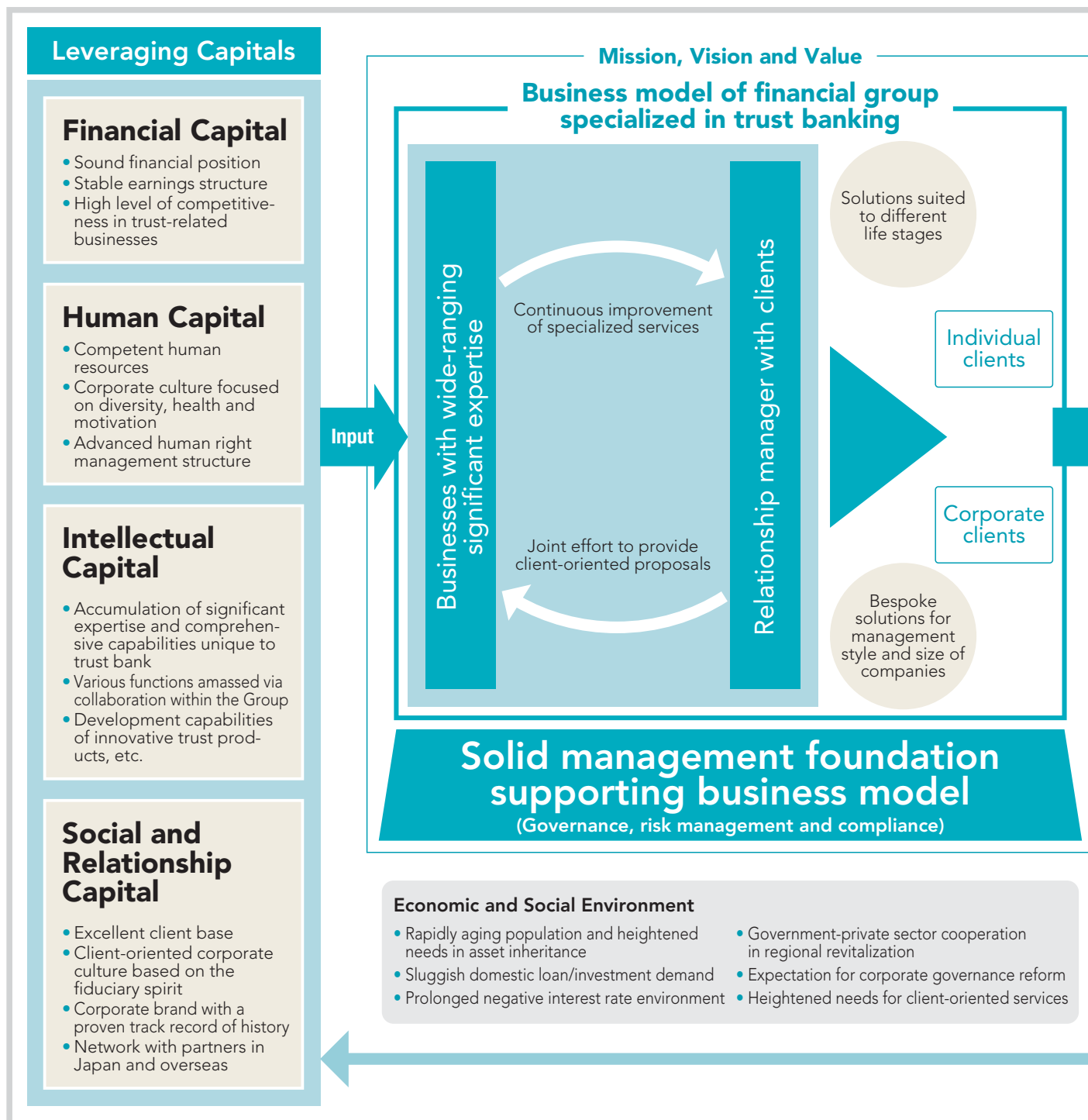
We have our own bases in key markets around the world, and through alliances and cooperation with local financial institutions and asset managers, we are working to expand our global presence.

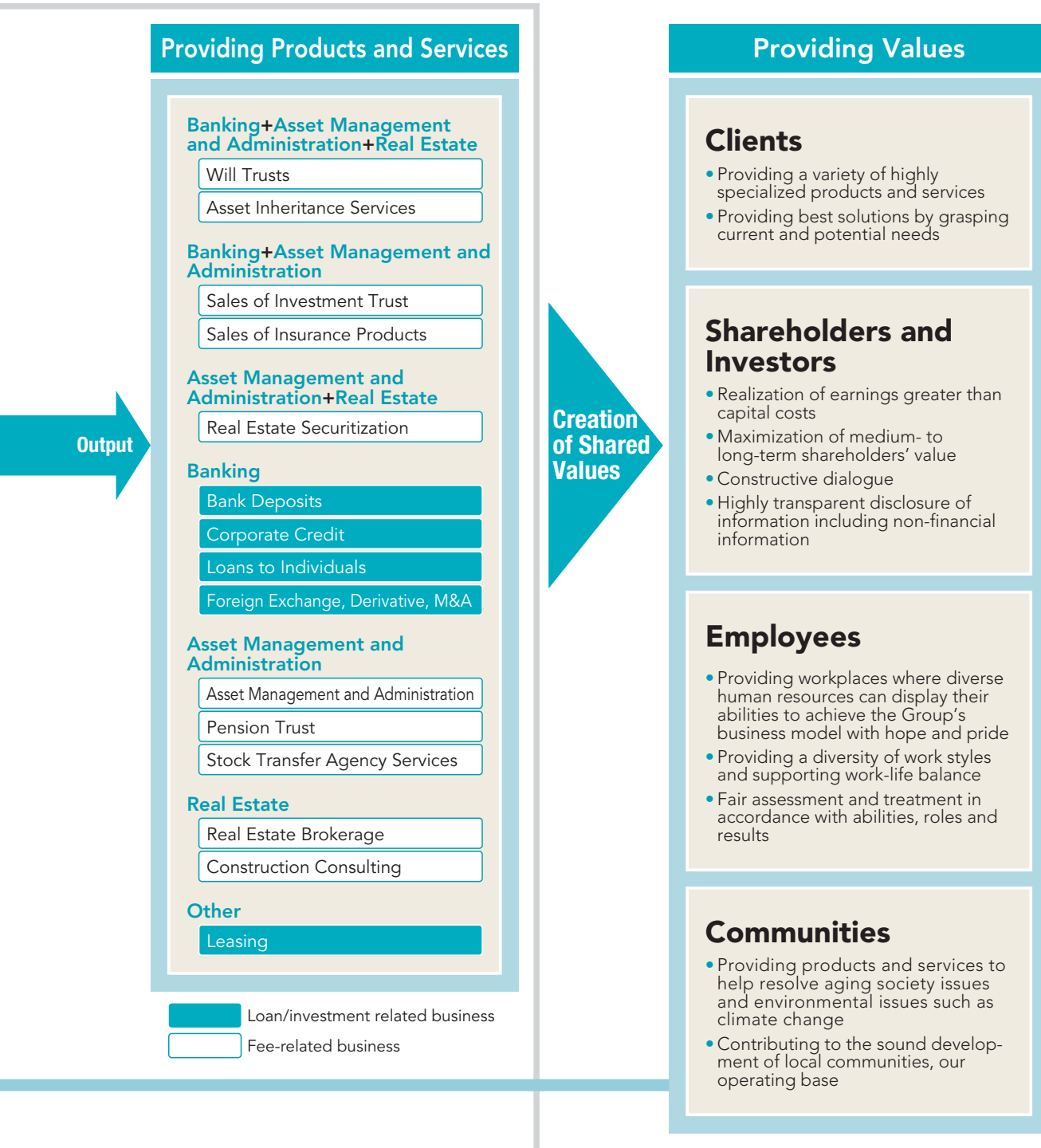
(as of March 31, 2017)



Value Creation Process

Based on the fiduciary spirit, the SuMi TRUST Group is putting into practice a business model as “The Trust Bank” serving as its clients’ “Best Partner”, while also pursuing greater stakeholder value and higher corporate value and contributing to the formation of a sustainable society.





Top Message



Sumitomo Mitsui Trust Holdings, Inc.
Director, President (Representative Executive Officer)

Tetsuo Ohkubo



Sumitomo Mitsui Trust Bank, Limited
President (Representative Director)

Masaru Hashimoto

We would like to extend our heartfelt thanks to all stakeholders for their invaluable support.

In April 2017, we, Tetsuo Ohkubo and Masaru Hashimoto, respectively assumed the posts of Director, President of Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”), and President of Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST Bank”).

The social structure and the environment surrounding the financial industry have undergone major changes in recent years. However, we will combine our efforts to bring out new strengths in the Sumitomo Mitsui Trust Group (the “SuMi TRUST Group”) and lead its growth. We sincerely appreciate your support in this endeavor.

Medium- to Long-Term Management Strategy

The SuMi TRUST Group has developed new products and services in accordance with changes in the needs of clients and the economic environment, and has dedicated itself to forming a multi-layered earnings structures and diversifying its business portfolio. Such various functions and diverse business portfolio are of great advantage to the SuMi TRUST Group. Going forward, in the era of rising economic and financial unpredictability and uncertainty, we believe it is necessary to further enhance the ability to offer our own total solution services by further strengthening comprehensive capabilities that combine our trust and banking functions, as well as enhancing our expertise in various trust functions within the Group that compose a source of added value, under advanced conflict of interest management framework.

Based on this recognition, and taking into account the needs of clients and a society that change with the environment and the times, we have formulated our new midterm management plan, “Evolution of The Trust Bank”—The Second Foundation—, which includes a business model transformation. Our aim, as a financial group specialized in trust banking, is to achieve sustainable and stable growth immune to economic and market volatilities.

Amid a major shift “to asset formation from savings,” we will provide services that leverage the SuMi TRUST Group’s wide range of functions to address management and administration needs for all kinds of clients’ assets, including funds, securities and real estate, aspiring to become the leading group for asset management and administration in Japan. We will also respond steadily to client needs for funding procurement, while revising the content of the credit portfolio and raising profitability and efficiency. These are the pillars of the new midterm management plan.



In implementing the new midterm management plan, we will build a revenue base and client base that will enable sustainable and stable growth of the SuMi TRUST Group. To this end, we will work on enhancement of corporate governance and promotion of fiduciary duties and conflict of interest management, promote effective and client-oriented business operations, and become the “Best Partner” for our clients, while accelerating the process of business management through separation of supervision and execution.

• Business Model Transformation

In light of client and societal needs, such as increasing needs for review of asset formation and management and for asset succession, we are working to reform our business portfolio through a sustainable shift of a large proportion of the Group’s earnings from “large corporate transactions based on loans” to “individual transactions, corporate/individual transactions* and private banking,” and from “large corporate credit and market earnings” to “management and administration fee businesses.” We will aim for sustainable growth with low volatility by achieving stable basic profit through the loan/investment business and by growing the fee businesses.

Through these efforts, we will move ahead in becoming No. 1 through a continual strengthening of the asset management and administration functions that are the essence of trusts, build a wide-ranging position as the “Best Partner” to create added value together with our clients over the long term, and aim for the sustainable and stable growth of balance of assets under management and profit as well as improvement of ROE. At the same time, we will pursue improvement of the overhead ratio through low cost operations.

Furthermore, from the perspective of improving balance sheet profitability and strengthening risk management, we will achieve both financial efficiency and profit stability by reducing strategic shareholdings, working to phase out foreign-currency denominated credit with low profits and reinforce risk management for major creditors, as well as thoroughly implementing downside risk management, including stock price fluctuation risk, foreign currency liquidity risk, and credit risk.

* Business engaged in “corporate transactions for owner-managed companies” and “individual transactions for company owners,” targeting owner-managed companies and company owners who have advanced and various needs both as corporations and as individuals.

• Enhancement of Corporate Governance

SuMi TRUST Holdings established its “Basic Policy on Corporate Governance” in June 2015, aiming at sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group. We have worked towards ensuring management transparency and appropriateness by increasing the number of independent external directors and external auditors on the Board of Directors, and through the functions of the Nominating and Compensation Committee and the Audit Committee newly established as advisory bodies to the Board of Directors. Having obtained approval at this year’s General Meeting of Shareholders, SuMi TRUST Holdings changed to become a “company with Three Committees.” We will work on the following three issues to further enhance corporate governance.

First, we will delegate decision-making regarding business execution from the Board of Directors to the newly established executive officers in an effort to achieve flexible and versatile business execution by making prompt management decisions.

Second, we will strengthen supervisory and restraining capabilities with regard to business execution by the Board of Directors and secure the effectiveness of governance through the functions of the newly established statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) where external directors comprise the majority of each committee.

Third, in light of SuMi TRUST Holdings' position as one of the Domestic Systemically Important Banks (D-SIBs) in Japan, we are committed to building and enhancing an effective risk governance system within the SuMi TRUST Group through the functions of the newly established "Risk Committee." We will increase the Committee's effectiveness by including external experts among those serving as its members.

• Enhancement of Fiduciary Duties and Conflict of Interest Management

As a foremost industry leader in terms of fiduciary duties and conflict of interest management, the SuMi TRUST Group established the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" (hereinafter, the "Policies") in September 2016 in order to practice and thoroughly implement fiduciary duties across all Group operations, and set up the "Fiduciary Duties Planning and Promotion Department" as an organization responsible for the penetration and thorough implementation of fiduciary duties at SuMi TRUST Holdings and SuMi TRUST Bank.

In addition, we reinforced our systems through the establishment of a dedicated committee and a dedicated department to increase the transparency of stewardship activities in our asset management business.

Furthermore, based on an advanced conflict of interest management framework, the SuMi TRUST Group will leverage its diverse functions as a financial group specialized in trust banking to pursue the following three initiatives aimed at firmly establishing the trust and reassurance of clients, shareholders and society.

As the first initiative, we will supervise group-wide conflict of interest management and practice of fiduciary duties, and strive to enhance our business operations overall, through the functions of the "Conflicts of Interest Committee" newly established at SuMi TRUST Holdings. We will increase the committee's effectiveness by including external experts among those serving as its members.

Second, based on the "Principles for Customer-Oriented Business Conduct" released by the Financial Services Agency in March 2017, we have reviewed the Policies established in September 2016, and released the "key performance indicators for objective assessment of the degree of establishment of client-oriented business operations" based on the Policies, in an effort to implement client-oriented business practices.



Third, by enhancing our conflict of interest management framework through a review of authority and organization in the asset management services in the Fiduciary Services Business as well as in the Wholesale Asset Management Business that provides asset management products for corporate clients, we are committed to providing high-quality comprehensive services that offer clients even greater reassurance.

Work Style Reform

The SuMi TRUST Group has worked on initiatives aimed at becoming the “No. 1 financial group for human resource development” and promotion of “diversity & inclusion (D&I),” based on its management principles of providing comfort and satisfaction to clients and achieving contribution to society by leveraging our organizational capabilities with full creativity made possible by our diverse human resources who share an enthusiasm for trust.

Furthermore, recognizing that promoting the creation of an environment that supports the diversity, health, and motivation of each and every employee is more important than ever amid the advance of changes in the social structure such as the decreasing work force due to the declining birthrate and aging population and the maturation of the economy, we have launched the “Work Style Reform Headquarters” and established the “Work Style Reform Declaration.”

We will continue to promote Work Style Reform with the aim of realizing a virtuous circle where we grow together with our clients, in which the added value provided to clients is increased through energetic work, and praise from clients inspires even greater motivation among employees.

Materiality Management

The SuMi TRUST Group has identified priority issues (materiality) from the two perspectives of our own corporate value and the degree of impact on society. This identified materiality overlaps with the ESG (environmental, social and governance) issues in which investors have been increasingly interested in recent years, and we believe that seriously engaging with these issues is linked to the long-term growth of the Group.

From this point of view, in fiscal year 2016, we again analyzed feedback and evaluations received from ESG research firms and the latest ESG trends such as activities according to the Principles for Responsible Investment. On this basis, we have conducted “internal engagement” exercises where department responsible for CSR act as “in-house ESG quasi-investors” and engage in constructive dialogue with departments responsible for operations with high materiality.

With regard to the issue of climate change, one of the dialogue topics, we identified operational risks based on trends following the Paris Agreement that entered into force in November 2016, and put together an immediate response policy while also raising the issue on the Board of Directors' agenda with the aim of sharing awareness at the management level.

In Conclusion

Client needs are becoming more and more complex, and demands for reliable financial institutions are growing by the day. We are increasingly convinced that this is, without a doubt, an era that calls once again for the client-oriented services rooted in the fiduciary spirit of and cultivated by the SuMi TRUST Group since our founding, and that we are being offered a unique opportunity to fulfill our social mission.

We, the united directors, officers and employees of the SuMi TRUST Group, will do our utmost to establish our position as the "Best Partner" of our clients, by leveraging the diverse functions of the Group to provide high-quality total solutions unique to the SuMi TRUST Group.

We sincerely ask for your continued support for our endeavors.

July 2017

Sumitomo Mitsui Trust Holdings, Inc.
Director, President (Representative Executive Officer)



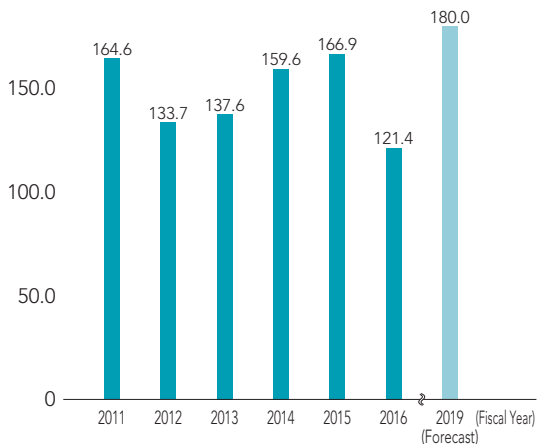
Sumitomo Mitsui Trust Bank, Limited
President (Representative Director)

Masaru Hashimoto

Financial Highlights

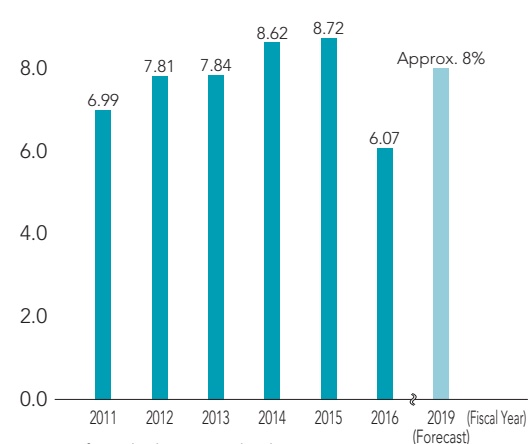
Net Income Attributable to Owners of the Parent

200.0 (Billions of Yen)



Return on Shareholders' Equity*

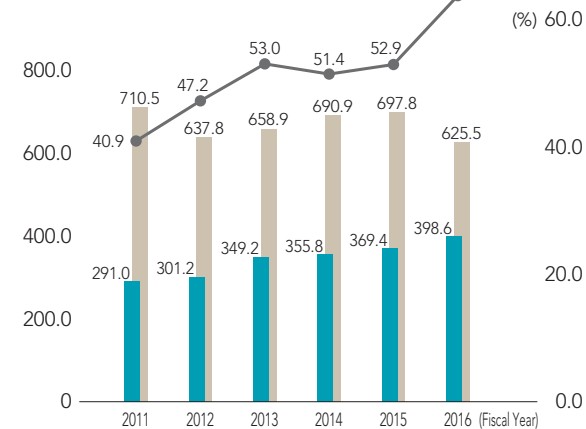
10.0 (%)



* Page 18 for calculation method

Fee Income Ratio*

1,000.0 (Billions of Yen)

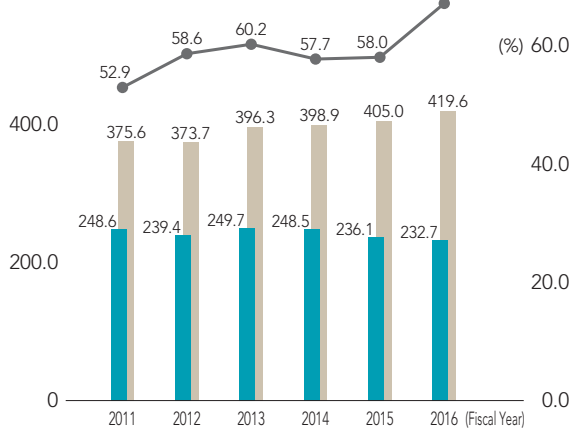


■ Net fees and commissions and related profit (left)
■ Gross business profit (left) ● Fee income ratio (right)

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

Overhead Ratio*1

600.0 (Billions of Yen)

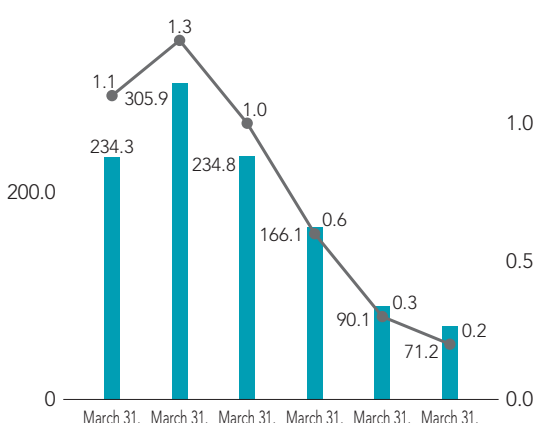


■ General and administrative expenses (non-consolidated)*2 (left)
■ General and administrative expenses (left) ● Overhead ratio (right)

*1 General and administrative expenses divided by gross business profit
*2 SuMi TRUST Bank (non-consolidated)

Non-Performing Loan* (NPL) Ratio (non-consolidated)

400.0 (Billions of Yen)

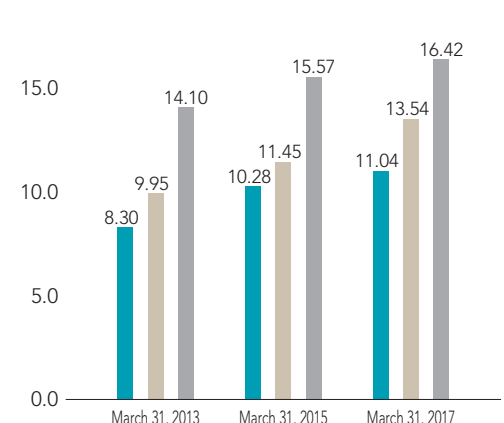


■ NPL (left) ● NPL ratio (right)

* Problem assets based on the Financial Reconstruction Act

Capital Adequacy Ratio, etc.

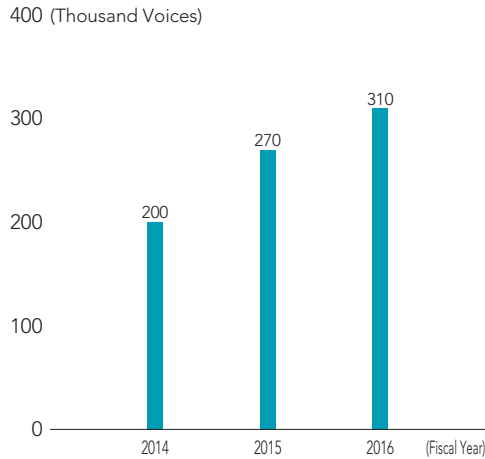
20.0 (%)



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

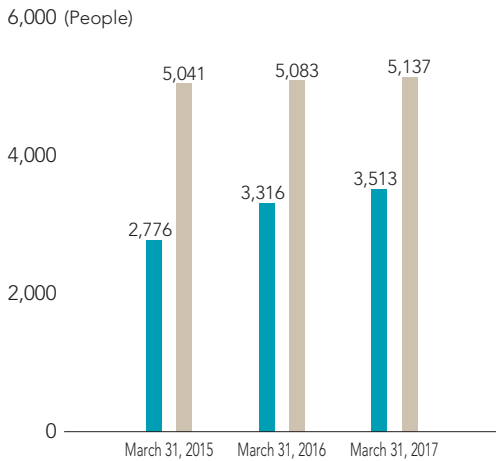
Non-financial Highlights

Collected Number of Client Voices*



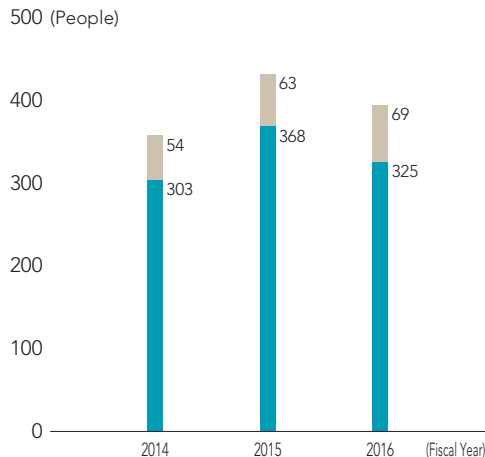
* SuMi TRUST Bank

Number of Employees with Qualifications Entitled to Support Asset Formation of Individual Clients*



■ Employees in charge of individual clients who completed the basic course for securities analysts
 ■ Course for employees with FP-related qualifications
 * SuMi TRUST Bank

Number of Employees Taking Childcare Leave/Nursing Care Leave*



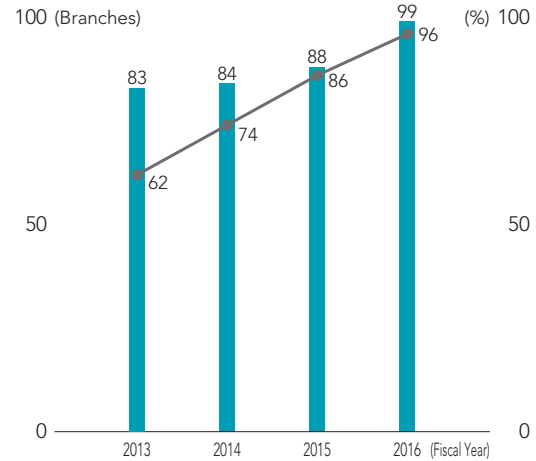
■ Number of employees taking childcare leave
 ■ Number of employees taking nursing care leave
 * SuMi TRUST Bank

Number of Female Employees in Management Positions*



* Female employees at the level of head of section or above of SuMi TRUST Bank

Branches Achieving "With You Activities*1" Goals



■ Branches achieving goals (left) ◆ Achievement ratio*2 (right)

*1 Social contribution activities each branch of SuMi TRUST Bank implements to enhance trust through diligent efforts. For details, please refer to page 85.

*2 The total number of branches in each fiscal year were; 133 for FY2013, 114 for FY2014, 102 for FY2015 and 103 for FY2016.

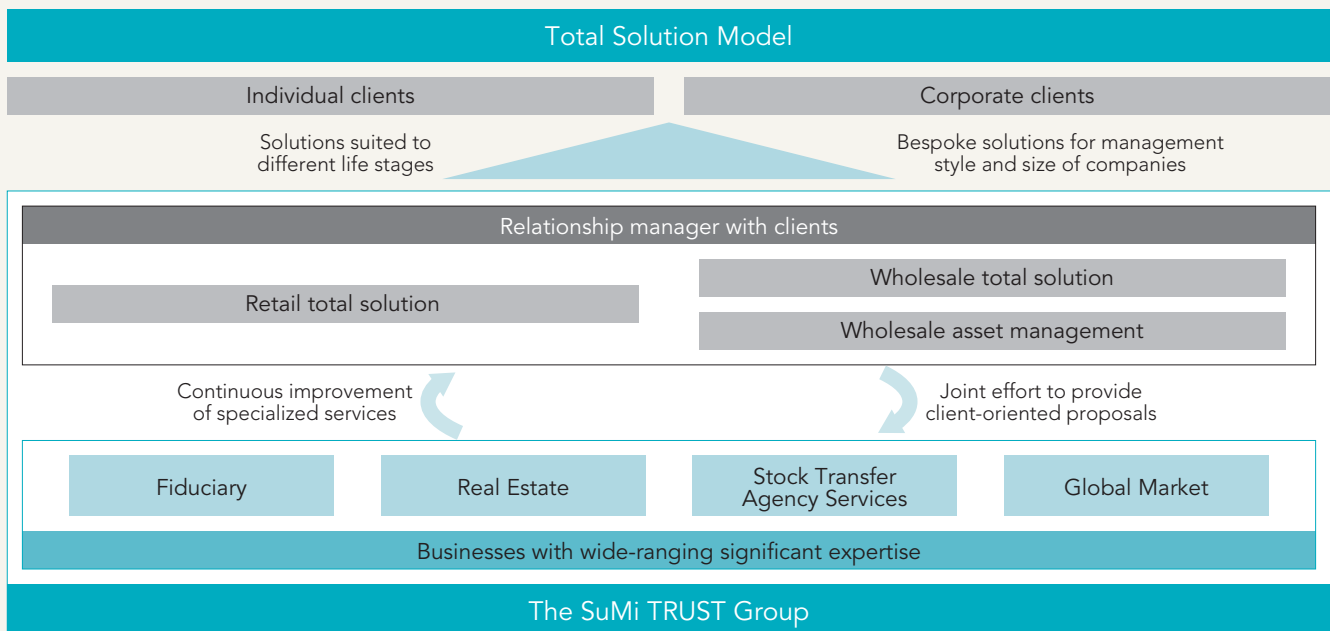
Ratio of External Directors, etc. on the Board of Directors and Committees

	Chairman·Chairperson	Ratio of external directors and experts (%)
Board of Directors	External Directors	47
Nominating Committee	External Directors	71
Compensation Committee	External Directors	67
Audit Committee	External Directors	60
Risk Committee	External Directors	80
Conflicts of Interest Committee	External Experts	75

(Rounding off after the decimal point)

Medium- to Long-Term Vision

- The Sumitomo Mitsui Trust Group (the “SuMi TRUST Group”), as a financial group specialized in trust banking, aims for sustainable and stable growth immune to economic and market volatilities in order to meet client and social needs, which change over time and in evolving environments.
- We will further enhance our comprehensive capabilities merging trust and banking functions and our expertise in trust businesses, which are the source of our added value mobilizing various trust functions within the Group, to elevate our capability to propose “Total Solutions”.
- Taking advantage of the changes in the current business environment as an opportunity for further progress, we are determined to accomplish business model transformation and establish a solid position as the “Best Partner” for clients, to pursue evolution of “The Trust Bank” as our vision.



- Enhance our “expertise” in various trust functions within the Group and our comprehensive capabilities, which create our added value, mobilizing expertise functions
- Create differentiation by providing prompt “total solutions” for the needs of individual clients at various life stages and for the business challenges of corporate clients
- Ensure sophistication of products and services as well as consultation for asset formation, asset management and asset inheritance as a leading group in asset management and administration business
- Expand alliances, with various financial institutions leveraging our neutral position to provide a wider range of products and services to a broader client base

- Pursue economies of scale through alliance strategies, including asset administration
- Improve productivity via IT utilization, including FinTech
- Pursue operational efficiency of the entire Group

- Strengthen capital utilization for M&A, including asset management and administration business
- Contract regulatory required capital for loan/investment businesses, including strategic shareholdings, based on the direction of financial regulation
- Stay cognizant of the best balance of the above to enhance shareholder return in the medium term

- Enhance supervisory functions and improve management decision-making efficiency by transitioning to a “company with Three Committees” model.
- Promote fiduciary duties and enhancement of conflict of interest management in operations, including asset management-related businesses



Financial Operations, Capital Strategy

Our Basic Philosophy

While seeking to bolster the soundness of our financial base by securing our capital position in terms of both quality and quantity, our basic philosophy is to aim to maximize shareholder earnings through the pursuit of improved capital efficiency.

Financial- and Capital-related Key Performance Indicators (KPI)

	KPIs	FY2016 Result	Medium-term Target Level
Profitability	ROE* ¹	6.07%	Approximately 8% (long-term target of 10%)
Soundness	Common equity Tier 1 capital ratio (fully loaded basis)* ²	11.19%	Stay at approximately 10% consistently
	External credit ratings (Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"))	Moody's: A, S&P: A1, others* ³	—
	Strategic Shareholdings	Ratio of strategic shareholdings to Common Equity Tier 1 capital as of the end of March, 2017: 39% (42% as of the end of March, 2016)* ⁴	Aim to reduce ratio of strategic shareholdings to CET1 capital by 50% in approximately five years from fiscal year 2016
Shareholder Returns	Dividend payout ratio	40.9%* ⁶	Maintain approximately 30%
	Total payout ratio* ⁵	46.7%* ⁶	Gradually increase to approximately 40% over the medium term

*1 Return on shareholders' equity = [Net income attributable to owners of the parent ÷ (FY-start total shareholders' equity + FY-end shareholders' equity)/2] x100

*2 Fully loaded basis = Pro-forma capital calculations based on regulatory requirements to be applied from March 2019

*3 See page 93 for credit ratings information

*4 Strategic shareholdings = acquisition cost of shares on a consolidated basis; common equity Tier 1 capital = fully loaded basis, excludes valuation differences on available-for-sale securities

*5 (Aggregate dividend payment + amount of share repurchase) ÷ Net income attributable to owners of the parent

*6 In fiscal year 2016, net income attributable to owners of the parent was well below our forecasts at the start of fiscal year 2016 but dividends per share were in line with the initial forecast, so the dividend payout ratio and total payout ratio were both well above our target level.

- In focus areas where we can use our unique strengths as a Group, strategically examine and advance use of M&A to flexibly capture external growth opportunities
- Designate our asset management and administration businesses as priority areas and bolster our administration of trust and assets
- Through the use of strategic alliances, improve product formulation capabilities of asset management and administration of the Group, expand distribution channels for products and functions the Group offers, harness FinTech, and advance streamlining of operational processes

Pursue profit growth opportunities

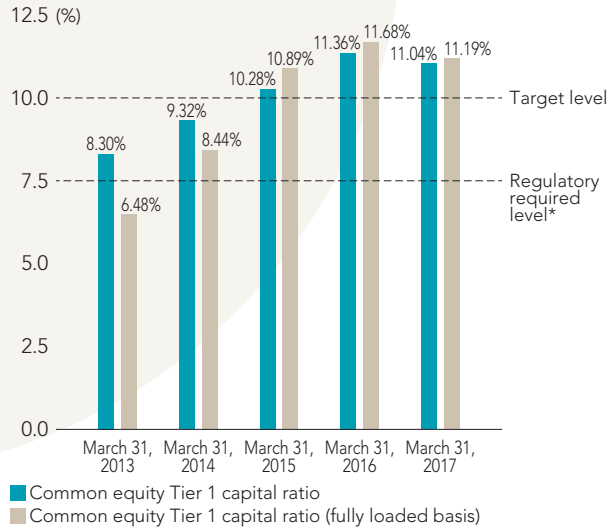
Major Recent Equity Investments

Companies	Business Area	Investment Date
Sumitomo Mitsui Trust Club	Credit cards	December 2015
Sky Ocean Asset Management	Asset management	April 2015 (commenced operations)
JP Asset Management	Asset Management	January 2016 (commenced operations)
Midwest Railcar Corporation	Freight railcar leasing	June 2016
BIDV-SuMi TRUST Leasing Company	Leasing	May 2017

Improve shareholders' equity, reinforce our financial base

- Strive to improve and bolster our shareholders' equity and financial base through profit accumulation, reduction of financial risks, and appropriate controls of risk assets
- Stable, planned funding procurement for the medium and long terms of additional Tier 1 capital and Tier 2 capital to satisfy prudential regulatory capital ratio requirements while taking capital efficiency into account

Trend in Common Equity Tier 1 Capital Ratio

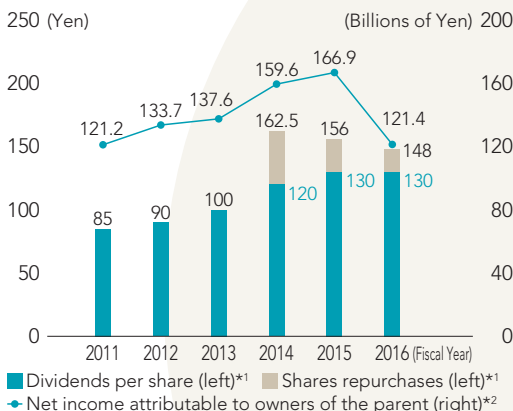


* Regulatory required level to be applied from March 31, 2019 [factors in the common equity Tier 1 capital conservation buffer and the additional capital charge for Domestic Systemically Important Banks (D-SIBs)]

Maximize Corporate Value via Well-Balanced Capital Management

Bolster shareholder returns over medium term

Net Income Attributable to Owners of the Parent, Shareholder Return Payout per Share



*1 The trend in dividends per share is presented assuming the consolidation of shares (one share for every ten shares of common stock) enacted on October 1, 2016, took effect at the beginning of fiscal year ended March 31, 2016, with corresponding adjustments to historical data.

*2 As for fiscal year 2011, the reported figures exclude the gain on negative goodwill from the share exchange.

- The policy of Sumitomo Mitsui Trust Holdings ("SuMi TRUST Holdings") on shareholder return is to share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns by increasing a total shareholder return to approximately 40% in a gradual manner.

Enhancement of Corporate Governance

—Transition to a “Company with Three Committees”—

As Japan’s only financial group specialized in trust banking, the SuMi TRUST Group is enhancing its corporate governance system in line with its business model. With the aim of achieving sustainable growth and medium- to long-term enhancement of its corporate value, SuMi TRUST Holdings changed from being a “company with a Board of Corporate Auditors” to a “company with Three Committees” in June 2017.

1. History of Enhancement of Corporate Governance at the SuMi TRUST Group

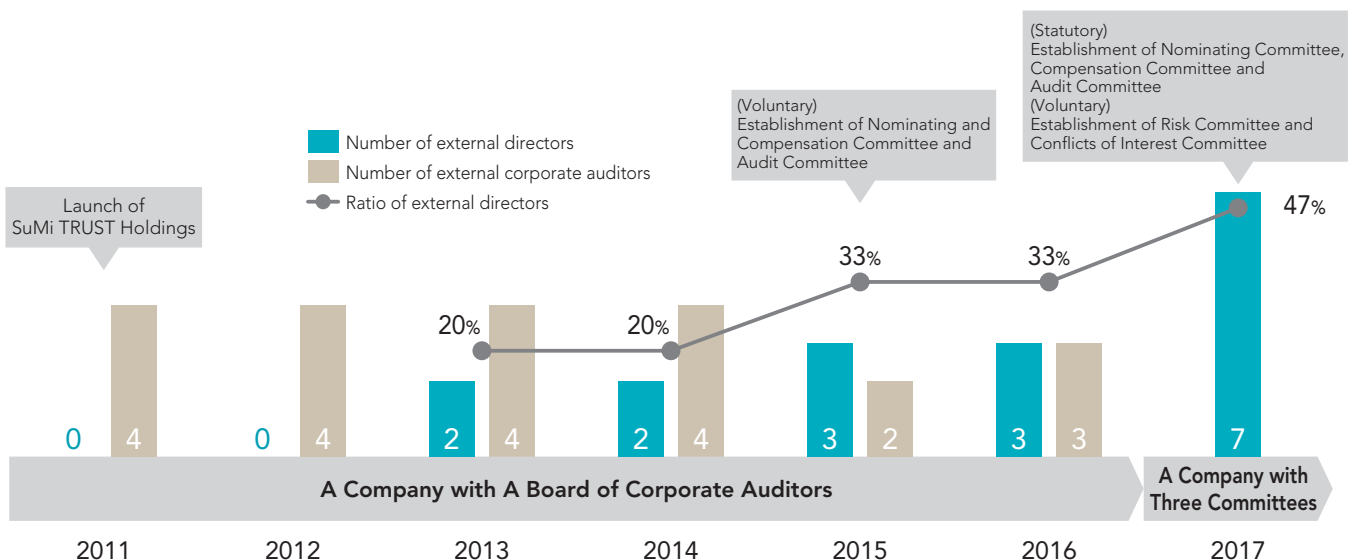
The SuMi TRUST Group, as Japan’s only independent financial group specialized in trust banking, which is formed around the core entities, SuMi TRUST Holdings and SuMi TRUST Bank, has worked to refine its business model that provides unique added value and to enhance profitability through collaboration among Group companies, by providing total solutions for clients swiftly and accurately through the combination of its banking business, asset management and administration business, and real estate business.

At the same time, the SuMi TRUST Group has continued its efforts to strengthen its corporate governance, under the recognition that in order to establish the unwavering trust of our clients and society, it is essential to adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit.

With regard to the system, two external directors, among ten directors, assumed their offices in June 2013. Later,

following the introduction of the Corporate Governance Code in 2015, SuMi TRUST Holdings set the ratio of external directors in principle at one-third or higher, and voluntarily established the Nominating and Compensation Committee and the Audit Committee, each of which external directors comprise the majority of the members, as advisory bodies to the Board of Directors.

Having confirmed the effectiveness of these efforts and in order to further promote improved profitability and enhanced corporate governance, while responding appropriately to rapid changes in the environment surrounding the financial industry, we consider it important to establish both management capabilities to realize prompt business execution and supervisory and restraining capabilities to ensure sound management. To this end, as part of the measures to further strengthen its system, SuMi TRUST Holdings changed to become a “company with Three Committees” on June 29, 2017.



2. Main Points of Enhancement of Corporate Governance of SuMi TRUST Holdings

The main points of the enhancement of corporate governance of SuMi TRUST Holdings are separation of execution and supervision through the transition to a “company with Three Committees,” strengthening of the system in line with the SuMi TRUST Group’s business model, and having an external director serve as chairman of the Board of Directors.

At a company with Three Committees, external directors comprise the majority of each of the three statutory committees established as internal bodies of the Board of Directors, namely the Nominating Committee, Compensation Committee and Audit Committee. A significant characteristic of such companies is that this allows for the creation of a more effective supervisory structure, and makes swift decisions possible as the Board of Directors’ decision-making authority on business execution can be delegated to the executive officers. In this way, SuMi TRUST Holdings seeks to establish both management capabilities to realize prompt business execution, and supervisory and restraining capabilities to ensure sound management.

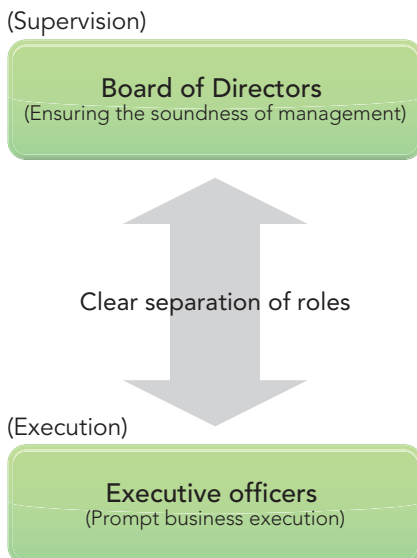
Furthermore, in addition to the statutory committees required by the Companies Act, SuMi TRUST Holdings has established the Risk Committee and Conflicts of Interest Committee, as advisory bodies to the Board of Directors in which external directors participate, in order to ensure the effectiveness of corporate governance while further enhancing

the soundness and reliability of the SuMi TRUST Group’s business model along with transparency of management.

While a “company with Three Committees” is able in principle to delegate important business execution decisions to executive officers, the Board of Directors is required to exercise a greater supervisory function. In light of the role expected of the Board of Directors, SuMi TRUST Holdings has appointed Mr. Isao Matsushita, an external director, as chairman of the meeting of the Board of Directors. In addition, SuMi TRUST Holdings has established the Corporate Secretariat as an organization dedicated to assisting the chairman in fulfilling his duties, and elected a full-time Audit Committee Member who is a non-executive director as deputy chairman of the Board, thereby providing various information mainly on agenda for deliberation at the Board of Directors and offering assistance with regard to matters such as clarifying points from the perspective of management and supervision.

Through these initiatives, SuMi TRUST Holdings will leverage its significant expertise and comprehensive capabilities distinctive of a trust banking group to provide detailed, client-oriented total solutions in response to increasingly complex and diverse client needs, while reinforcing the corporate governance system in line with this business model.

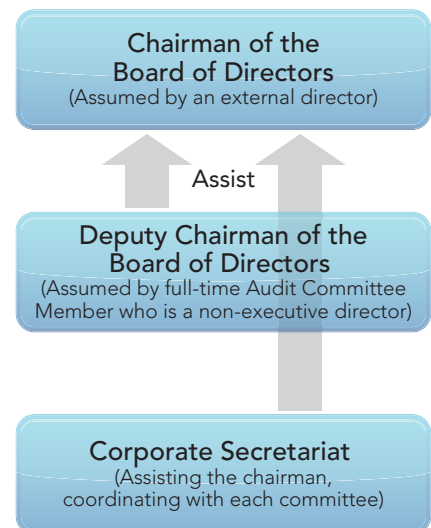
Point 1: Separation of execution and supervision



Point 2: Reinforcement of system in line with the SuMi TRUST Group’s business model



Point 3: External director installed as chairman of the Board of Directors





Interview with External Director

External Director
Isao Matsushita

- April 1970 Joined Nippon Mining Co., Ltd.
(Current JXTG Nippon Oil & Energy Corporation)
- Sep. 2002 Appointed as Director of Nippon Mining Holdings, Inc.
(Current JXTG Holdings, Inc.), in charge of finance
- June 2004 Appointed as Director (Senior Vice President and
Executive Officer) of Japan Energy Corporation
(Current JXTG Nippon Oil & Energy Corporation)
- June 2006 Appointed as Representative Director and
President of Japan Energy Corporation
(Current JXTG Nippon Oil & Energy Corporation)
- June 2012 Appointed as Representative Director and
President (President and Executive Officer) of
JX Holdings, Inc. (Current JXTG Holdings, Inc.)
- June 2016 Appointed as Director of INPEX CORPORATION
(current position)
- June 2016 Appointed as Director of
Matsumotokiyoshi Holdings Co., Ltd.
(current position)
- June 2017 Appointed as Director of
SuMi TRUST Holdings

SuMi TRUST Holdings is striving to reinforce the supervisory function of the Board of Directors in order to improve profitability and enhance its corporate governance.

As part of these efforts, in June 2017, we invited Mr. Isao Matsushita, former Representative Director and President of JX Holdings, Inc. (currently JXTG Holdings, Inc.), to serve as an external director of SuMi TRUST Holdings and appointed him as chairman of the Board of Directors. In this interview, Mr. Matsushita spoke about his thoughts on accepting the position of external director, his impression of the efforts to improve corporate governance at SuMi TRUST Holdings, and his ideas as chairman.

Question

Please tell us your thoughts on accepting the position of external director at SuMi TRUST Holdings.

I have been involved in the energy, resources, and material businesses for many years, and have worked in management at Japan Energy Corporation (currently JXTG Nippon Oil & Energy Corporation) and at JX Holdings, Inc. (currently JXTG Holdings, Inc.) following management integration at the company.

Japan relies heavily on imported resources, and business performance in these fields is strongly influenced by external factors, such as resource prices and foreign exchange rates. During my time in office, we faced severe changes in the environment and took on a series of challenges including management integration and reform of existing businesses.

The management environment in the banking industry has been extremely harsh recently as well, amid negative interest rates, soaring foreign currency procurement costs, and other factors. However, the SuMi TRUST Group is embarking on new endeavors, including initiatives aimed at "business model transformation," "enhancement of corporate governance," and "promotion of fiduciary duties," with the announcement of its new midterm management plan as its "Second Foundation."

Although the SuMi TRUST Group operates in a different industry from the JXTG Group does, I believe they have some things in common, such as operating under a holding company system after going through management integration, and working on business structure reform in a challenging management environment. Also, as a financial group specialized in trust banking, in contrast to a megabank, I expect that the SuMi TRUST Group can make unique contribution to Japan's economy and society, and I intend to put my accumulated experience and knowledge to use to help improve the corporate value of the Group.

Question

What is your impression of the efforts to improve corporate governance at SuMi TRUST Holdings?

While financial institutions belong to a business category that plays a significant public role in the national economy to begin with, SuMi TRUST Holdings has been designated as one of the Domestic Systemically Important Banks (D-SIBs) of Japan, and is therefore required to have a greater degree of management soundness and underlying corporate governance than ordinary financial institutions do.

In light of these expectations, SuMi TRUST Holdings is steadily taking steps to improve corporate governance. It increased the number of external directors and external auditors and proceeded in turn to voluntarily establish the Nominating and Compensation Committee and Audit Committee. Then, after confirming that these measures ensured the transparency of management and were effective in strengthening the supervisory function of the Board of Directors, it made the transition from a “company with a Board of Corporate Auditors” to a “company with Three Committees.”

In addition, I can see that the SuMi TRUST Group has devised creative measures based on the Group’s unique characteristics for its structure following the transition, including the voluntary establishment of the Risk Committee and Conflicts of Interest Committee as advisory bodies to the Board of Directors, in addition to the three statutory committees (Nominating, Compensation and Audit Committees).

Going forward, I believe it will be important for SuMi TRUST Holdings to shift its focus even more towards formulation of the SuMi TRUST Group’s management policy and supervision of business execution, and to engage in high-quality discussion at the Board of Directors aimed at improvement of corporate value, in order to further enhance corporate governance.

Question

As chairman of the Board of Directors, to what areas of management do you intend to pay particular attention?

I consider the most important role of the Board of Directors to be promoting the company’s sustainable growth and improving corporate value over the medium- to long-term, by laying down a basic management policy and strategic direction based on an accurate assessment of management issues and the environment in which the company operates, and supervising management overall. The management environment surrounding financial institutions in particular is undergoing major developments on a global level, and in order for the Board of Directors to steer its way decisively and carefully through these environmental changes, it is crucial that it enhances both the offensive and defensive aspects of corporate governance and fulfill its accountability to stakeholders.

To fulfill this role, the Board of Directors must make objective decisions in an appropriate manner from a standpoint independent of management. By making the transition to a company with Three Committees, and selecting me, an external director, as chairman of the Board, SuMi TRUST Holdings has truly expressed its determination to strongly promote enhancement of corporate governance from this perspective.

In response, as chairman of the Board of Directors, I will establish a decision-making process that encourages critical discussion and exhaustive deliberation that includes opposing views, rather than management that aims to preserve harmony. Furthermore, I intend to provide the Board appropriately with necessary and adequate information while making full use of the knowledge and expertise of external directors in order to implement this kind of sound decision-making. First and foremost, I think what is expected of me is to offer a completely external perspective as a person with no experience in the financial industry, and to present my opinions firmly without holding back.

Client-Oriented Initiatives

1. Providing Value to Clients

The SuMi TRUST Group aims to accurately understand both the current and potential needs of individual and corporate clients and provide total solutions that offer a wide range of highly specialized products and services as the best ways to address those needs. In an era of dramatic environmental changes, the needs of both individual and corporate clients to build, manage and review their assets and to plan for succession are becoming increasingly complex, and their needs for

trustworthy financial institutions are growing. The SuMi TRUST Group, as Japan's only independent financial group specialized in trust banking, will leverage its comprehensive capabilities that combine trust and banking functions and the various trust functions within the Group, under a stringent conflict of interest management framework, with the aim of being the "Best Partner" for providing the greatest value to clients.

2. Practicing Fiduciary Duties

The aim of the SuMi TRUST Group to be the "Best Partner" for clients is based on our client-oriented spirit. While the SuMi TRUST Group has strived to be completely client-oriented from the beginning, with the fiduciary spirit as part of our DNA, we further enhanced our efforts by establishing and making public our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" (hereinafter, the "Policies") in September 2016.

We believe that the practice of fiduciary duties depends on "significant expertise" that our clients can rely on, "consulting practice" that offers clients optimal options according to their individual needs, and "stringent conflict of interest management."

The SuMi TRUST Group has put in place an extensive organizational structure from the management level to the working level, and strives constantly to enhance its initiatives in this area (please refer to page 27 for enhancement of the conflict of interest management framework). Along with the revision of the Policies in June 2017, we made public our "Key Performance Indicators (KPIs) concerning Initiatives Aimed at Becoming Our Clients' "Best Partner",," which will allow for easy-to-understand confirmation of the status of the SuMi TRUST Group's initiatives through our complete client orientation.

Promoting/Supervising Structure of the Group

	Organization		Initiatives	
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> Supervise Conflict of Interest management for the group, monitor FD* progress 	
	SuMi TRUST Bank	Executive Committee	<ul style="list-style-type: none"> Conflict of Interest Management Enhancement Committee Discuss important cases Guide improvement to relevant departments 	
		Department in charge	Fiduciary Duties Planning and Promotion Dept.	<ul style="list-style-type: none"> Promote FD* within organization
			Compliance Dept.	<ul style="list-style-type: none"> Enhance Conflict of Interest management
Group Companies	Group-wide	Fiduciary Duties Discussion Panel	<ul style="list-style-type: none"> Consult with external experts, Implement within company 	

*FD: Fiduciary duties

3. System for Promotion of Fiduciary Duties at the SuMi TRUST Group

The SuMi TRUST Group considers the promotion of client-oriented initiatives at SuMi TRUST Holdings and its subsidiaries based on the Policies to be one of its important management issues, and is putting in place a system to promote the practice and thorough implementation of fiduciary duties at SuMi TRUST Holdings and its subsidiaries, centered on the Fiduciary Duties Planning and Promotion Department that was newly established in October 2016.

Fiduciary Duties Planning and Promotion Department

To promote thorough adoption of practices ensuring fiduciary duties at SuMi TRUST Holdings and its subsidiaries, the Fiduciary Duties Planning and Promotion Department helps gather information and promote practices through the drafting of plans relating to improving conflict of interest management, along with provision of training, advice, and guidance to subsidiaries. The status of specific initiatives based on the Policies at subsidiaries is monitored and summarized regularly, and reported to the Board of Directors.

Subsidiaries

Subsidiaries falling within the scope of application of the Policies study and implement initiatives according to their respective areas of business operation.

Of our subsidiaries, SuMi TRUST Bank, Nikko Asset Management, Sumitomo Mitsui Trust Asset Management and Japan Trustee Services Bank are engaged in the asset management, product development, sales and asset administration businesses that are the core of fiduciary duties, and have established and made public “specific initiatives” relating to fiduciary

duties (hereinafter, the “action plans”). Progress updates on the action plans are reported regularly to their respective Board of Directors, and the action plans shall be revised as necessary.

Fiduciary Duties Discussion Panel

SuMi TRUST Holdings, along with SuMi TRUST Bank, Nikko Asset Management, Sumitomo Mitsui Trust Asset Management and Japan Trustee Services Bank, has established the Fiduciary Duties Discussion Panel (hereinafter, the “Discussion Panel”) to promote more advanced initiatives at subsidiaries with asset management, product development, sales and asset administration businesses.

The Discussion Panel is composed of directors and executive officers as well as general managers responsible for promoting fiduciary duties at each of the aforementioned subsidiaries, with the Fiduciary Duties Planning and Promotion Department serving as secretariat. Each subsidiary reports on the matters listed below, shares their successful examples and discusses how to ensure practices that reflect fiduciary duties take root at each Group company.

- Status of compliance with the Policies regarding the Fiduciary Duties
- Successful examples from initiatives
- Initiatives relating to improvement in expertise
- Measures to promote advanced stewardship activities and successful examples
- Measures to promote advanced risk management and successful examples
- Appropriate coordination regarding product composition and sales of each company

History of Promotion of Fiduciary Duties

2016	September	Established “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group”	
	October	Established Fiduciary Duties Planning and Promotion Department (also set up at SuMi TRUST Bank) Established Fiduciary Duties Discussion Panel	
2017	January	Established “Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations” at SuMi TRUST Bank	
	April	Established Conflict of Interest Management Enhancement Committee (at both execution side and SuMi TRUST Bank)	
	May	Revised Management Policy Concerning Conflicts of Interest	
	June		Revised “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group”
			Published “Key Performance Indicators (KPIs) concerning Initiatives Aimed at Becoming Our Clients’ “Best Partner””
July	Established Conflicts of Interest Committee as advisory body to the Board of Directors		

Principles of Action Policies on Fiduciary Duties

(1) Implementation of a client-oriented consulting practice

In order to provide products and services suited to the true benefit of our clients, we will strive, through high-quality consulting, to gain a shared understanding of the asset and liability position of our clients, which will change with their lifecycle, and their corresponding needs.

(2) Easily understandable provision of information

To assist in our clients' investment decisions, we will strive to provide explanations about product characteristics, risks, and fees, etc. in a manner understandable by clients, based on the complexity of the products and services, and the importance of the information to be provided, and to take proper action that fits with our clients' understanding.

(3) Development and provision of products and services that meet the diverse needs of our clients

In order to meet the diverse needs of our clients, we will make available a broad-range of high-quality products and services that accord with the needs of our clients, based on the various voices and opinions of our clients and through activities such as cooperation and joint-development of products and services with a broad-range of asset management companies and insurance companies, etc.

(4) Enhancement of our client-oriented focus and expertise

(i) Establishment of a corporate culture with the aim of becoming our clients' "Best Partner"

Through measures such as training and discussion at each Group company, we will aim for thorough penetration of decisions and practices that are based on these Policies. Further, we will give thorough effect to our fiduciary duties by developing frameworks for performance evaluation and targets that value initiatives that contribute toward the implementation and penetration of client-oriented actions, and every one of our officers and employees will proceed with the establishment of a corporate culture with the aim of becoming our clients' "Best Partner."

(ii) Improvements to expertise in the area of support for client-oriented consulting, etc.

Through measures such as training of officers and employees and support for the acquisition of specialist qualifications, we will increase knowledge and specialist skills regarding market conditions, products and services.

(5) Provision of financial services that leverage the diverse functions of the trust bank group

As a trust bank group, while remaining thoroughly attentive to conflict of interest management, we will fully mobilize our diverse and flexible functions, such as the banking business, asset management and administration business, real estate business, etc., and quickly and accurately provide optimal and total solutions for our clients, whether they are individuals or corporate entities.

(6) Client comfort and satisfaction, and contribution to the economy and society

(i) Provision of new products and services that are responsive to economic and social changes

As well as providing products and services that bring comfort and satisfaction to our clients, we will contribute to the economy and society by utilizing our investment functions, etc., and through the creation of new products and services that respond to structural changes to the economy and society.

(ii) Proactive initiatives for financial education and investment education

To enable clients to proactively and rationally select financial products, and engage in sound asset formation, we will pursue activities in connection with improvement of financial education and literacy, etc., including life planning, by utilizing our know-how regarding investment education, etc. cultivated by experience with the defined contribution pension business, etc., and through our regular consulting activities and seminars, etc.

4. Product Development Capabilities Supporting Total Solutions

In order to leverage the flexibility and expertise of its various financial and trust functions as a trust bank and put together the extensive lineup of unique and sophisticated products and services that are essential to providing total solutions, the SuMi TRUST Group focuses on promoting group-wide initiatives that combine the expertise of each business and Group company, not merely using their strengths and know-how. In this way, the SuMi TRUST Group is creating a product development system that carries out medium-term, ongoing research activities on themes that would be difficult to categorize within the domains of individual businesses or Group companies.

Specifically, SuMi TRUST Bank has established product development departments in each business, the Business Research and Development Department, and a product development off-site meeting as its product development organization. The product development departments in each business analyze client needs that have been collected in the course of business, and engage in improvement and development mainly of products for immediate application, including review of existing products and design of new products. In addition, the Business Research and Development Department, which was established as a dedicated unit primarily for the development of trust products, serves

as the engine driving product development and provides development support for each business, while carrying out planning, development and promotion of medium- to long-term development projects across businesses.

Furthermore, the product development offsite meeting has been established as a forum for discussion among executive officers and general managers, where regular exchanges of opinion are held about product development, not only at a practical working level, but also based on management strategy from a medium- to long-term viewpoint.

The SuMi TRUST Group also focuses efforts on nurturing human resources capable of flexible thinking that sustains product development. At SuMi TRUST Bank, product development experience is included in the new employee training curriculum, and human resource development seminars on product development are held twice yearly for product development personnel who have little experience. At the seminars, groups engage in exhaustive discussion on the topic of new products to satisfy given client needs that are assigned in advance, with the goal of enabling participants to acquire understanding with regard to breakthrough points and problem-solving methods in product development.

Enhancements to the Conflict of Interest Management Framework relating to Fiduciary Duties

Enhancements to the Conflict of Interest Management Framework of the Entire Group

The SuMi TRUST Group operates with sound business management based on a high degree of self-discipline with the background of fiduciary spirit, and provides our clients with a wide range of financial services through fully utilizing its significant expertise and comprehensive capabilities.

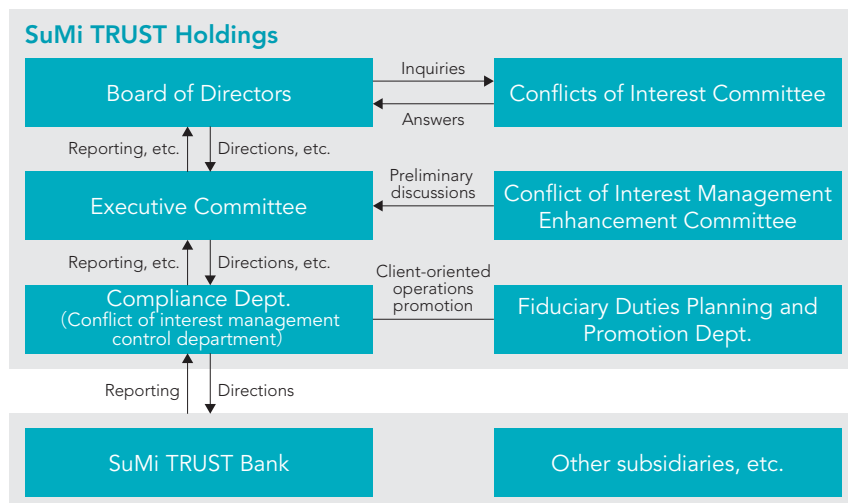
Along with the various products and services provided by our companies, in order to protect the interests of our clients from undue harm, we have been appropriately managing transactions that have possible conflicts of interest and carrying out business operations based on our Management Policy Concerning Conflicts of Interest. Recently, we have revised the Management Policy Concerning Conflicts of Interest in order to advance the enhancement and consolidation of the conflict of interest management framework of our Group, including improving the supervisory structure of the entire Group, introducing separation of authority, etc. in the major departments and businesses of SuMi TRUST Bank, and developing a highly-effective management system. Under a framework of best practice, we will proceed to provide our clients with high value-added "total solutions," as a trust banking group that is the "Best Partner" to our clients," able to foster even greater comfort and confidence than before.

Summary of Enhancements to the Conflict of Interest Management Framework of the SuMi TRUST Group

- (1) Improvement of the Supervisory Structure of the Entire Group (including establishment of the Conflicts of Interest Committee)
 - 1) Establishing the new "Conflicts of Interest Committee" (an advisory body of the Board of Directors of SuMi TRUST Holdings) (July 2017)
 - 2) Also establishing the new "Conflict of Interest Management Enhancement Committee" on the operational side (April 2017)
- (2) Introduction of Separation of Authority, etc. in the Major Departments and Businesses of SuMi TRUST Bank
 - 1) Strengthening the conflict of interest management framework relating to asset management operations through the utilization of the "Stewardship Activities Advisory Committee" (see page 28)
 - 2) Carrying out the separation of authority, etc. between the "wholesale total solution services business" centered on banking transactions with clients, such as business corporations, and the "wholesale asset management business" centered on providing managed products and services, such as trusts, to institutional investors, etc., based on the characteristics of each business
- (3) Highly-Effective Management System of SuMi TRUST Bank
 - 1) Strengthening the product review process when introducing new products and services
 - 2) Deployment of a "Conflict of Interest Management Officer"

From the perspective of improving the effectiveness of conflict of interest management, in addition to a General Manager of Conflict of Interest Management at the group-wide level, we will deploy "Conflict of Interest Management Officers" to the business supervising departments, etc. of our business divisions, and will seek to implement conflict of interest management that is further suited to individual products and transactions.

Conflict of Interest Management System*1



Conflicts of Interest Committee Members

Chairperson: Hideki Kanda*2
 Professor, Law School at Gakushuin University
 Emeritus Professor, University of Tokyo
 *2 External Director, SuMi TRUST Bank

Member: Takeshi Suzuki
 External Director, SuMi TRUST Holdings

Member: Akiko Hosokawa
 Partner, Baker & McKenzie

Member: Yutaka Nishida
 Senior Managing Executive Officer, SuMi TRUST Holdings

*1 For roles and responsibilities of each management structure and main departments, please refer to page 24.

Enhancement of Stewardship Activities

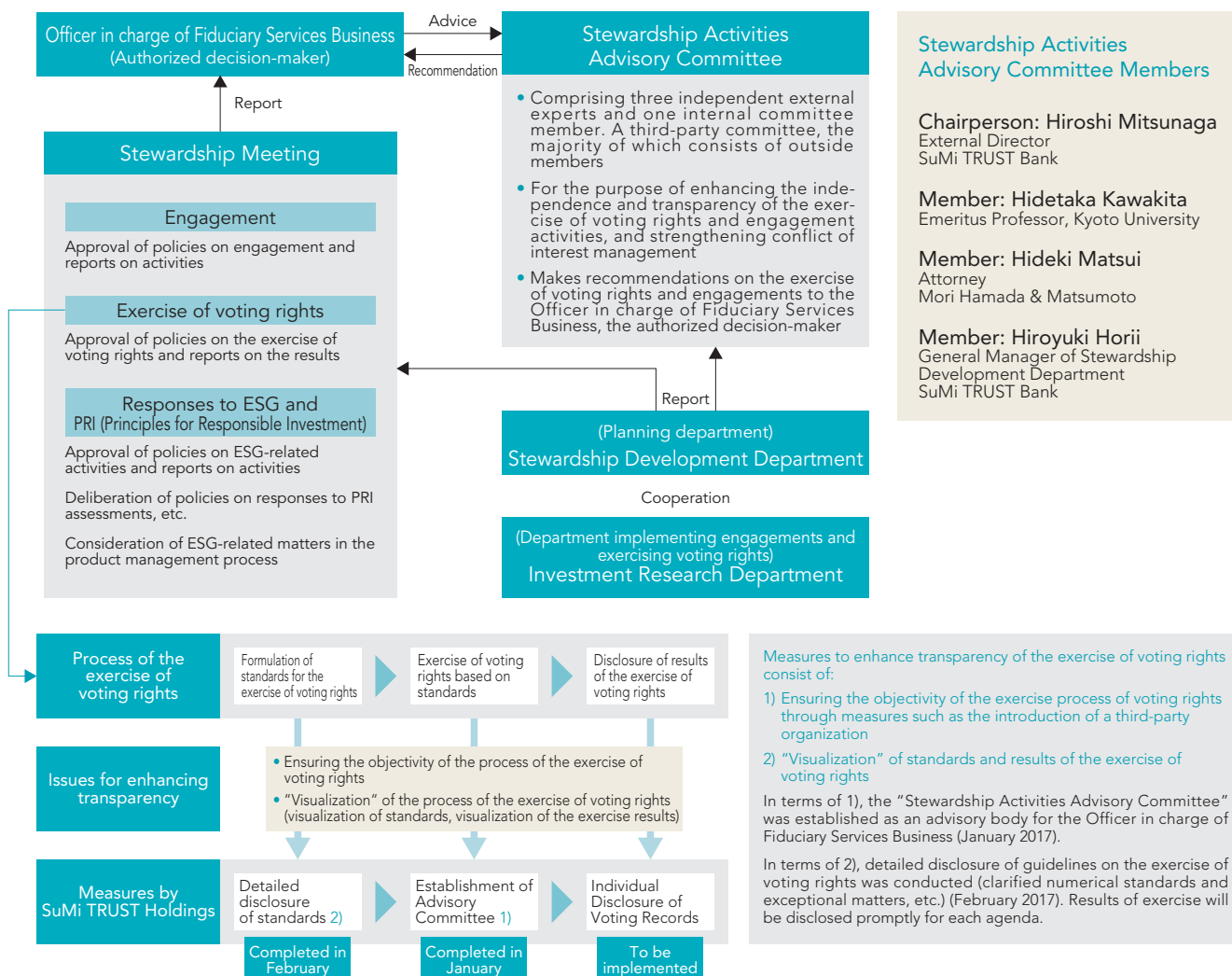
Enhancements to the Conflict of Interest Management Framework in Stewardship Activities

SuMi TRUST Bank has established the “Stewardship Activities Advisory Committee” (hereinafter referred to as the “Advisory Committee”) regarding stewardship activities made up of a majority of external experts. The Advisory Committee is a body established to make recommendations for various activities under Japan’s Stewardship Code. The Advisory Committee will make recommendations for the establishment, revision, or abolition of the guidelines for the exercise of voting rights, decisions concerning whether to support a proposal not stipulated in these guidelines, appropriateness of interpretation of these guidelines for an individual proposal, and verification and improvement of the decision-making process on the exercise of voting rights on a proposal in connection with which a conflicts of interest may occur. The Officer in charge of Fiduciary Services Business, who is independent from the authority to

execute the other operations of SuMi TRUST Bank, assigns maximum value to the recommendations of the Advisory Committee and makes decisions on various matters. If any recommendations are received from the Advisory Committee, the Officer in charge of Fiduciary Services Business shall immediately implement necessary corrective and remedial measures.

In terms of our exercise of voting rights, the Advisory Committee discloses numerical standards, etc. of the guidelines to enhance the visibility of our judgment. The Advisory Committee also discloses whether we voted for or against on each proposal for each investee company, thereby enhancing the visibility of exercise results. Through these efforts by the Advisory Committee to ensure the objectivity of processes involved and to enhance the visibility of the exercise judgment and results, we are raising the transparency of our exercise of voting rights.

Stewardship Activities Promotion Framework



Initiatives for Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



The Sustainable Development Goals (SDGs) adopted at the United Nations Sustainable Development Summit in September 2015 comprise 17 goals and 169 targets that bring together global-scale priority issues that should be addressed collectively worldwide toward 2030. The SuMi TRUST Group, which became a signatory to the United Nations Global Compact in 2003, has pursued various initiatives related to sustainability, and will continue working to provide value to our stakeholders including from the perspective of solving the issues raised by the SDGs.

Providing Value to the Community (See pages 84-85)

As a good corporate citizen, the SuMi TRUST Group considers it important to contribute to strengthening the environmental and social foundation on which we depend, and actively promotes social contribution and environmental activities rooted in the local communities primarily through its local branch offices. We also play an active role in maximizing stakeholder value as a member of the financial industry by participating in various partnerships both in Japan and overseas.

Examples of Related SDGs



Sustainability Initiatives in Our Business (See pages 54-55)

Financial institutions play a vital part in creating a sustainable society, and are called upon to be involved in SDG-related themes through their businesses. The SuMi TRUST Group, which aims to be our clients' "Best Partner," is deepening its engagement with the SDGs by using the unique functions of a trust bank to actively pursue sustainability businesses that help resolve the environmental and social problems faced by our clients.



Human Resources Strategy and Initiatives Related to Human Rights (See pages 76-80)

The SuMi TRUST Group's human resources strategy and initiatives related to human rights are also connected to the SDGs. We take a broad viewpoint based on global discussion in promoting these initiatives.



Retail Total Solution Services Business

As the “Best Partner” for our clients, the Retail Total Solution Services Business offers optimal total solutions tailored to the life stages of individual clients through the significant expertise and high-quality consulting that we have cultivated over many years as a financial group specialized in trust banking.



Business Outline

The Retail Total Solution Services Business provides comprehensive services to meet the wide-ranging demands of individual clients, including asset management, inheritance and succession, administration of real estate and other property, loans such as mortgage loans, support for asset formation through installments, and insurance products to prepare for unusual events.

Asset Management

We provide high-quality consulting services by offering a diverse product lineup to meet various asset management needs, including investment trusts, discretionary investment management products, annuity insurance, and whole life insurance, in addition to plans suited for management of retirement benefits.

Inheritance and Succession

We offer extensive products and a wide range of know-how to meet needs for the smooth transfer of assets to the next generation, such as through lifetime donation and inheritance.

Loans

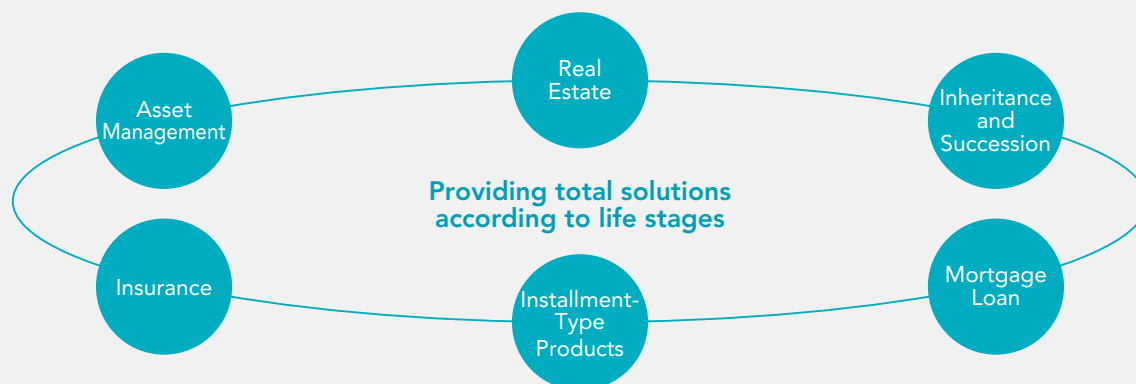
We provide mortgage loans and unique products only available from a trust bank to meet the needs of clients that change with each of their life stages.

Installment-Type Products and Insurance Products

We provide solid support for needs related to asset formation and preparation for unusual events, through products including asset formation trusts, installment-type products that have taxation advantages such as NISAs (a Japanese version of individual savings accounts), and level premium insurance that offers clients comfort according to each of their life stages.

Real Estate

We use our broad network to meet diversifying needs related to real estate, such as purchase, sale and effective use of property, and change of residence.



Financial Results Summary

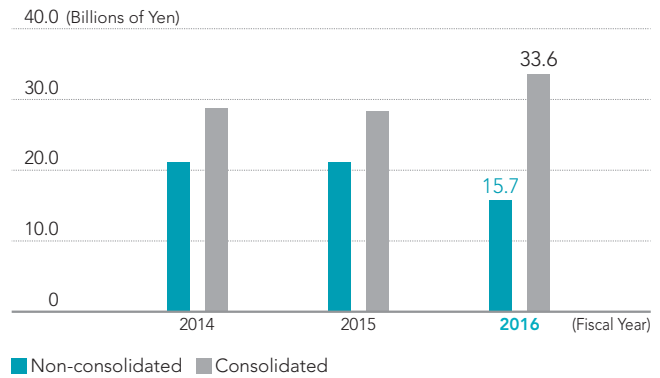
Net business profit before credit costs decreased on a non-consolidated basis primarily due to a decline in sales of investment trusts and insurance.

On a non-consolidated basis*¹, net business profit before credit costs decreased by ¥5.5 billion year on year to ¥15.7 billion primarily due to a decline in sales of investment trusts and insurance. On a consolidated basis*², net business profit before credit costs increased by ¥5.3 billion year on year to ¥33.6 billion as a result of Sumitomo Mitsui Trust Club becoming a consolidated subsidiary.

*1 Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") (non-consolidated)

*2 Sumitomo Mitsui Trust Holdings ("SuMi TRUST Holdings") (consolidated)

Trend of Net Business Profit before Credit Costs

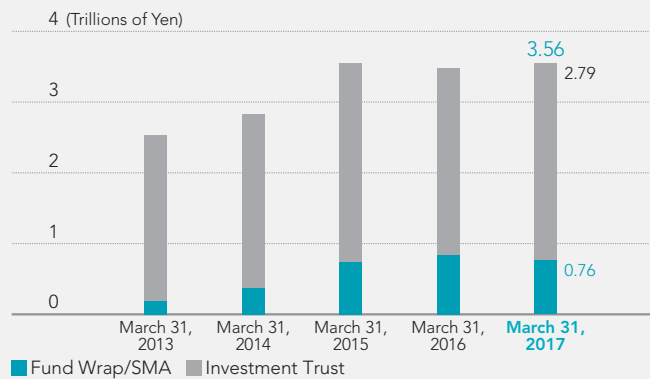


Financial Highlights

Balance of Investment Trusts and Discretionary Investments

Balance of investment trusts and discretionary investments increased compared to the previous fiscal year as a result of engaging in asset management consulting through sales of installment investments, discretionary investment management products, and other products to support clients' asset formation.

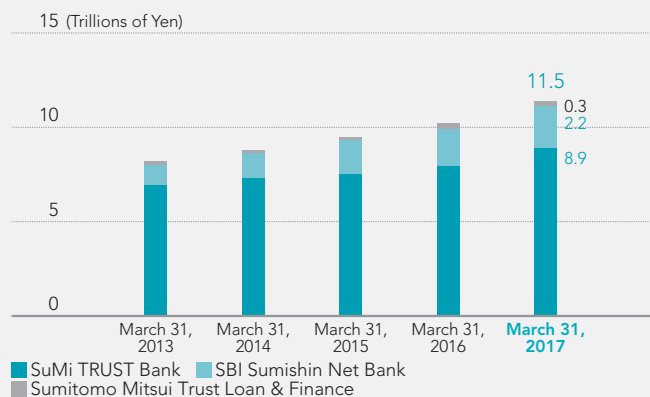
Balance of Investment Trusts and Discretionary Investments



Balance of Loans to Individuals

We increased the amount of loans and significantly expanded the balance of loans by responding to demands for new house building, purchase of housing, and re-financing, which have grown amid a low interest rate environment, through various channels (over-the-counter, online, etc.) suited to client needs.

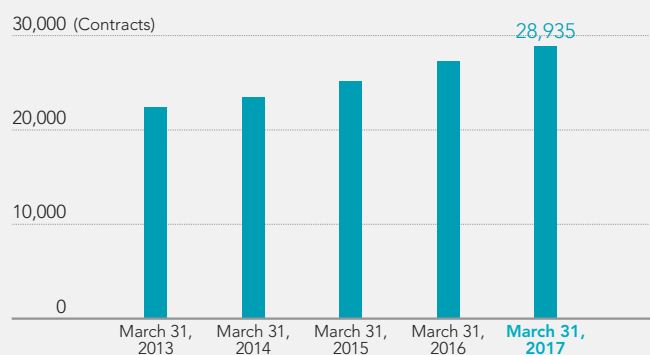
Balance of Loans to Individuals



Number of Will Trusts

We have responded to growing needs related to inheritance and succession through consulting services by financial consultants and other staff with advanced expertise. As a result, the number of will trusts, which provide support for will writing and handle storage and execution, has increased.

Number of Will Trusts



Target Business Model

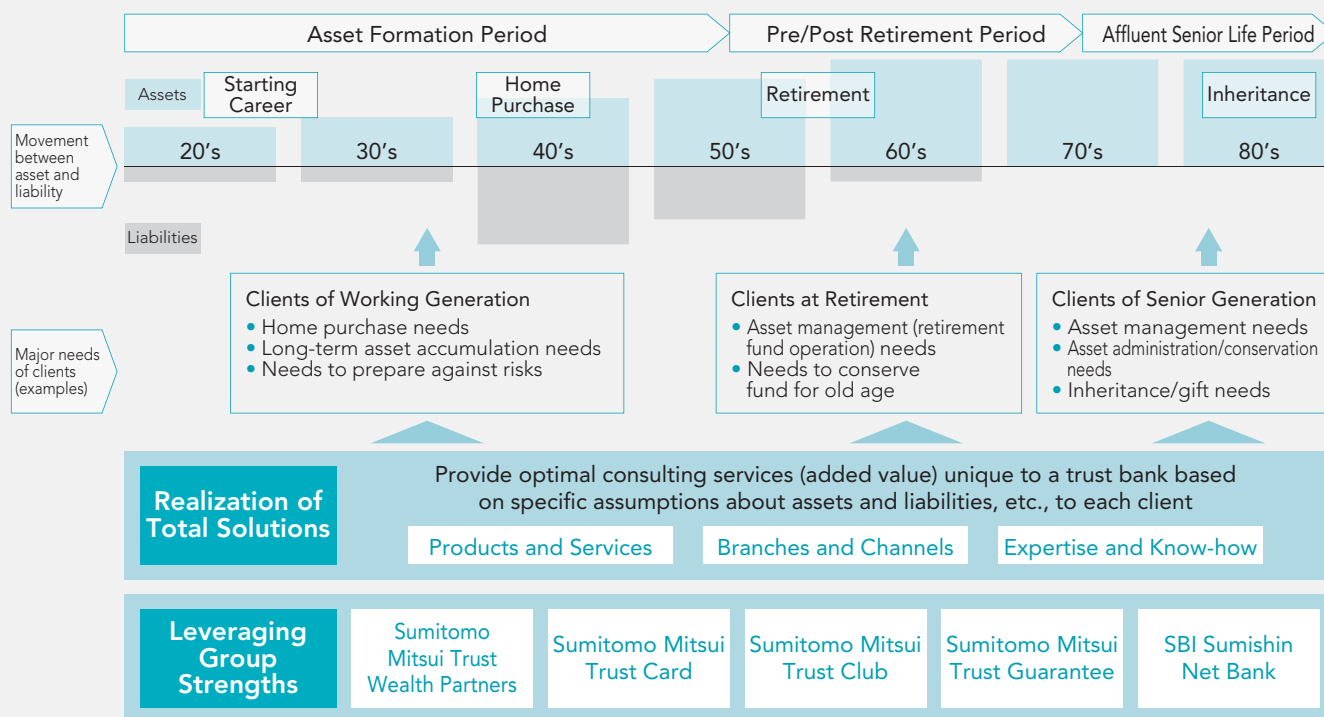
In an aging society where development of the information and communications network and advances in financial technology are progressing simultaneously, it is becoming increasingly important to have a trusted and secure partner to consult in order to make the best choices about asset management

and administration at various stages of life.

In the Retail Total Solution Services Business, we aim to leverage the various strengths of the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") to offer trust and comfort over the long term as our clients' "Best Partner."

Providing Total Solutions According to Life Stages

We provide client-oriented consulting services (added value) unique to a trust bank based on specific assumptions about assets and liabilities, etc., depending on the life stage of clients of various generations.



Leveraging Group Strengths

We will leverage the strengths of the Group, including affiliated companies, in order to meet the various needs of our clients.

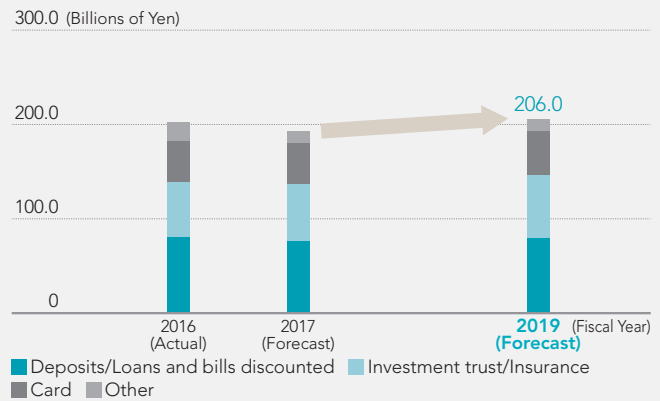
Example of Initiatives (1) Providing High-Quality Card Services with High Added Value	Examples of Initiatives (2) Development of Simple, Easy-to-Understand Insurance Products
<p>Along with the Sumitomo Mitsui Trust Card, since the addition of Sumitomo Mitsui Trust Club to the Group in fiscal 2015, we offer the Diners Club card among our high-quality card services with high added value. In addition, we offer Sumitomo Mitsui Trust Club clients the opportunity to use the broad range of products and services unique to a trust banking group in areas such as investment management, wills, inheritance, and real estate.</p>	<p>We reached an agreement with BNP Paribas Cardif, a member of the major financial group BNP Paribas Group (headquartered in France), to cooperate in insurance business in Japan*. In cooperation with the Japanese branch of BNP Paribas Cardif, we aim to "develop simple, easy-to-understand insurance products" and to "establish an insurance business model that is unique to trust banks by making the most of expertise such as consulting skills both parties have developed."</p>

* Making Japan branch of BNP Paribas Cardif into Japanese incorporation, its share acquisition, etc. are premised on the permissions and approvals from relevant authorities.

Profit Targets of Midterm Management Plan

We aim to expand consolidated substantial gross business profit before credit costs by accurately capturing growth opportunities by leveraging the functions unique to a trust bank, including asset formation for a wide range of generations, and asset succession amid a mature economy.

Growth Image of Consolidated Substantial Gross Business Profit



Topics for Future Focus

Fundamental Reform of Transaction Procedures with Clients—New IT System for Marketing Assistance—

Sales staff for individual clients use tablet-type portable devices to process major transactions such as time deposits and investment trusts on the spot when visiting clients, which have significantly reduced the burden of filling out forms for clients.

By considerably reducing the workload of sales and administration staff, the devices have led to dramatic increases in productivity and made diverse work styles possible, and have thus become a powerful force driving the realization of our targeted business model.

Launch of Family Consideration Trust (Installment investment/lump-sum type)

We have begun offering a new product with added functions to meet asset management needs in the “Family Consideration Trust” series of trust products that help clients express their concern for their family when preparing to leave an inheritance.

This product addresses the desire of clients to “provide for my family if anything should happen to me,” as well as their desire to “carefully manage assets over the medium- to long-term to be left to my family.”



Wholesale Total Solution Services Business



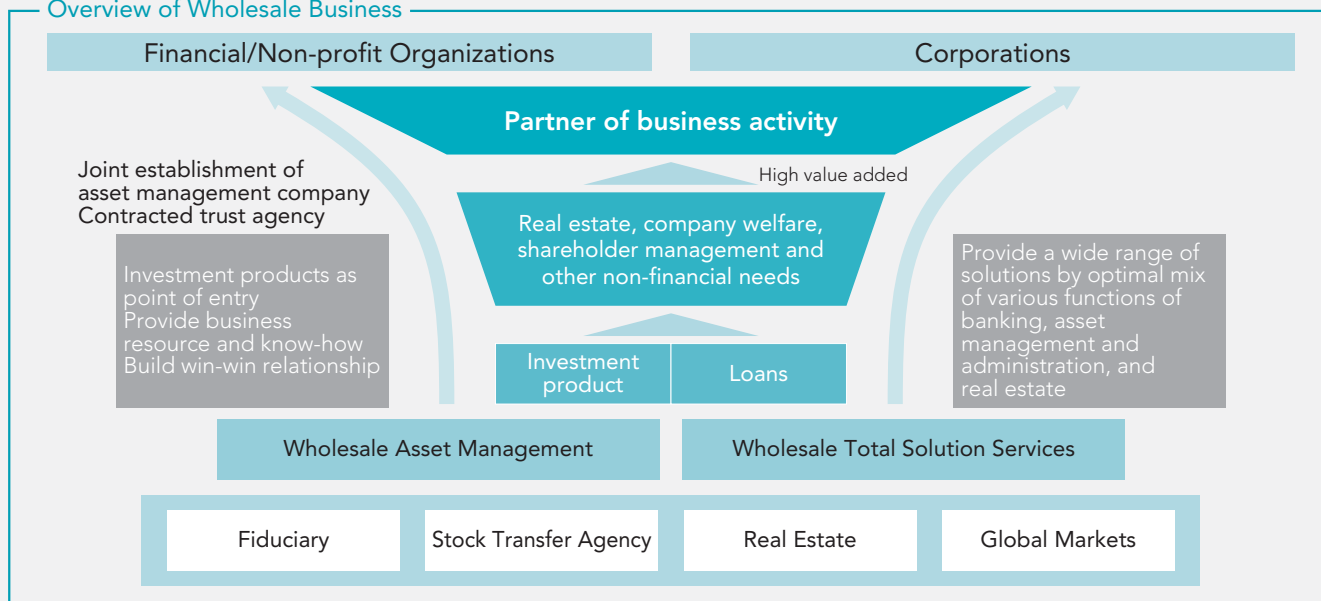
In our Wholesale Total Solution Services Business, we contribute to the expansion of clients' enterprise value and asset value and to their growth, by providing one-stop total solutions that only a trust bank group can offer through the integration of our various highly specialized functions including banking, asset management and administration, and real estate, to meet the advanced and diverse needs of clients.

Business Outline

In addition to the services under its supervision, such as loans and arrangement of various financing schemes, corporate consultations, and M&A advisory services, the Wholesale Total Solution Services Business also serves as a general point of contact for all transactions with corporate clients. By organically and flexibly coordinating with the various highly specialized functions of the Real Estate Business, Fiduciary Services

Business, Stock Transfer Agency Services Business, Wholesale Asset Management Business, Global Markets Business, and Retail Total Solution Services Business, in addition to overseas bases and extending to the Group as a whole, we contribute to our clients' development in a range of fields by providing speedy, one-stop solutions that are optimally tailored to clients' needs and issues.

Overview of Wholesale Business



Provision of total solutions leveraging the significant expertise and comprehensive capabilities of the Group as a whole

Sumitomo Mitsui Trust Panasonic Finance (Leasing business)	Sumitomo Mitsui Trust Loan & Finance (Loan business)	Sumitomo Mitsui Trust Bank (Thai) (Banking business)	Zijin Trust (Trust business)	Midwest Railcar Corporation (Leasing business)	BIDV-SuMi TRUST Leasing Company (Leasing business)
A comprehensive finance company owned by Panasonic and SuMi TRUST Bank.	A mortgage loan company wholly owned by SuMi TRUST Bank.	A wholly owned overseas subsidiary of SuMi TRUST Bank that conducts banking services in Thailand.	A trust company headquartered in Nanjing, China that is 19.9% owned by SuMi TRUST Bank.	A joint venture of Marubeni and the SuMi TRUST Bank Group engaged in the freight railcar leasing business in North America.	A leasing company jointly established by SuMi TRUST Bank and BIDV, which is one of Vietnam's top four state-owned commercial banks.

Financial Results Summary

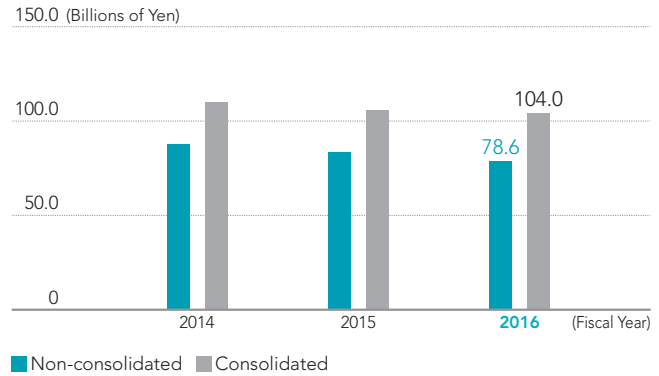
Net business profit before credit costs decreased primarily due to increased foreign currency funding costs.

Net business profit before credit costs decreased by ¥4.7 billion year on year to ¥78.6 billion on a non-consolidated basis*1, and ¥1.9 billion year on year to ¥104.0 billion on a consolidated basis*2, due to deterioration of net interest income/expense owing to increased foreign currency funding costs.

*1 SuMi TRUST Bank (non-consolidated)

*2 SuMi TRUST Holdings (consolidated)

Trend of Net Business Profit before Credit Costs

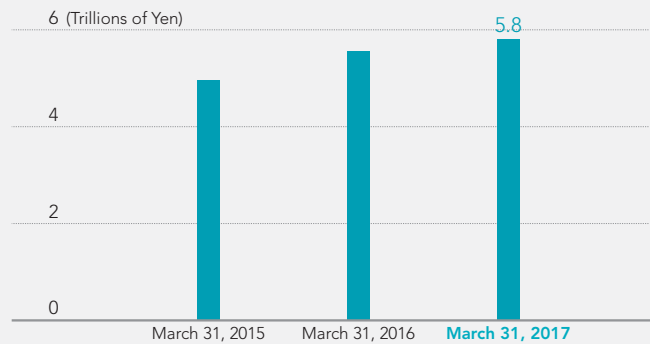


Financial Highlights

Growth of Product Related Loan Balance

As the investment and financing environment continues to be harsh amid factors including worldwide monetary easing, negative yen interest rates, and rising foreign currency funding costs, we stepped up efforts aimed at high-profit assets with a view to sustainable improvement of loan income and profitability. As a result, the balance of product related loans (including asset finance for aircraft, etc., project finance, and real estate finance) grew.

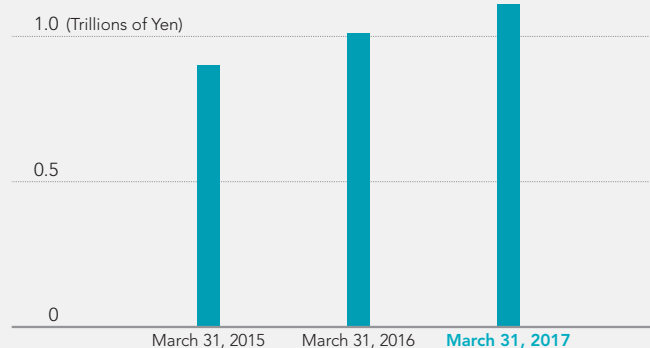
Product Related Loan Balance



Growth in Transactions with Mid-Sized Corporations and Owner-Managed Companies

The loan balance to mid-sized corporations and owner-managed company clients grew as a result of strengthening various proposal activities unique to a trust bank, aimed at improving enterprise value and achieving growth for mid-sized corporations and owner-managed company clients. We also cultivated new clients and made progress in expanding our transaction base.

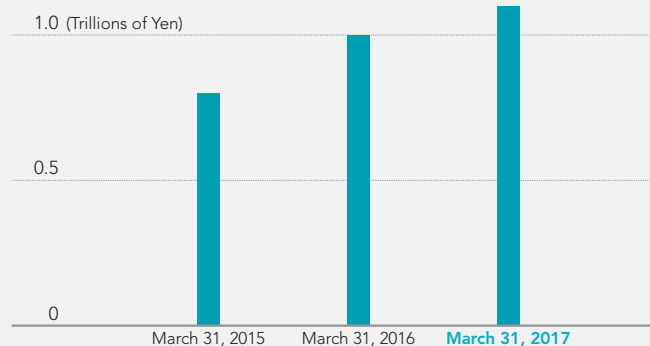
Loan Balance to Mid-Sized Corporations



Growth of Wholesale Asset Management Business

The asset management needs of corporate clients, including institutional investors, have become increasingly sophisticated and diversified due to the persistently low interest rate environment. In light of this situation, SuMi TRUST Bank has strengthened its business that re-composes the receivables acquired through asset finance transactions into asset management products to meet the individual needs of investor clients. As a result, the balance of joint money trusts, etc. has grown steadily.

Balance of Joint Money Trusts, etc.



Target Business Model

The environment in which companies operate is transforming at a more dizzying pace than ever, and increasing in complexity. This includes the emergence of revolutionary IT technologies, industrial materials and engineering technologies, political and economic change on a global scale, and the expansion of various regulatory and social demands on companies.

In such an environment, the issues faced by corporate clients can no longer be resolved by providing individual products and services alone.

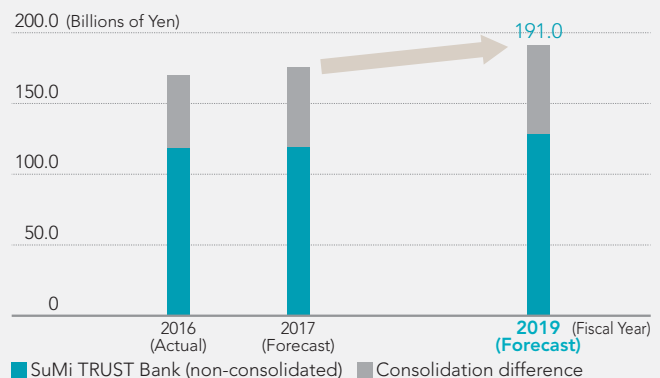
Our aim is to be the financial institution named by clients as their “Best Partner.” We will achieve this by “further enhancing the diversity and expertise found only at a trust bank,” including the banking, asset management and administration, and real estate know-how that we have cultivated as a financial group specialized in trust banking since our founding, and combining these in complex and sophisticated ways, to “develop a total solution model” that will help solve the current issues of our clients as well as issues that have yet to appear.



Profit Targets of Midterm Management Plan

By evolving our total solution model, we aim to contribute to sustainable expansion of trust and property management earnings through the pension, stock transfer agency, and real estate businesses. In addition, we seek to increase consolidated substantial gross business profit before credit costs by shifting from low-profit lending to product related and other high-profit lending to create a lean, profitable credit portfolio with stable profitability and achieve a turnaround and regrowth in income from banking business.

Growth Image of Consolidated Substantial Gross Business Profit



Wholesale Asset Management Business

The Wholesale Asset Management Business offers clients solutions unique to a trust bank for issues ranging from assets to liabilities, based on the diverse asset management and administration know-how that the SuMi TRUST Group has cultivated over the years.



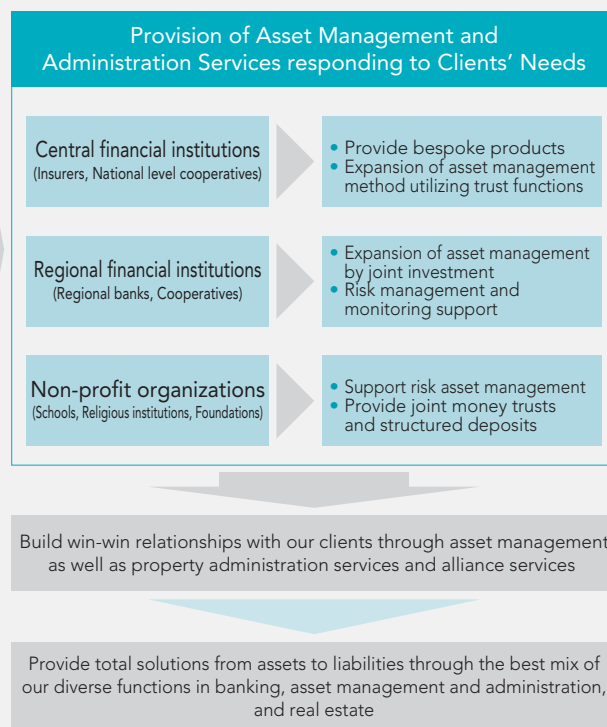
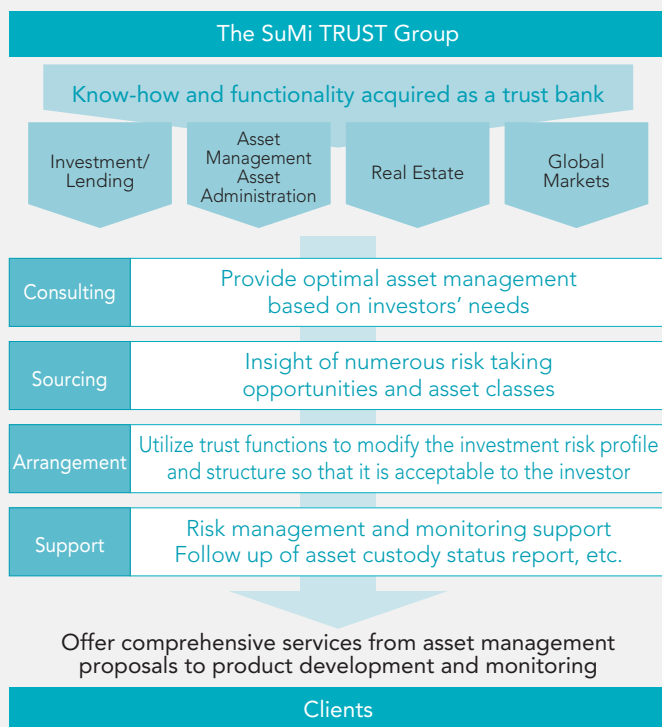
Business Outline/Target Business Model

Amid changes in the social structure such as a maturing economy, and an aging and declining population, “client-oriented asset management” has become an important role for financial institutions to play.

The Wholesale Asset Management Business will leverage the diverse asset management and administration know-how cultivated by the Group in areas ranging from securities to real estate, private equity, aircraft, and various projects, to offer comprehensive services from proposals to product development and monitoring, mainly for financial and non-profit

organizations facing asset management difficulties. In this way, we will help achieve optimal asset management for each of our clients.

In addition to asset management transactions, we build win-win relationships with our clients through property administration services (real estate, stock transfer agency, pensions, etc.) and alliance services (trust agencies, real estate solutions, etc.). We provide total solutions from assets to liabilities through our diverse functions in banking, asset management and administration, and real estate.



Stock Transfer Agency Services Business

In the Stock Transfer Agency Services Business, in light of demands for enhancement of initiatives to evolve from “Form” to “Substance” corporate governance reform focused on greater promotion of dialogue and provision of information between companies and institutional investors, as the “Best Partner” for clients, we provide a wide range of solutions to address the increasingly diverse and complex challenges of each company.

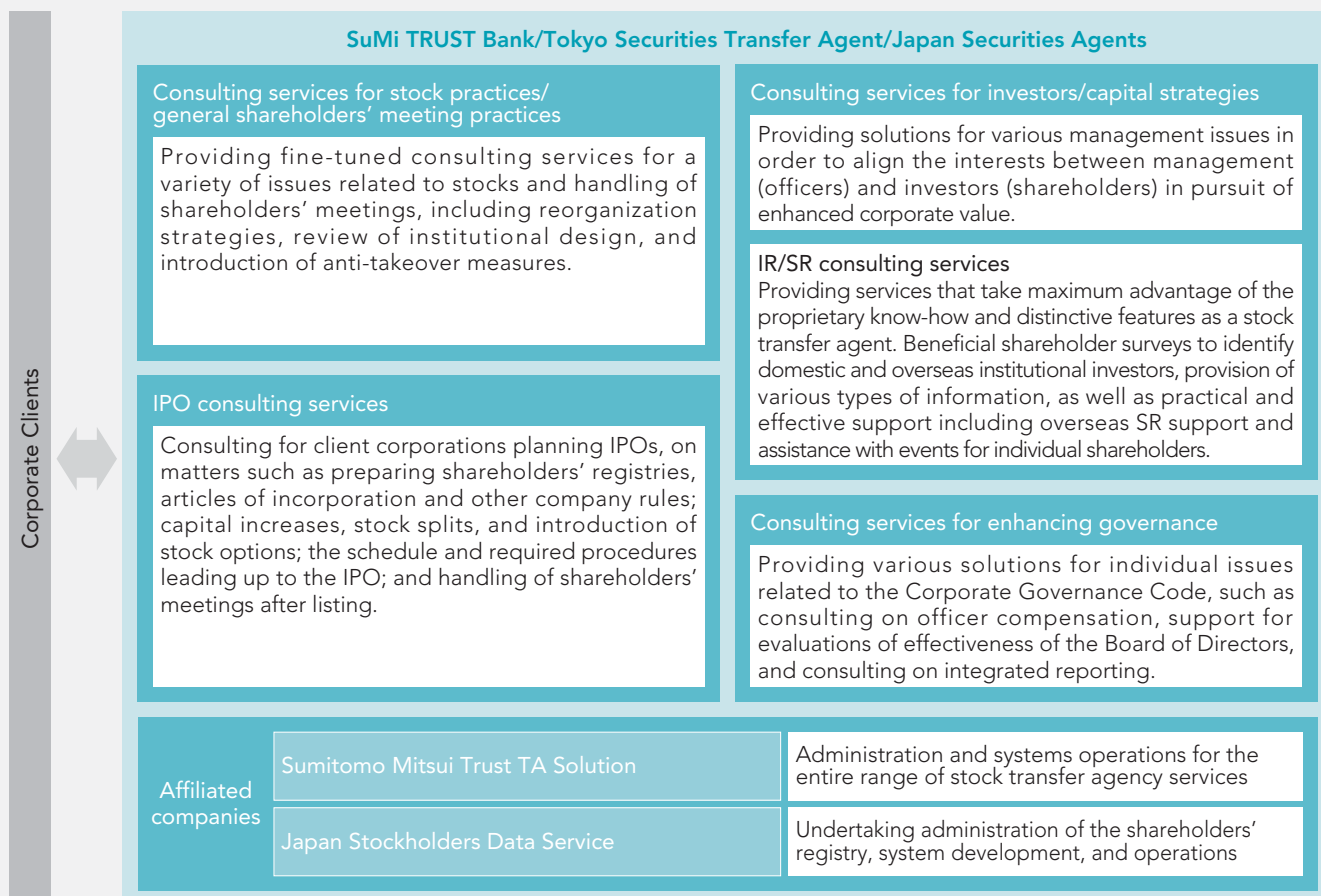


Atsushi Kaibara
 Managing Executive Officer, Executive Officer
 SuMi TRUST Holdings
 Officer in charge of
 Stock Transfer Agency Services Business
 SuMi TRUST Bank

Business Outline

Our Stock Transfer Agency Services Business works as an “agent of record for listed companies” provided for in the Companies Act and undertakes stock-related services on behalf of clients. We offer shareholder list management services that allow our clients to increase their administrative efficiency and rationalize their administration and various comprehensive consulting services as follows.

- 1) “Consulting services for matters related to stock and shareholders’ meetings” to support clients’ handling of stock-related matters through our abundant practical experience and advanced expertise
- 2) “IPO consulting services” to provide practical support for clients pursuing initial public offerings
- 3) “Consulting on investor and capital strategies” to support clients’ investor strategies, capital strategies, and public relations activities (IR/SR)
- 4) “Consulting on governance enhancement” to support clients’ efforts to enhance initiatives related to governance



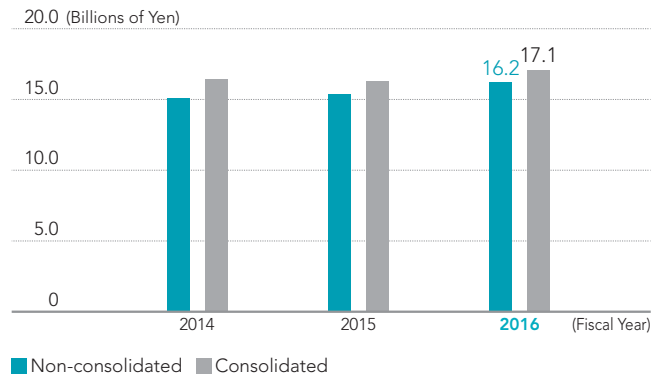
Financial Results Summary

Net business profit before credit costs increased primarily due to an increase in the number of shareholders under administration and an increase in various consulting fees.

Net business profit before credit costs increased by ¥0.7 billion year on year to ¥16.2 billion on a non-consolidated basis*1, and by ¥0.7 billion year on year to ¥17.1 billion on a consolidated basis*2, due to an increase in recurring fees and commissions received due to an increase in the number of shareholders under administration, as well as an increase in various consulting fees.

*1 SuMi TRUST Bank (non-consolidated)
 *2 SuMi TRUST Holdings (consolidated)

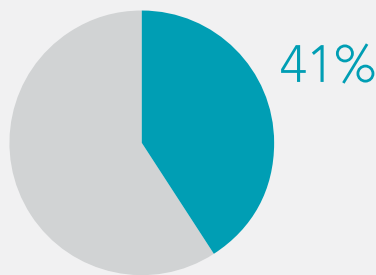
Trend of Net Business Profit before Credit Costs



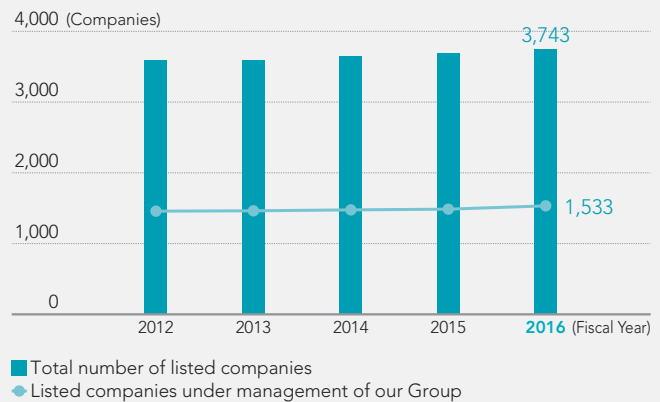
Financial Highlights

Listed companies under management: 1,533 (consolidated), 41% market share

New company listings by clients grew steadily amid an active IPO market, and new entrustments from existing listed companies were also strong. As a result, we are further expanding our client base, which is among the top in the industry.

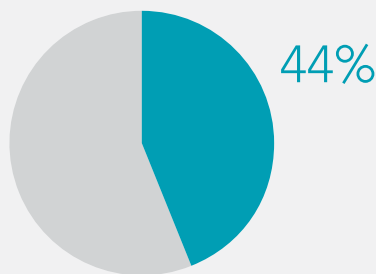


Number of Listed Companies under Management

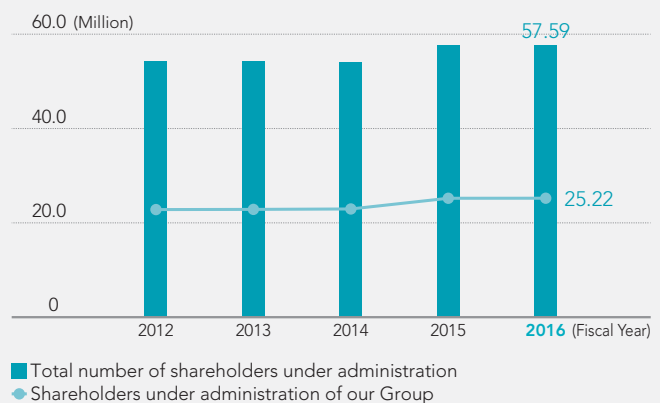


Shareholders under administration: 25.22 million (consolidated), 44% market share

We have solidified our top position in the industry for the number of shareholders under administration, backed by steady expansion in the field of individual stock investment and listed companies focusing on measures to increase individual shareholders amid the trend "from savings to asset formation," coupled with growth in the number of entrusted companies.



Number of Shareholders under Administration



Target Business Model

We seek to be our clients' "Best Partner," offering solutions from a cross-business perspective in response to management issues in investor and capital strategies, which are becoming increasingly important due to changes in the external environment, with the strong relationship we have cultivated as our clients' "Best Partner" for stock-related matters.

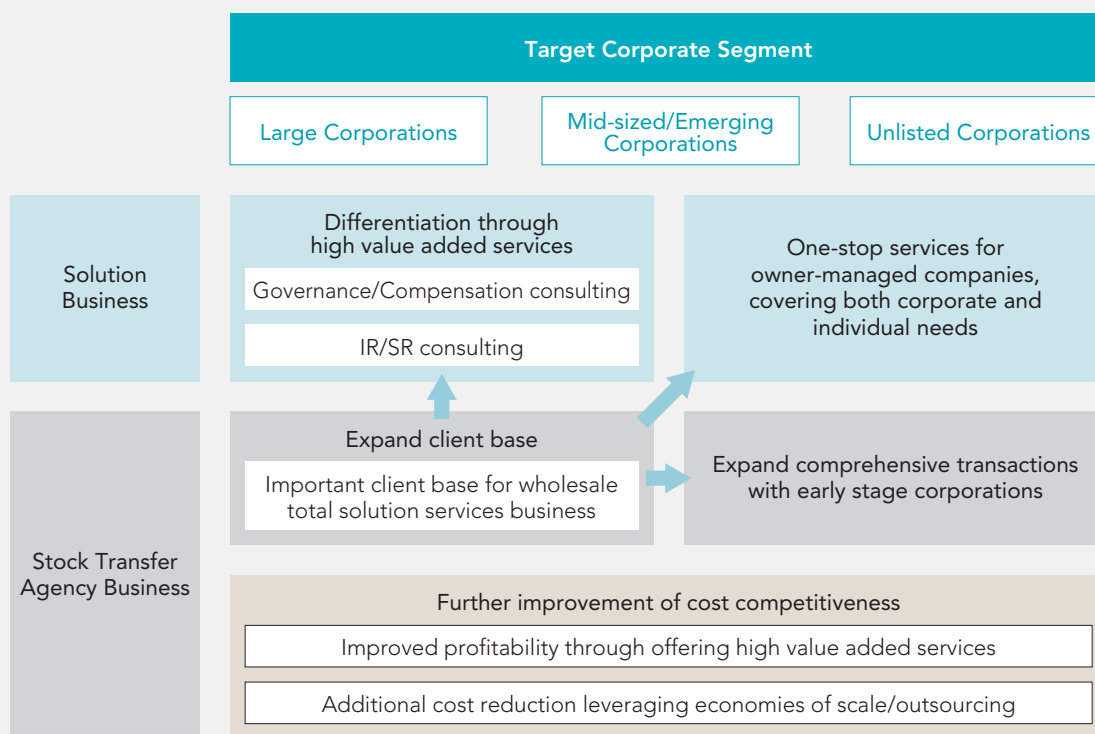
The environment surrounding companies has changed considerably since the establishment of the Stewardship Code and the Corporate Governance Code, and client needs are expanding beyond stock-related matters and support for shareholders' meetings to include enhancement of governance, ESG measures, and consulting on incentive compensation. Furthermore, clients are asking for stronger initiatives to evolve from "form" to "substance" corporate governance reform than in the past, and the related needs at each company are becoming diverse and complex.

The SuMi TRUST Group contributes to the further improvement of clients' enterprise value and market value by providing

optimal, high-quality solutions to management issues in investor and capital strategies, which are becoming increasingly important due to changes in the external environment.

In addition, we offer strong backup for the realization of IPOs through measures such as providing corporate and individual solutions for owner-managed companies as well as legal consulting services to clients pursuing IPOs from the preparation stage. We are also focusing on making a contribution to regional revitalization through cooperation with local financial institutions to support IPOs by regional companies. We intend to achieve the top share of entrustments from newly listed companies as a result of these initiatives.

By building further stronger relationships with our clients and establishing our position as their "Best Partner" through these activities, we will achieve sustainable expansion of our client base and an unshakeable status as the leading company in the stock transfer agency services market.



Profit Targets of Midterm Management Plan

While we are already No. 1 in the industry in terms of the number of shareholders under administration, we are also focusing on expanding our number and share of listed companies under management, with the aim of achieving the top position in the industry in terms of both shareholders and companies under management. We are also seeking to expand consulting fees by providing clients with solutions to management issues in investor and capital strategies. Moreover, through measures such as using FinTech to create systems related to routine administration, we will reduce costs by streamlining operations while continually increasing consolidated substantial gross business profit before credit costs.

Topics for Future Focus

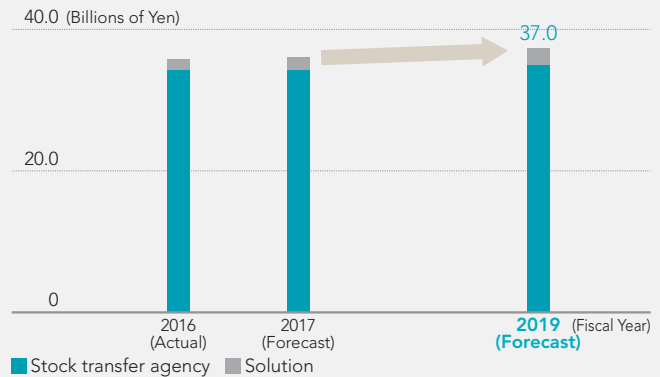
Providing Solutions

The establishment of the Corporate Governance Code has prompted listed companies to aim for greater transparency in management from the perspective of investors, and the establishment of the Stewardship Code has led institutional investors to step up efforts to exercise voting rights in the interests of beneficiaries, through measures such as dialogue with companies.

Given these changes in the external environment, we recognize that the provision of governance enhancement measures and IR/SR services, which are focus areas of the SuMi TRUST Group, are becoming even more important, and we will further enhance our solutions for these issues as our clients' "Best Partner."

Against the backdrop of such trends among companies and institutional investors, studies are underway to examine revision of laws and regulations encouraging further promotion of dialogue and provision of information. The SuMi TRUST Group is carrying out verification and making proposals from various angles in order to put in place a structure that can fully address such reforms of the systems. As an industry leader, we will continue to provide optimal solutions for our clients, while contributing broadly to socio-economic development.

Growth Image of Consolidated Substantial Gross Business Profit



Publications

We strive to distribute a variety of information and publish books to allow those in management and those responsible for practical matters to deepen their understanding of stock-related matters and general meeting of shareholders.

We regularly publish the "News on Stock Transfer Agency Services," which provides information concerning legal system reforms and practical business trends, and "Shoken Daiko Consulting Bucho no Me" ("Viewpoint of the General Manager of the Stock Transfer Agency Business Advisory Department") on topics related to stock and general meeting of shareholders strategies that management personnel should know. In addition, we also issue a number of practical guides such as "Kabushiki Jitsumu/Kabunushi Soukai no Point 2017" ("Key points on stock-related matters and general meeting of shareholders 2017"), "Sugu Wakaru! Kabushiki Jitsumu no Point" ("Easy to understand key points on stock-related matters"), and "Kabushiki Jitsumu no Iroha" ("ABCs of stock-related matters") (all edited by the Stock Transfer Agency Business Advisory Department of SuMi TRUST Bank), and the "Shokai/Kabushiki Jitsumu Gaido Bukku" ("Guidebook to stock-related matters: Detailed explanation") (edited by Tokyo Securities Transfer Agent Co., Ltd.). We will continue striving to be recognized as the "Best Partner" of our clients by providing them with up-to-date information.



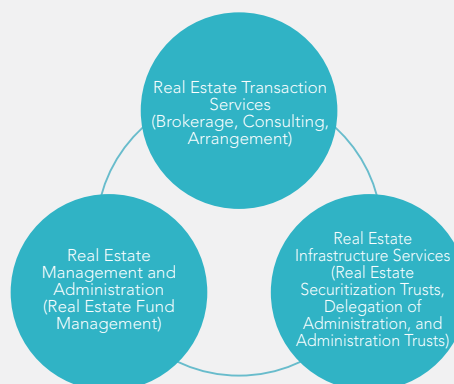
Real Estate Business

Our Real Estate Business continues to work closely with our clients as their “Best Partner,” by providing real estate solutions (CRE (corporate real estate) strategies, brokerage, development and construction consulting, securitization trusts, etc.) to meet the needs of corporate and individual clients in Japan and overseas.



Business Outline

Our Real Estate Business has a large number of real estate specialists, such as real estate appraisers and first-class registered architects, providing a full line of services from brokerage to securitization and investment management in response to the real estate-related needs of a wide range of clients, including corporations, investors, and individuals in Japan and overseas.



Solution Functions

Real estate transaction services	Brokerage	Buying and selling	Brokerage services for buying and selling real estate including offices, houses, hotels, commercial and distribution facilities, etc.
		Leasing	Brokerage services for leasing to tenants, including offices, commercial and distribution facilities, etc.
	Consulting	CRE	Advice related to CRE (corporate real estate), market research, gathering of necessary information and data, and services to support decision-making through various proposals
		Effective use	Consulting services related to effective use of idle and unused/underutilized land
		Construction	Consulting services related to building construction
Real estate management and administration services	Securitization arrangement	Arrangement of real estate securitization and creation of collective investment schemes	
	Asset management	Real estate fund management services	
Real estate infrastructure services	Real estate securitization trusts	Entrustment services for real estate trusts in real estate securitization, etc.	
	Investment companies	Asset storage, general administration (accounting administration, institutional operation, management services for investors' registry)	
	Real estate administration	Real estate administration services using delegation of administration and administrative trusts	
Other	Overseas real estate business	Consulting on intermediation of overseas real estate, market research, and overseas expansion strategies, etc.	
	Real estate market research	Consulting on investment valuation and risk analysis regarding structured real estate finance products	

Structure for Providing Solutions

		Point of contact with client/brokerage solution	Various consulting services and solutions
Corporate clients	Tokyo metropolitan area	Real Estate Business Dept. I-V	Real Estate Business Solution Dept.
	Chukyo area	Real Estate Business Dept., Nagoya	Real Estate Advisory Dept.
	Kinki area	Real Estate Business Dept., Osaka	Real Estate Custody Business Dept.
	Other regions	Real Estate Business Network Promotion Dept., Real Estate Sections of Branches	Real Estate Trust Business Dept. Real Estate Investment Business Dept.
Individual clients		Sumitomo Mitsui Trust Realty	Sumitomo Mitsui Trust Real Estate Investment Management
Overseas clients		Global Real Estate Business Planning and Promotion Dept.	Sumitomo Mitsui Trust Research Institute

Financial Results Summary

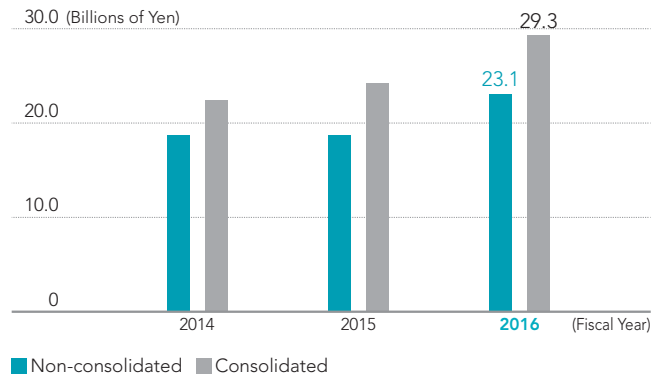
Net business profit before credit costs increased on higher brokerage revenue.

In addition to higher real estate brokerage revenue from corporate clients, brokerage revenue from individual clients increased steadily. As a result, net business profit before credit costs increased by ¥4.4 billion year on year to ¥23.1 billion on a non-consolidated basis*¹, and by ¥5.1 billion year on year to ¥29.3 billion on a consolidated basis*².

*1 SuMi TRUST Bank (non-consolidated)

*2 SuMi TRUST Holdings (consolidated)

Trend of Net Business Profit before Credit Costs

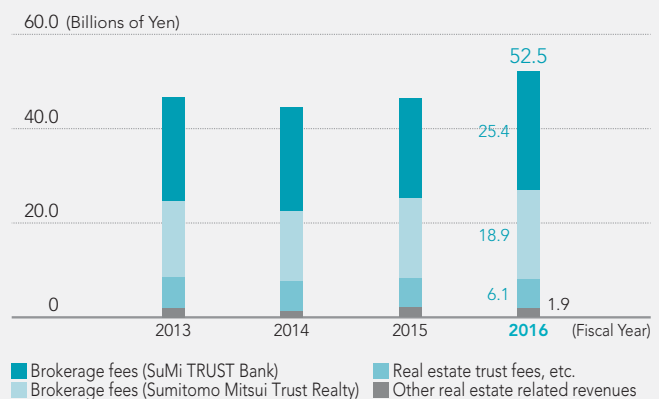


Financial Highlights

Real Estate Transaction Services

Gross business profit in the Real Estate Business reached ¥50.0 billion on a consolidated basis for the first time since management integration in 2011. This was primarily due to growth in brokerage fees at SuMi TRUST Bank and Sumitomo Mitsui Trust Realty.

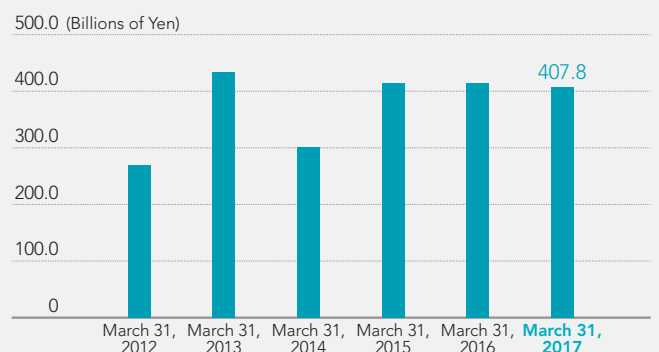
Gross Business Profit



Real Estate Management and Administration Services

Sumitomo Mitsui Trust Real Estate Investment Management undertakes management of private real estate funds. Sales of assets have been active in response to the recent rise in real estate prices, and the balance of assets under management has decreased slightly as a result.

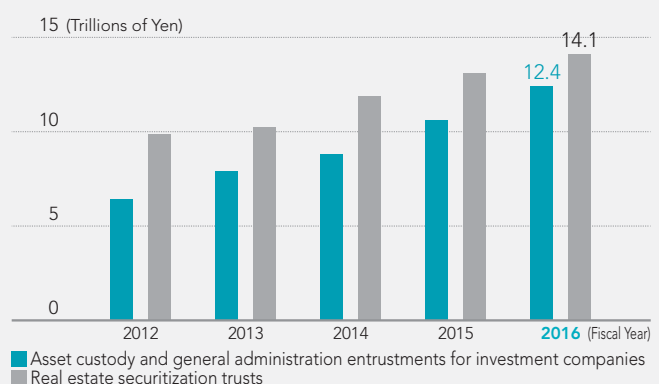
Assets under Management



Real Estate Infrastructure Services

Real estate securitization trusts and asset custody and general administration entrustments for investment companies are growing along with expansion of the REIT market, and we have secured the top place in Japan in terms of scale as a result.

Trusts under Administration



Target Business Model

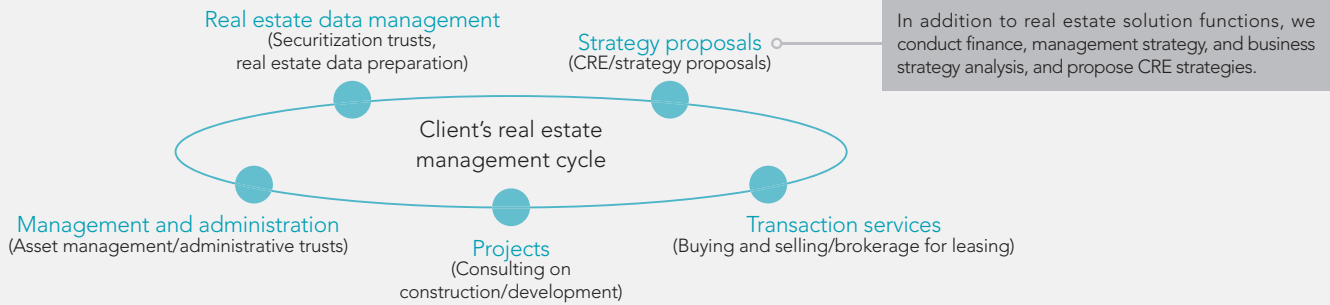
To Be Our Clients' "Best Partner"

As the needs of clients are diversifying amid stronger calls for action on matters such as corporate governance and capital strategies, the needs regarding their real estate properties are becoming more complex.

The Real Estate Business will continue to work closely with clients as their "Best Partner" by providing real estate solutions to match the needs of clients according to their real estate

management cycle.

By providing clients with total solutions that only a trust bank can offer, we contribute to improving corporate productivity and revitalizing the Japanese economy, while assisting regional revitalization through stronger cooperation with regional financial institutions.

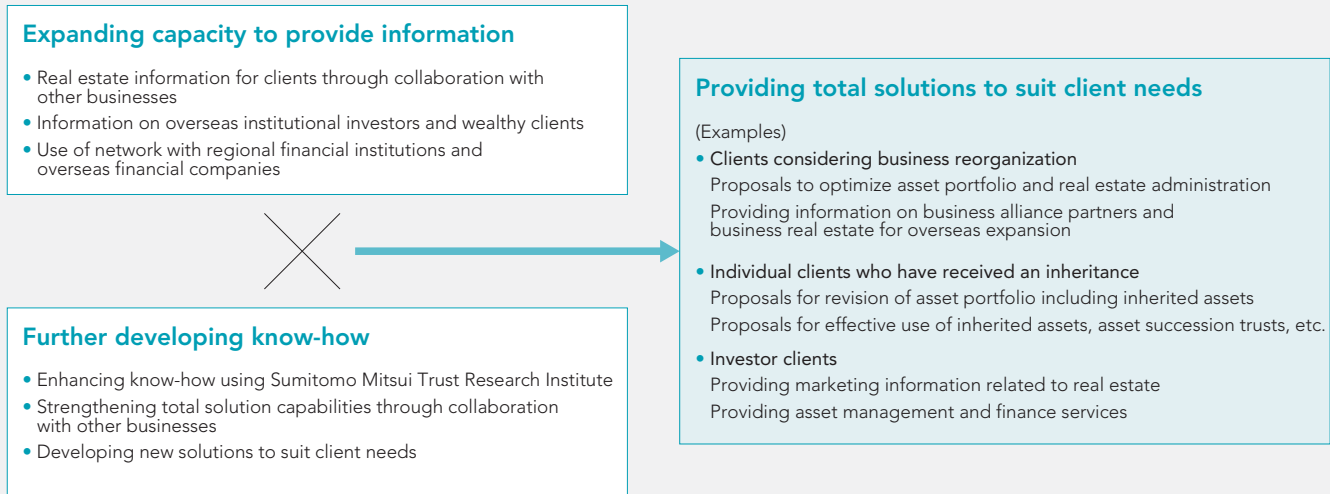


Expanding Our Capacity to Provide Information and Further Developing Our Know-How

Based on their abundant experience and broad networks, SuMi TRUST Bank and Sumitomo Mitsui Trust Realty gather a wide range of information and provide solutions and information to suit client needs.

We will continue working to further expand our information volume and develop our know-how by cooperating with the Wholesale and Retail Total Solution Services Businesses and

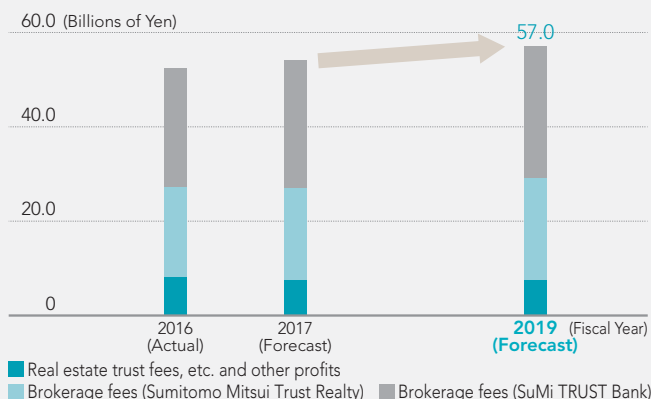
leveraging the marketing and planning functions of Sumitomo Mitsui Trust Research Institute, while making use of our networks with regional financial institutions and overseas financial companies, in order to continue providing optimal real estate solutions for our clients.



Profit Targets of Midterm Management Plan

We will enhance our system that swiftly provides one-stop solutions in line with our clients' real estate management cycle, aiming for growth in flow-based income. We seek to expand consolidated substantial gross business profit before credit costs by strengthening our sales structure, including at consolidated subsidiaries, and achieving an increase mainly in brokerage fees.

Growth Image of Consolidated Substantial Gross Business Profit



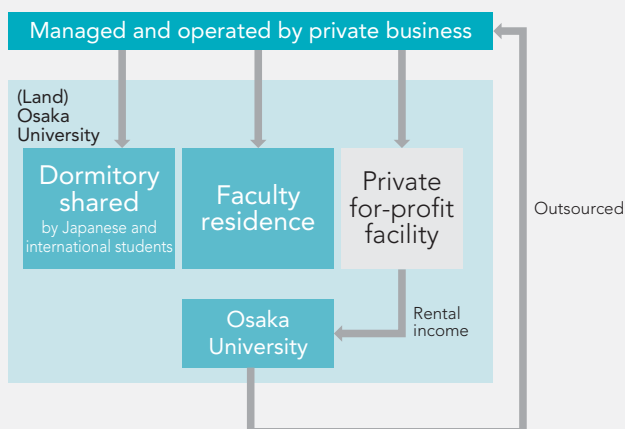
Topics for Future Focus

Regional Revitalization Initiatives

Focusing on issues such as the aging population and declining birthrate and deterioration of public facilities, SuMi TRUST Bank engages in consulting on effective use, rebuilding, and selling with regard to underutilized land at national universities across Japan. We will continue to contribute to regional revitalization through use of PFI* in funding procurement and scheme arrangements that are available only from a trust bank.

* PFI (Private Finance Initiatives): Use of private funding, management methods, and technological capabilities to create social capital such as public facilities.

Case Study: Osaka University "Global Village" in Tsukumodai



Environmentally Friendly Property Initiatives (Case Study: Shimane Bank New Head Office)

The new head office building for Shimane Bank, a project commenced around the 100th anniversary of its founding, has an energy-saving design and self-supporting systems for emergencies that bolster local disaster-response capabilities. A plank in the "GREEN BANK Shimagin Project," the building symbolizes the bank's contribution to efforts to create a low-carbon regional economy and bolster local disaster preparedness.

To promote the introduction of environmentally friendly property, SuMi TRUST Bank provides consulting services on environmentally friendly construction where it advises on the installation of energy-saving systems in buildings, ways to take into account landscapes and ecosystems, extension of building lifespans, and adoption of recycling systems.



Fiduciary Services Business

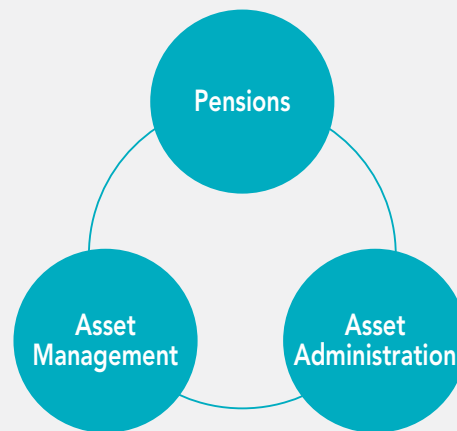
In our Fiduciary Services Business, as a financial group specialized in trust banking, we leverage the asset management and asset administration functions that are the core competency of the trust business to provide high value added services as our clients' "Best Partner."



Business Outline

The Fiduciary Services Business is made up of three businesses: the pension business, the asset management business, and the asset administration business. Working with the SuMi TRUST Group as a whole, we provide client-oriented, high value-added services ranging from design of pension systems to management and administration.

While the SuMi TRUST Group's balance of assets under management and assets under custody are both among the top levels in the industry, we strive to enhance our foundation as a financial group specialized in trust banking by seamlessly deploying our high-level expertise and know-how that are highly regarded by clients.



Pensions

As pension plan professionals, we propose optimal, tailor-made system designs for clients, including both defined-benefit (DB) corporate pension plans and defined-contribution (DC) pension plans.

Affiliated Companies

- **Japan Pension Operation Service**
A company specializing in administration and computer systems for pension fund administration

Asset Management

We have a large number of experienced analysts and fund managers, whose significant expertise and comprehensive capabilities are brought together in our "asset management consulting & multiple products" to respond to the wide-ranging asset management needs of clients.

Affiliated Companies

- **Sumitomo Mitsui Trust Asset Management**
The central asset management company of the SuMi TRUST Group
- **Nikko Asset Management**
An asset management company that operates globally with a focus on Asia
- **Sky Ocean Asset Management**
An asset management company established as a joint venture with the Bank of Yokohama, Bank of Kyoto, Gunma Bank and Tokyo TY Financial Group
- **JP Asset Management**
An asset management company jointly established with Japan Post Bank, Japan Post, and Nomura Holdings
- **Sumitomo Mitsui Trust International**
Central base of investment business for overseas investors

Asset Administration

Both in Japan and overseas, we provide a wide range of asset administration services, including the administration and settlement of securities in which clients have invested, the preparation of reports for clients regarding the status of asset management and custody, and securities lending.

Affiliated Companies

- **Japan Trustee Services Bank**
A trust bank specializing in asset administration services
- **Sumitomo Mitsui Trust Bank (U.S.A.)**
Central base for global custody services
- **Sumitomo Mitsui Trust Bank (Luxembourg)**
Sub-custodian bank and European contact for Sumitomo Mitsui Trust Bank (U.S.A.)
- **Sumitomo Mitsui Trust (UK)**
European base for global custody services
- **Sumitomo Mitsui Trust (Ireland)**
Central base for foreign-domiciled fund administration operations

Financial Results Summary

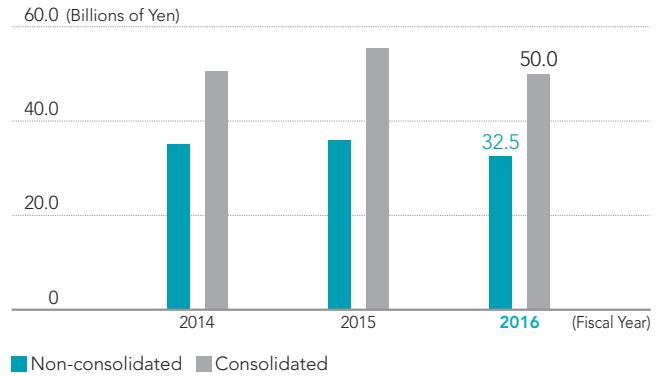
Net business profit before credit costs decreased primarily due to the dissolution of company employees' pension plans.

Net business profit before credit costs decreased by ¥3.5 billion year on year to ¥32.5 billion on a non-consolidated basis*1, and by ¥5.4 billion to ¥50.0 billion on a consolidated basis*2, due mainly to a decrease in the balance of pension trusts associated with the dissolution of company employees' pension plans.

*1 SuMi TRUST Bank (non-consolidated)

*2 SuMi TRUST Holdings (consolidated)

Trend of Net Business Profit before Credit Costs



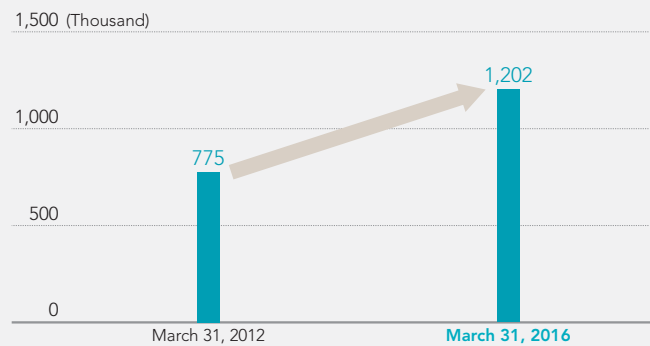
Overview

Financial Highlights

Pensions

Following the dissolution of company employees' pension plans, entrustments of defined-contribution (DC) pension plans expanded as successor plans. The number of subscribers in our DC pension plans increased by approximately 430,000 in four years, among the highest in the industry. The quality of our investment education, online services, call centers, and other services is also highly regarded by clients.

Number of DC Pension Plan Subscribers

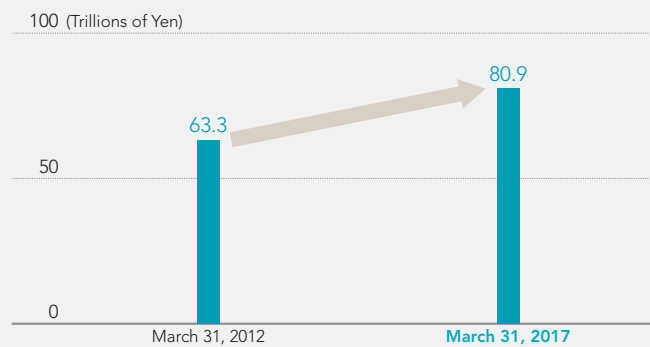


Vision

Asset Management

With a balance of assets under management that has increased by approximately ¥17 trillion in five years, the SuMi TRUST Group boasts the No. 1 position among Japanese banking and securities groups. We are steadily increasing our balance by providing products to meet the diverse needs of various clients (pension funds, mutual aid associations, financial companies, retail clients, overseas investors, etc.) while leveraging the respective strengths of the asset management companies within the SuMi TRUST Group.

Assets under Management of the Group

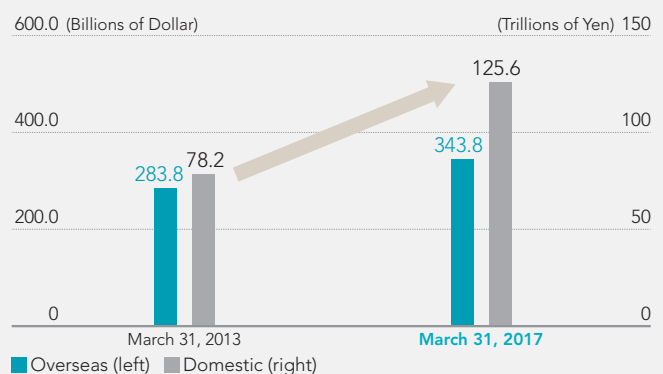


Business Strategy

Asset Administration

Our balance of domestic assets under custody increased by approximately ¥47 trillion in four years, mainly in investment trusts which form the core of asset administration services. Our balance of overseas assets under custody increased by approximately \$60.0 billion in four years due to continued enhancement of services for Japanese clients. Our balance of entrusted assets is growing steadily both in Japan and overseas.

Domestic and Overseas Assets under Custody

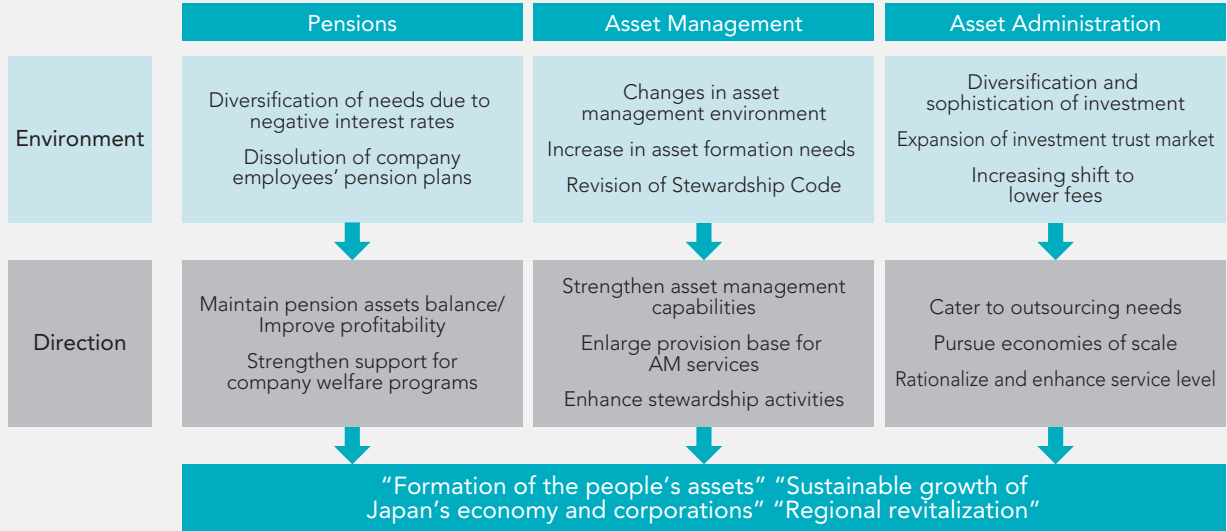


Management Foundation

Corporate Information

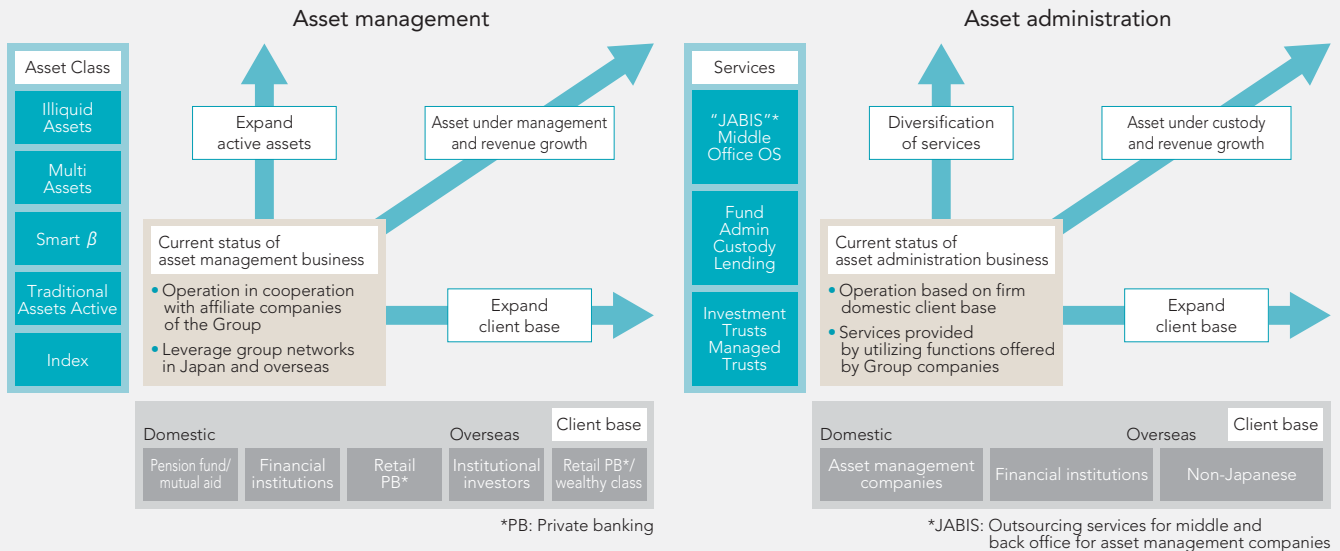
Target Business Model

As a leading financial group in Japan, we will lead the trend “from savings to asset formation” and contribute to “formation of the people’s assets,” “sustainable growth of Japan’s economy and corporations,” and “regional revitalization,” while pursuing profit expansion.



We will strengthen the asset management and asset administration functions that are the core competencies of our trust business with the aim of realizing our business model. We will expand active assets in asset management and pursue diversification of services in asset administration, while seeking to expand our balance of assets under management and custody, earnings and client base.

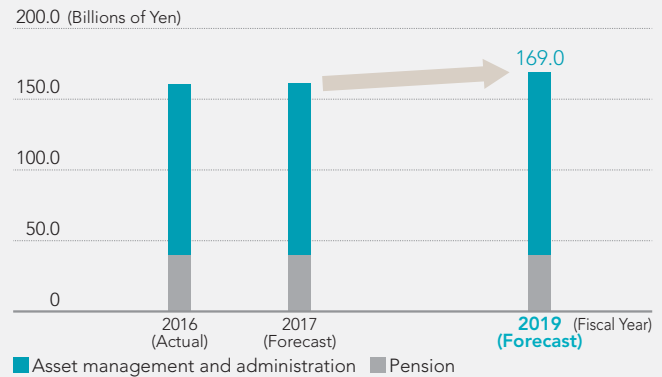
Strengthening of Asset Management/Asset Administration Functions



Profit Targets of Midterm Management Plan

We will pursue expansion of our client base, balance of assets under management, and earnings by promoting the following themes: “become the main bank for support of company welfare programs” by leveraging the strengths of the SuMi TRUST Group in seamlessly handling pension plans and asset management and administration; “become a multi-boutique asset management group” by taking advantage of the unique characteristics of the various asset management companies within the SuMi TRUST Group; and “evolve our asset administration business model” by providing diversified services and catering to outsourcing needs.

Growth Image of Consolidated Substantial Gross Business Profit



Topics for Future Focus

ESG Activities Aimed at Creating a Sustainable Society

SuMi TRUST Bank was awarded an outstanding prize in the Sustainable Finance Awards held by the Research Institute for Environmental Finance (RIEF), an organization that carries out activities to promote and raise awareness of environmental finance.

The award was given in recognition of SuMi TRUST Bank’s “global engagement activities based on international norms and rules.” In this initiative, the engagement with investees that is part of our ESG (environmental, social and governance) activities was put into practice on a global basis for the first time among Japanese financial institutions. SuMi TRUST Bank received the award for the second time, having been honored last year for our development of Japan’s first “ESG integration” methods.

SuMi TRUST Bank believes that finding solutions to ESG issues in order to create a sustainable society is linked to the interests of our clients, and will continue actively engaging with our investee companies regarding ESG. We will also make efforts to enhance our stewardship activities through measures such as establishing third-party committees and publishing the results of the exercise of voting rights.



Awards ceremony



Engagement with a company in the palm-oil business

Discussion of Management Integration of Trust Banks Specializing in Asset Administration

A basic agreement has been concluded among the major shareholders to start detailed review and discussion with a view to management integration of Japan Trustee Services Bank, Ltd. (JTSB) and Trust & Custody Services Bank, Ltd. (TCSB). By concentrating the management resources and know-how of both companies with regard to asset administration services, we aim to pursue economies of scale and realize stable and high-quality operations, and contribute to further development of the domestic securities settlement market and enhancement of the investment chain in Japan.

JTSB	Shareholdings:	SuMi TRUST Holdings (66.6%), Resona Bank (33.3%)
	Assets under custody:	¥294 trillion (Of which, trust assets are ¥244 trillion.)
TCSB	Shareholdings:	Mizuho Financial Group (54%), The Dai-ichi Life Insurance (16%), and others
	Assets under custody:	¥375 trillion (Of which, trust assets are ¥135 trillion.)

Global Markets Business

As experts in the management of market volatility, the Global Markets Business meets client needs for asset management and risk management regarding such matters as interest rate derivatives and foreign exchange related transactions by providing solutions through the structuring and marketing of market-based financial products.



Business Outline

Business Outline

In the Global Markets Business, our group of experts in the management of global financial market volatility draws on our domestic and overseas networks to provide optimal solutions for clients. Our Global Markets Business functions are broadly divided into client service functions, which undertake marketing operations and market-making operations; market functions, which handle investment operations and financial management operations; and administrative functions.

Outline of Products and Services

Client Service Functions

- Marketing Operations

Making use of functions within the SuMi TRUST Group, we offer market-based financial products and solution services suited to client needs in a timely manner at a reasonable price.

- Market-Making Operations

Our market-making operations are intermediary services to clients for various market-based transactions, including foreign exchange-related transactions and interest rate derivatives. We also work to supply high-quality, low-priced, market-based financial products by making full use of our financial technology.

Market Functions

- Investment Operations

We invest in a wide variety of financial instruments such as global bonds, foreign exchange-related products, and stocks. To disperse risk and maximize profit, we categorize the investment business into three dimensions of investment assets, period and technology, and allocate them as intelligently as possible.

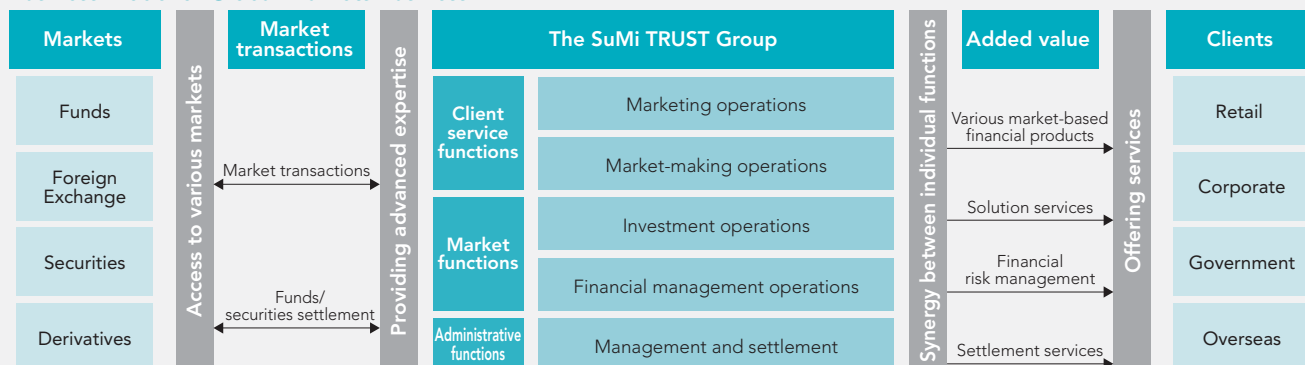
- Financial Management Operations

We accurately control market risks in order to secure stable earnings from a group-wide perspective. We analyze market environments, measure the market risks faced by the SuMi TRUST Group, and plan and execute the necessary hedging operations (transactions to avoid or reduce risk.)

Administrative Functions

We provide high-quality administrative services to correctly process complex and large-volume administration and settlement of market-based transactions.

Business Model of Global Markets Business

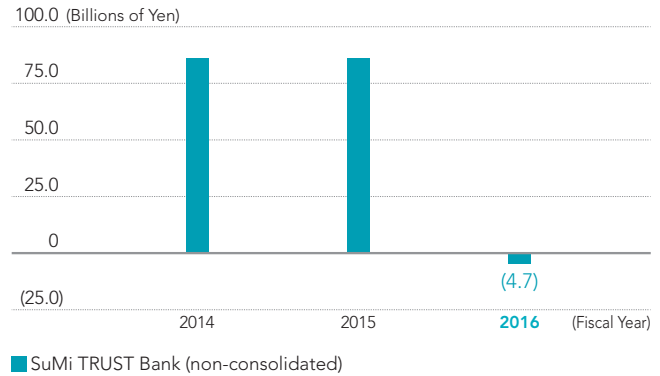


Financial Results Summary

Net business profit before credit costs decreased due to sale of U.S. treasuries held for financial purposes.

Net business profit before credit costs decreased significantly year on year due to the sale of U.S. treasuries held for the purpose of stabilizing the economic value of securities overall, including strategic shareholdings. However, marketing operations, market-making operations, and investment operations performed strongly.

Trend of Net Business Profit before Credit Costs



Financial Highlights

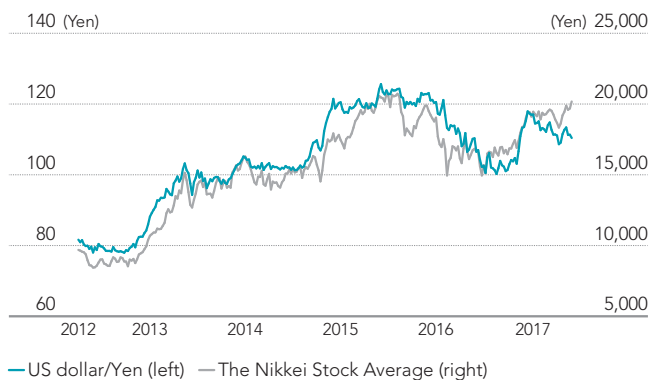
Market Trend Highlights

Political risks emerged as factors in exchange rate fluctuations in fiscal 2016, including the U.K. referendum on leaving the European Union, and the presidential elections in the U.S. and in France.

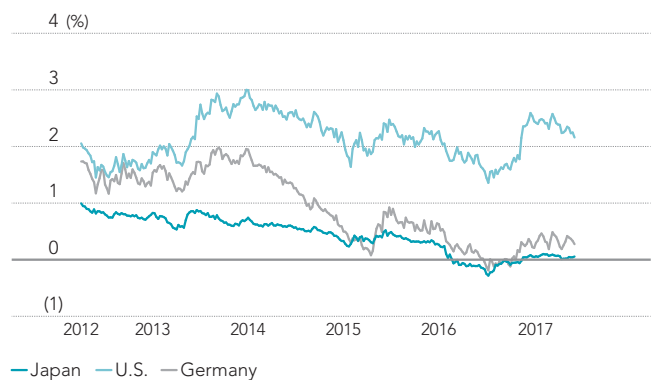
The yen strengthened against the U.S. dollar during the first half of the fiscal year due to investor caution regarding these political risks. However, looking at the full year, the level remained mostly unchanged as expectations of a U.S. interest rate hike were mixed

with concerns about a strong dollar in the wake of the new Trump administration in the U.S. The Nikkei Stock Average rose in anticipation of a boost to the U.S. economy from policies expected of the Trump administration such as major tax cuts and government spending. In addition, the fiscal year ended with long-term interest rates rising in Japan, the U.S., and Germany, including a large increase in U.S. interest rates.

U.S. dollar/JPY, Nikkei Stock Average



Long-term government bond interest rates in Japan, the U.S., and Germany



Client Service Functions

- In marketing operations, amid an environment that remained challenging for asset management, provision of asset management products for domestic investors was strong, and foreign exchange transactions also became active during the period of yen depreciation that followed the results of the U.S. presidential election, which contributed to profit.
- In market-making operations, derivatives and foreign exchange transactions grew mainly due to an increase in sales of asset management products following the introduction of negative interest rates, and contributed to profit.

Market Functions

- In investment operations, we secured profit by capturing interest rate fluctuations in Japan and the U.S. arising from the launch of yield curve control by the Bank of Japan and the results of the U.S. presidential election.
- In financial management operations, we saw poor performance of U.S. treasuries that were held for the purpose of reducing the risk of a drop in the share price of strategic shareholdings held by SuMi TRUST Bank in response to increasing uncertainty in the global economy, including the U.K.'s exit from the European Union. Meanwhile, through ALM that undertakes group-wide asset-liability management, we secured profit by strengthening our asset management capabilities using foreign exchange markets and accurately controlling risk, despite a headwind caused by the continuing negative interest rate environment in Japan and rising foreign currency funding costs.

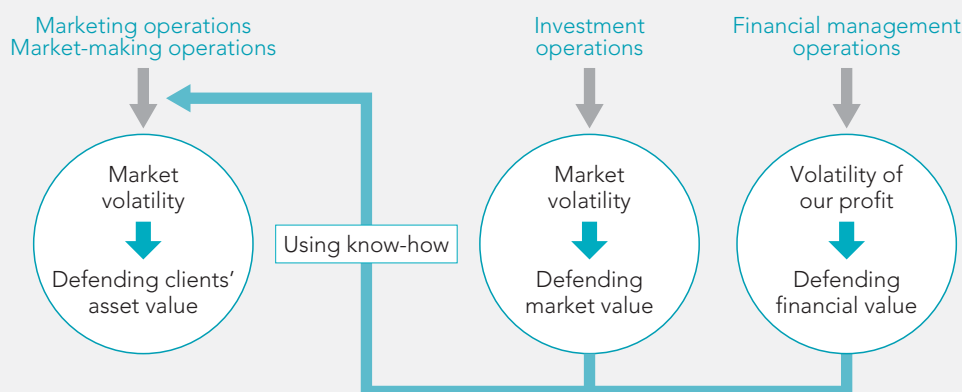
Target Business Model

An Expert Group that Contributes to the Realization of “The Trust Bank” by Managing Market Volatility for All Clients Both Internal and External

The uncertainty surrounding the market is growing, due to factors including monetary policies of developed countries and economic trends in emerging countries, as well as the global political situation and geopolitical risks. Market risks also exist in clients’ asset holdings and balance sheets, and unforeseen gains and losses can occur as a result of market volatility. We will protect clients’ asset value by providing solutions to appropriately manage this volatility.

The solutions we offer our clients make use of all the

volatility management know-how of our group of experts, including knowledge of marketing operations and market-making operations, as well as technologies such as market risk control backed by many years of experience in investment operations and financial management operations. We provide optimal solutions to our clients that make full use of our significant expertise and comprehensive capabilities, based on our client-oriented awareness and action rooted in the fiduciary spirit cultivated at the SuMi TRUST Group over the years.



Expanding the Scope of Use of Global Markets Business Know-How and Expertise

Among the financial assets held by our corporate clients, many of the products that have complicated mechanisms lack a declared value, etc. We provide “Ris-Navi (Risk Navigation)” in response to clients who expressed the wish to gain more detailed understanding of the actual status of assets in a timely and appropriate manner. Ris-Navi is a system developed using Global Markets Business expert knowledge in market risk analysis, which can perform risk management and analysis of financial instruments. By letting clients take advantage of Global Markets Business know-how through the use of Ris-Navi, we are working to expand the scope of use of such know-how.



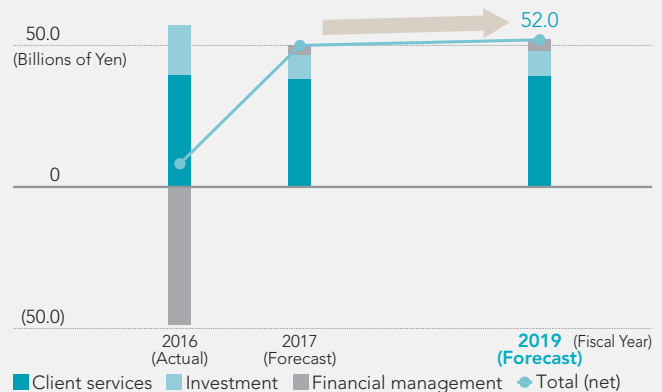
Profit Targets of Midterm Management Plan

Our marketing operations and market-making operations seek steady growth through greater development of those functions which allow us to provide optimal solutions to clients.

Our investment operations aim for more stable growth through the promotion of global investment strategy and risk dispersion.

In our financial management operations, we will strengthen risk control functions from a group-wide perspective, with the aim of profit expansion focusing on ALM.

Growth Image of Non-consolidated Substantial Gross Business Profit



Topics for Future Focus

Foreign Currency Deposits

Although foreign currency deposits are now in widespread use, the balance of foreign currency deposits in Japan still amounts to only a small percentage of yen deposits. However, in Japan, which depends on foreign countries for resources and food, the price of imports soars when the yen weakens significantly. From the perspective of protecting clients' asset value (purchasing power), it is possible to offset the negative impact of inflated import prices by holding a certain amount of foreign currency deposits. We propose foreign currency deposits to clients as a tool to hedge their risks.

Enhancing Interest Risk Management for Mortgage Loans

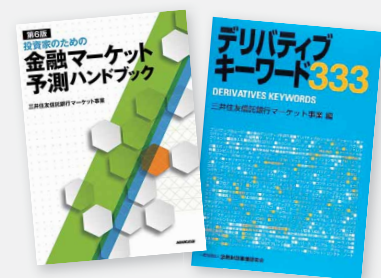
Loans to individual clients are sometimes repaid in advance due to trends in market interest rates. Mortgage loans in particular require a high degree of interest risk management because the amounts are high and the terms are long. In light of the introduction of previously unseen monetary policies such as negative interest rates and yield curve control, we will steadily enhance our risk management in order to offer high-quality, low-priced mortgage loans to clients.

Management of Foreign Exchange Settlement Risk

There is a settlement risk in foreign exchange transactions stemming from the time difference between the countries whose currencies are being transacted, so that while yen is paid in Tokyo time, U.S. dollars are received in New York time. While we are promoting the global multi-currency settlement system in order to reduce foreign exchange settlement risk, we will further enhance our risk management in the future, and expand its scope to include foreign exchange transactions with trust accounts, etc.

Publications

In order to allow many people to deepen their understanding of financial markets and financial products, the Global Markets Business has issued *The Financial Markets Forecasting Handbook for Investors* (published by NHK Publishing, Inc.) and *Derivatives: 333 Keywords* (published by Kinzai Institute for Financial Affairs, Inc.)






















Sustainability Initiatives in Our Business

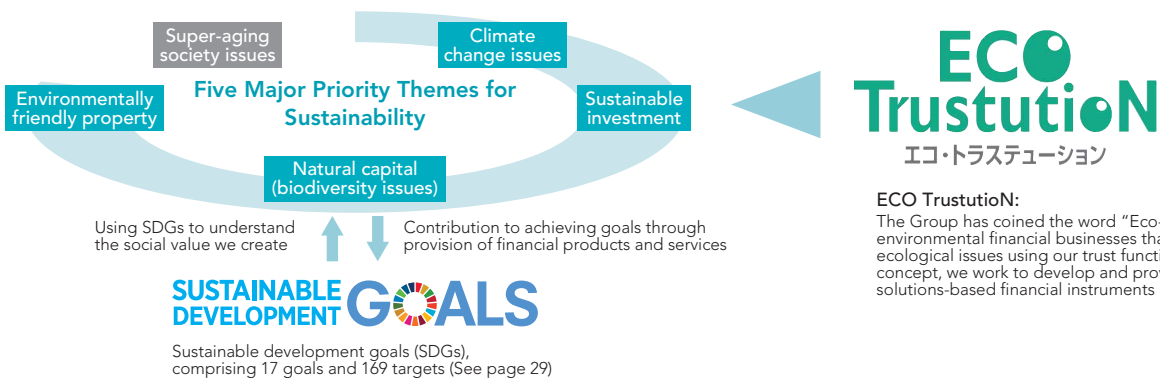
The SuMi TRUST Group is working actively to develop financial products and services based on the concept of Creating Shared Value (CSV), whereby companies create social value by addressing society's needs and challenges while simultaneously creating their own economic value.

When pursuing these sustainability businesses, it is important to verify the appropriateness of the social value we are providing.

The SuMi TRUST Group uses the relationship with SDGs (sustainable development goals) as one means of verification (See page 29).

Businesses that Contribute to the Environment and Society

	Environmental and Social Challenges	Examples of Products and Services	Social Value	Related SDGs
Climate change issues	<ul style="list-style-type: none"> Impact on ecosystems and food production due to global warming Increasing wind and flood damage, etc., caused by abnormal weather Increasing impact on economy and life caused by rising sea levels and drought 	<ul style="list-style-type: none"> Renewable energy project finance Renewable energy funds Micro hydro generation, small- to medium-sized hydro generation Renovation loans for smart houses One-stop services for energy-saving investment 	<ul style="list-style-type: none"> Promoting energy shift through spread of renewable energy Reducing amount of fossil fuel combustion by promoting energy-saving investment Transition from a fossil fuel-dependent society to de-carbon society 	 
Natural capital (biodiversity issues)	<ul style="list-style-type: none"> Increasing resource procurement risks due to depletion and pollution of natural capital Shortages or illegal trade in living resources used for food, pharmaceutical production, etc. Damage to biodiversity due to increasing number of rare and endangered species 	<ul style="list-style-type: none"> Environmental rating loans with evaluation of natural capital preservation Social contribution donation trusts and charitable trusts to make donations to ecosystem conservation activities 	<ul style="list-style-type: none"> Creating a socio-economic system with low natural capital risks Biodiversity conservation and sustainable use of natural capital 	     
Environmentally friendly property	<ul style="list-style-type: none"> Advance of global warming due to energy consumption of buildings Loss of biodiversity and other environmental destruction due to urban expansion 	<ul style="list-style-type: none"> Environmentally friendly construction consulting Consulting to support applications for CASBEE for Real Estate certification Consulting to support "leading projects" program for sustainable buildings Making the value of smart towns and cities visible, supporting development policies 	<ul style="list-style-type: none"> Spread of high energy efficiency, high resource efficiency cities and buildings Enhancing value of environmentally friendly property Spread of buildings that contribute to improvement of production efficiency 	      
Sustainable investment	<ul style="list-style-type: none"> Expanding impact of corporate activities on the environment and society Increasing importance of addressing environmental and social issues in the supply chain 	<ul style="list-style-type: none"> Responsible investment funds Stewardship activities (engagement, ESG integration, exercise of voting rights) 	<ul style="list-style-type: none"> Promoting investment in companies that consider ESG Increasing corporate consideration of the environment and society through stewardship activities 	 <p>Related to all 17 SDGs</p>
Super-aging society issues	<ul style="list-style-type: none"> Vulnerability of socio-economic system due to advent of super-aging society Delayed response of financial services to address elder clients with problems such as dementia 	<ul style="list-style-type: none"> Security Trust Anshin Support Trust Reverse mortgages Guardianship System Support Trust Financing for healthcare REITs 	<ul style="list-style-type: none"> Creating a regional society where the elderly can live in safety and security Ensuring the safety of wealth management for the elderly 	  



Examples of Sustainability Businesses

Renewable Energy Project Finance

SuMi TRUST Bank is promoting the adoption of renewable energy through project finance. Loans are increasing for large-scale offshore and onshore wind power generation overseas, and for mega-solar projects in Japan. The accumulated generation capacity of these projects is 4,154 MW, and annual power output has reached 7,637 GWh.

Micro-Power Generation in Water Supply Systems

In Japan's water supply systems, an increasing amount of energy is released without being harnessed, such as untapped use of vertical drop in gravity-flow supply pipes and the release of surplus pressure in pumped supply pipes via pressure-reducing valves. Sumitomo Mitsui Trust Panasonic Finance supports the introduction of power generation systems that tap into such wasted energy through lease finance and the use of leasing agreements for water supply systems with local authorities.

Environmental Rating Loans with Evaluation of Natural Capital Preservation

Efforts to address issues related to natural capital across the global supply chain are an indispensable part of management strategy in order for a company to continue its business. SuMi TRUST Bank provides Environmental Rating Loans with Evaluation of Natural Capital Preservation, which embed the concept of evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and our efforts have been cited in government environmental white papers and European Commission reports as an example of leading-edge practice.

Social Contribution Donation Trusts

Through social contribution donation trusts set up for the purpose of making donations to public-interest organizations carrying out social contributions activities, SuMi TRUST Bank supports the activities of the Association of National Trusts in Japan, an organization that aims to protect nature by purchasing land that forms the natural habitat of endangered species in Japan.

Environmentally Friendly Construction Consulting

To promote the introduction of environmentally friendly property, SuMi TRUST Bank provides environmentally friendly construction consulting services where we advise on the installation of energy-saving systems in buildings, ways to take into account landscapes and ecosystems, extension of building life spans, and adoption of recycling systems.

Consulting to Support Applications for "CASBEE for Real Estate" Certification

CASBEE* for Real Estate is a system developed in 2012 for the purpose of promoting widespread use of environmental building performance evaluations in the real estate market. SuMi TRUST Bank engages in consulting services to support applications for the CASBEE for Real Estate certification. CASBEE accredited professionals with proper qualification support the selection of real estate applying for certification while also evaluating the environmental performance of real estate and supporting the submission of applications for certification to certifying bodies.

* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism.

ESG Integration

While financial information such as earnings reports are important in the short term in evaluating companies as investments, we think assessments relating to the sustainable growth prospects of investee companies are important over the medium- to long-term. With the aim of identifying ways to improve and support sustainable earnings at investee companies, SuMi TRUST Bank strives to effectively gather ESG information such as the amount of added value derived from a company's products and services, the sustainability of that value, and the resilience of the governance system in supporting the provision of that added value, and uses this information in the assessment of companies.

Providing Responsible Investment Funds

The Group launched Japan's first responsible investment (RI) Fund aimed at corporate pension in 2003. Using the same RI approach, the SRI Japan Open (Good Company) mutual fund offered by Sumitomo Mitsui Trust Asset Management is marketed to a wide variety of investors, including individuals, and is now regarded as one of Japan's standard-setting RI funds.

Wealth Management Products for Those with Declining Capacity for Judgment

SuMi TRUST Bank has a range of wealth management services for clients with dementia and can develop solutions for individual needs. For example, the Guardianship System Support Trust protects from embezzlement the assets of those under the adult guardianship system; the Security Trust protects those with declining capacity for judgment against money transfer scams; and the Anshin Support Trust is designed so pre-specified arrangements to pay sums necessary to cover usage fees for a nursing home for the elderly can be made for those worried their capacity to manage their wealth will decline later in life.

Participation in Comprehensive Regional Care

Comprehensive regional care is a necessary support system to enable the elderly to continue to live in ways that suit them in a place they are most comfortable until they reach their final days. We think SuMi TRUST Bank can play an important role as a financial institution that shoulders a responsibility for managing elderly client assets, and our branches nationwide are actively participating in efforts to build comprehensive regional care systems through measures such as cooperation with comprehensive regional care support centers and participation in case study groups organized by healthcare professionals.

FinTech Initiatives



“FinTech,” a term coined from the words “finance” and “technology,” has been attracting attention as a new mechanism to provide financial services using the most recent technologies. The use of FinTech makes it possible to offer new services to our clients. The SuMi TRUST Group is pursuing FinTech initiatives focused on making maximum use of the strengths of each Group company, including SuMi TRUST Bank.

FinTech Initiatives at SuMi TRUST Bank

SuMi TRUST Bank is propelling the introduction of FinTech technologies centered on its cross-divisional FinTech project teams.

It is carrying out demonstration experiments for the introduction of FinTech technologies in the consulting and asset management and administration businesses that are strengths of SuMi TRUST Bank.

With regard to blockchain, SuMi TRUST Bank is engaged in investigation and study with a view to its application possibilities, including verification of the effectiveness of utilizing blockchain technology for the global custody account opening workflow and trust beneficiary rights securitization.

As for initiatives using AI (artificial intelligence), SuMi TRUST Bank is studying enhancement of consulting-based sales and of investment decision and management methods in asset management through the use of natural language analysis technologies, as well as streamlining of trust administration using AI and other technologies.

FinTech Initiatives at SBI Sumishin Net Bank

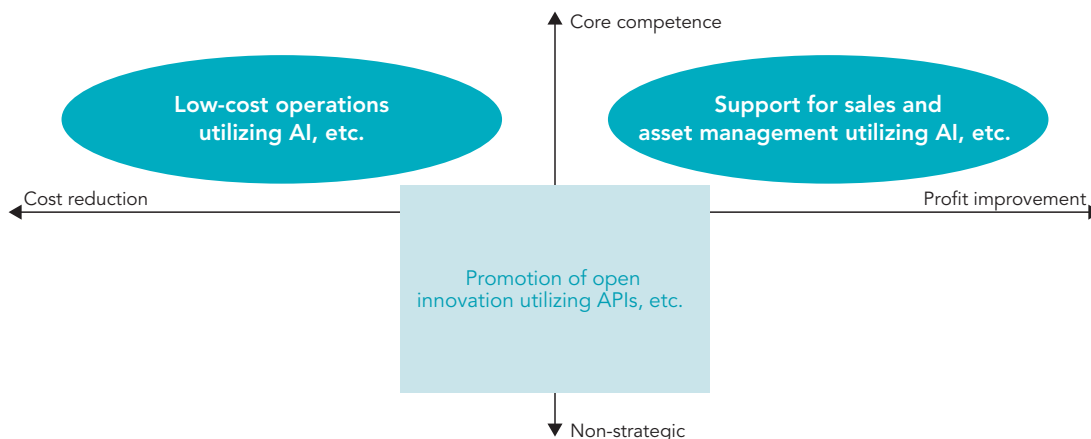
SBI Sumishin Net Bank, an affiliated company of the SuMi TRUST Group, has successfully conducted Japan’s first blockchain demonstration experiment for core banking operations, and is also carrying out a demonstration experiment for the use of AI in cutting-edge screening methods in its loan business.

In addition, SBI Sumishin Net Bank is actively promoting API* connections for providing services to partner companies, and has begun offering the transfer linked function “Robo-advisor” (automated asset management service) using a reference-type API, and automated savings service using an update-type API, all of which are first for a Japanese bank.

In addition, SBI Sumishin Net Bank has launched “LENDING ONE,” a business loan service using big data from e-commerce transactions, with a view to linking innovations in the FinTech field not only to greater convenience for individual clients, but also to enhancement of enterprise value for corporate clients.

* API (Application Programming Interface) is a mechanism that makes specific functions and services provided by one system easily accessible from another system.

Concept of FinTech Use at SuMi TRUST Bank



Initiatives to Facilitate Financing

• Dealing with Facilitation of Financing

The SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking mortgage loans as one of its most important social missions.

SuMi TRUST Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and mortgage loan clients for various consultations, restructuring of loan repayment conditions, etc.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters and a system at the head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a dedicated telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the SuMi TRUST Group will continue providing appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to help mortgage loan clients enjoy a stable lifestyle. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, etc. from clients who have been directly or indirectly affected by the Great East Japan Earthquake or the 2016 Kumamoto Earthquake, the SuMi TRUST Group endeavors to respond in a flexible and appropriate manner, taking into account each client's circumstances.

In addition, SuMi TRUST Bank has a system under which it respects and abides by the "Guidelines for Management Guarantee." The bank has reorganized its system for receiving inquiries related to the "Guidelines on Arrangement for Victims of Natural Disaster," which was adopted in April 2016, and appropriately responds to client's requests for consultation.

• 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 carry out management support for SMEs, SuMi TRUST Bank has established "Financing Facilitation Promotion Offices" in the Wholesale Business Planning Department and in the Personal Loan Business Promotion Department, to prepare a framework to deal appropriately and satisfactorily with various consultations and requests from clients.

In terms of specific measures related to management support for SMEs, branch offices and the head office are engaged in efforts such as support for formulating business reconstruction plans tailored to individual circumstances, and assistance aimed at making progress with business reconstruction plans, taking into account the industry conditions and the business dealings of individual SMEs. Furthermore, SuMi TRUST Bank prepares to support clients in overseas expansion and business succession as well as in electronically recorded monetary claims.

1) Initiatives related to support for overseas expansion

SuMi TRUST Bank has the five-branch one-subsidary system that includes New York, London, Singapore, Hong

Kong, Shanghai and Thailand. These branches offer financial services such as loans, deposits, foreign exchange, and derivatives to Japanese client companies who are expanding overseas. In addition to developing our own offices, we are making efforts to address the growing need for financial services denominated in local currencies through partnerships with leading banks in Asian countries. To this end we established DBSI - SuMi TRUST Japanese Business Services. It operates within PT Bank DBS Indonesia, which is a local subsidiary of DBS Bank Ltd., a major bank based in Singapore. SuMi TRUST Bank also joined in a partnership with Bank for Investment and Development of Vietnam, to enhance its financial services geared toward Japanese companies expanding into Asian countries.

2) Initiatives related to support for business succession

In April 2013, SuMi TRUST Bank consolidated branch support functions for services in inheritance, asset inheritance, and business succession in its Private Banking Department. We offer fine-tuned proposals and prompt information to meet the diverse asset inheritance and business succession needs of both our corporate and individual clients. In collaboration with an affiliate, Sumitomo Mitsui Trust Wealth Partners Co., Ltd., we provide tailor-made services for the needs of our company-owner and property-owner clients.

In addition, we have assigned a total of 249 financial consultants (as of April 1, 2017) to branches nationwide as an easily accessible channel for our company-owner clients to consult about inheritance and business succession concerns and challenges. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with clients from the perspectives of "inheritance/asset inheritance and business succession," "asset management and asset administration" and other factors.

Furthermore, we cooperate with our tax accountant corporate partner to hold seminars for business owners on the inheritance and business succession tax system and business succession measures that make use of trusts. These events serve as opportunities to make SuMi TRUST Bank's consulting function more broadly known among people who have never had dealings with a trust bank.

3) Initiatives related to "Densai" (electronically recorded monetary claims)

In order to facilitate fundraising for SMEs, SuMi TRUST Bank has offered "Densai Services" since February 2012. The service is based on the Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members. We also provide "Densai lump-sum factoring services."

(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, it carries out initiatives focused on support to improve the business operations of clients at each branch according to their individual circumstances and business dealings.

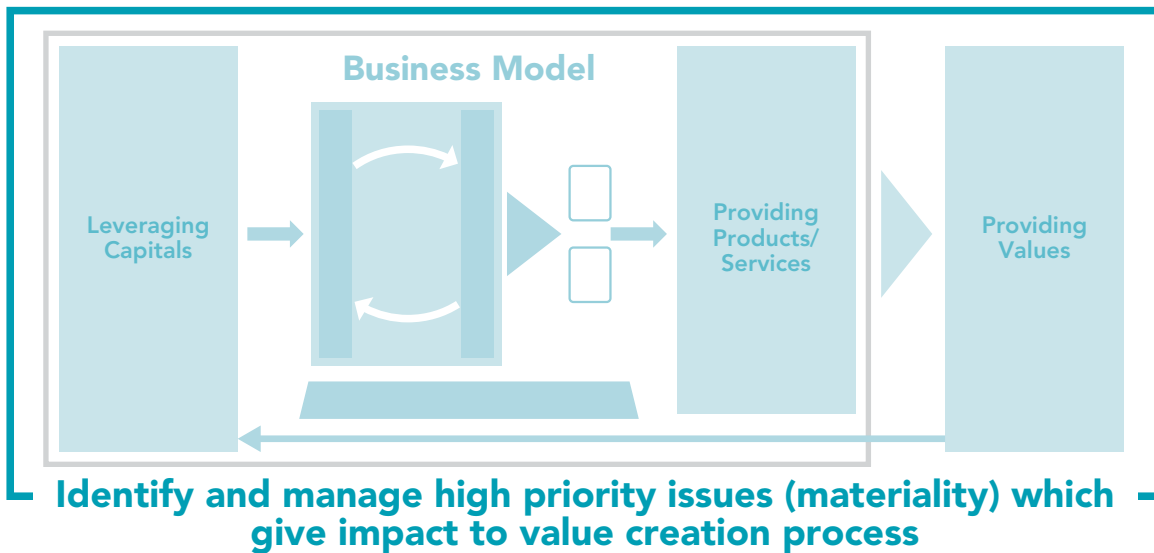
Examples of Specific Initiatives

- 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.
- Carried out sales mediation services (real estate surveys) for clients to other clients, and contributed to increasing their sales.

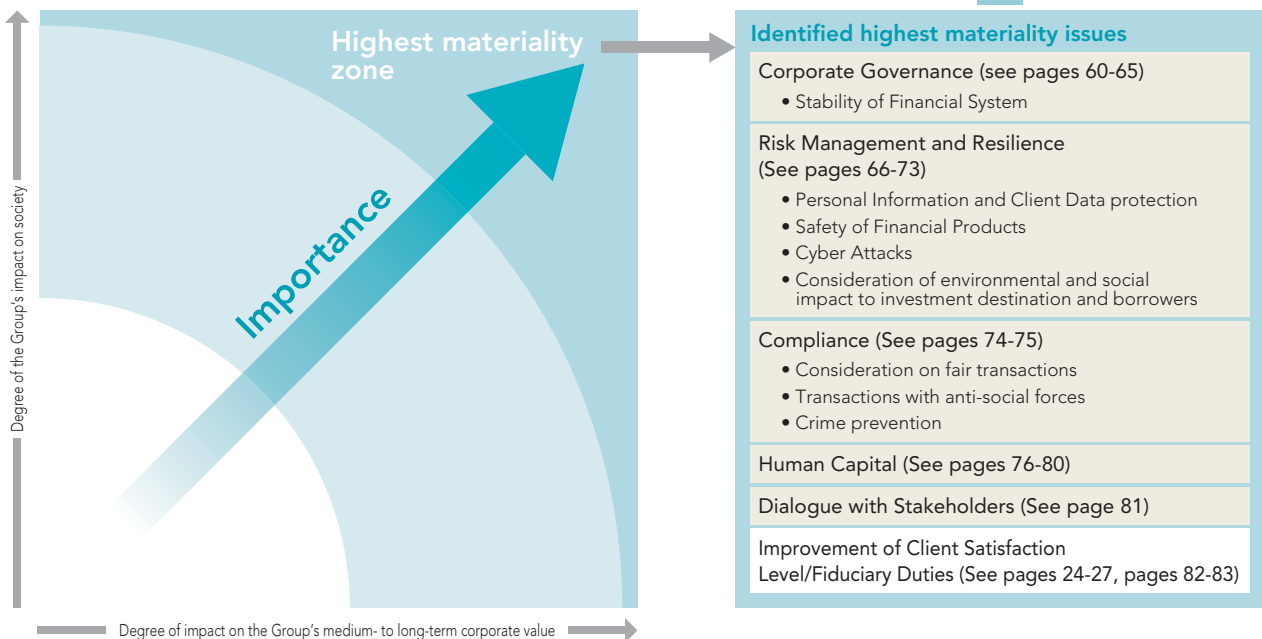
Materiality Management

Materiality (highest priority issues) refers to events that have a material impact on a company's value creation process. The Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") promotes materiality management that identifies materiality issues to be addressed as priorities from a medium- to long-term viewpoint and dealt with at the top level of management.

Materiality is identified both in terms of impact on the Group's medium- to long-term corporate value and the Group's impact on society through its relationships with stakeholders. In the process, we consider themes related to our management foundation, including governance; social themes, including relationships with employees and the community; and environmental themes that are directly related to resource and energy problems. The Group therefore recognizes materiality and ESG (environmental, social and governance) as overlapping areas.



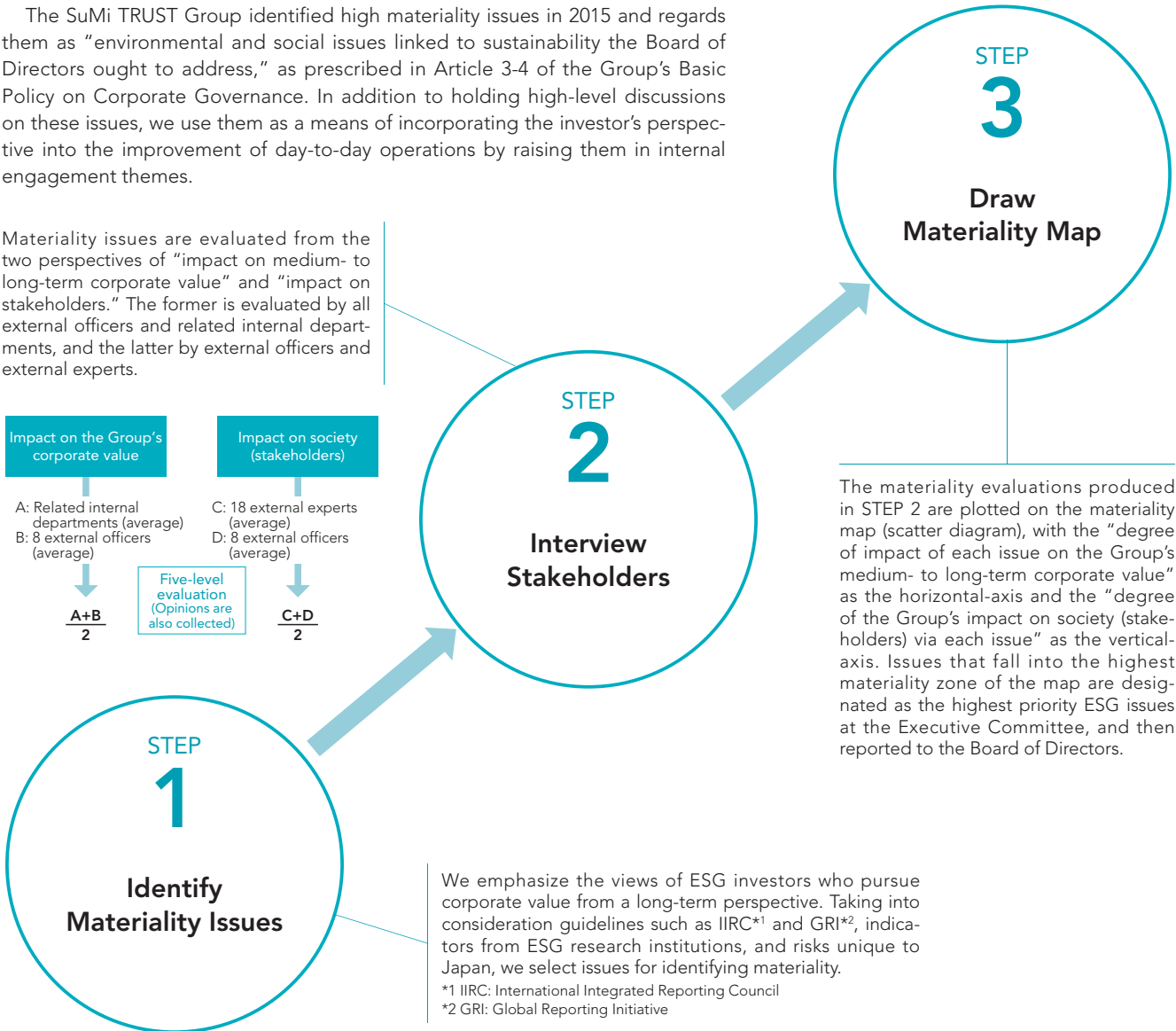
Materiality Map of the SuMi TRUST Group



Materiality Identification Process and Practice

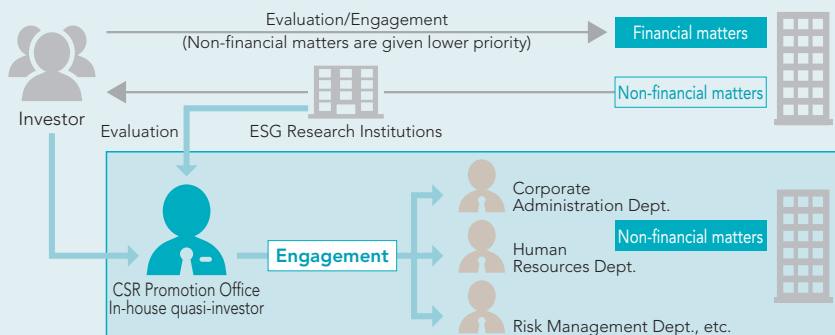
The SuMi TRUST Group identified high materiality issues in 2015 and regards them as “environmental and social issues linked to sustainability the Board of Directors ought to address,” as prescribed in Article 3-4 of the Group’s Basic Policy on Corporate Governance. In addition to holding high-level discussions on these issues, we use them as a means of incorporating the investor’s perspective into the improvement of day-to-day operations by raising them in internal engagement themes.

Materiality issues are evaluated from the two perspectives of “impact on medium- to long-term corporate value” and “impact on stakeholders.” The former is evaluated by all external officers and related internal departments, and the latter by external officers and external experts.



Internal Engagement

In internal engagement, the CSR Promotion Office of the Corporate Planning Department plays the role of “in-house quasi-investor” and engages in dialogue with departments responsible for matters relevant to high materiality issues. This creates an opportunity for departments which have little direct dialogue with external institutional investors and stakeholders to become aware of issues from the investor’s perspective and to examine specific measures to address these issues.



Corporate Governance

In June 2017, the SuMi TRUST Group changed to become a “company with Three Committees,” with a view to developing a corporate governance system appropriate for a leading trust bank group which boasts the largest and highest status in Japan combining its banking, asset management and administration, and real estate businesses. With this change, the SuMi TRUST Group will further enhance the transparency and soundness of its management and accelerate its decision-making to ensure flexible adaptation to changes in business environment.

1. Basic Initiative Policy

In order to 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, Sumitomo Mitsui Trust Holdings (“SuMi TRUST Holdings”) commits itself to enhancing its corporate governance system in line with the following basic philosophy, with the objective of supporting sustainable growth and medium- to long-term

enhancement of the corporate value of the SuMi TRUST Group. In addition, the Board of Directors sets out and discloses SuMi TRUST Group’s management principles (“Mission”), ideal model (“Vision”), and codes of conduct (“Value”) as the anchor to all activities, which is shared by all the directors, officers and employees of the SuMi TRUST Group.

Basic Philosophy

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure effective equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders such as shareholders, clients, employees, business partners, and local communities, and to establish corporate culture and climate where it conducts sound business operations based on a high degree of self-discipline.
- In order to establish the basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its Disclosure Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.
- As a financial holding company with the function of managing the business administration of the SuMi TRUST Group, SuMi TRUST Holdings adopted the institutional design of a “company with Three Committees” and, by separating execution and supervision of business, shall endeavor to ensure the Board of Directors’ role of effective supervision.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth and medium- to long-term enhancement of the corporate value of SuMi TRUST Holdings.

2. Perspectives regarding SuMi TRUST Holdings’ Corporate Governance System

The Company is a financial holding company with subsidiaries such as Sumitomo Mitsui Trust Bank (“SuMi TRUST Bank”), Sumitomo Mitsui Trust Asset Management, Sumitomo Mitsui Trust Research Institute, and Japan Trustee Services Bank, etc. and shall aim to be client’s “Best Partner” that provides a “Total Solution” that combines banking business, asset management and administration business and real estate business, based

on the fiduciary spirit of trust business and by making full use of its significant expertise and creativity. In addition, to fulfill the principles and to meet the expectations of stakeholders, SuMi TRUST Holdings shall endeavor to ensure the soundness and reliability of the business model and the transparency of its management of the SuMi TRUST Group and shall further enhance the SuMi TRUST Group’s corporate governance.

3. The Board of Directors

(1) Roles of the Board of Directors

The Board of Directors shall ensure fairness and transparency of the SuMi TRUST Group's corporate management as its central role, by setting out the basic policy of managing the SuMi TRUST Group and supervising overall management of the Group.

Thus, except for matters which are required by law to be decided by the Board of Directors, the Board of Directors shall, in principle, delegate decisions on the execution of business to executive officers, and shall supervise the execution of business by executive officers, etc. Meanwhile, the Board of Directors shall provide and improve the environment where external directors may properly supervise the execution of business by the Board of Directors and the top management, and any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc. from the standpoint of stakeholders, in order to support sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group.

In light of the importance of environmental and social issues over sustainability, the Board of Directors shall prescribe basic policy regarding social responsibility to be implemented by each Group company (the "Sustainability Policy"). With the Sustainability Policy, the Board of Directors shall enhance awareness of its officers and employees, and promote positive efforts to resolve these issues by considering its stakeholders, aiming to support the sustainable growth of society, and increase the corporate value of the SuMi TRUST Group.

Furthermore, the Board of Directors shall set policy on the provision of products and services suitable for the true benefit of clients (the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group"), and shall act to ensure clients' comfort and satisfaction by sharing our "client-orientation" policy within the SuMi TRUST Group, and shall promote the practice of fiduciary duties in the SuMi TRUST Group by supervising each Group company's commitment to its fiduciary duties.

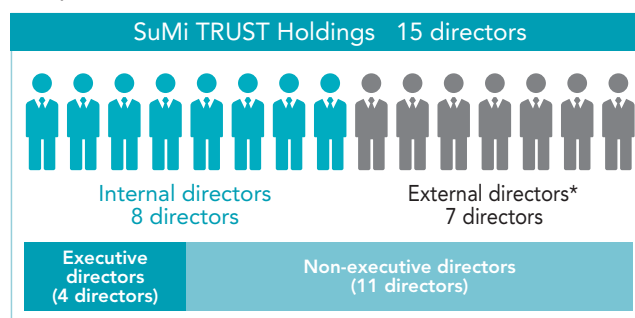
(2) Composition of the Board of Directors

The Board of Directors of SuMi TRUST Holdings shall have no more than 20 directors, which is the number of directors prescribed in the Articles of Incorporation, and it shall comprise such number of directors as shall be necessary and appropriate to provide an effective supervisory system, required of a financial holding company managing the business administration of the SuMi TRUST Group. However, due consideration shall also be given to securing diversity and professionalism of the Board of Directors in deciding such number.

In light of the importance of external directors' functions in the corporate governance, SuMi TRUST Holdings shall operate the Board of Directors with at least one-third of directors being independent external directors, in principle. The Board of Directors shall establish and disclose Independence Standards of Independent Directors (the "Independence Standards").

In deciding the candidates for directors, SuMi TRUST Holdings shall consider the balance between, among other things, individuals who can exert their strength in management of particular business fields, and individuals who are suitable for management administration, and strive to secure a board that is, as a whole, so balanced in terms of knowledge, experience, and capability; and so diversified that it is appropriate to properly supervise the wide business fields of SuMi TRUST Holdings as a trust bank group.

Composition of the Board of Directors



* All seven external directors have been registered as independent officers to the relevant financial instruments exchange.

(3) Evaluation of the Board of Directors

SuMi TRUST Holdings conducts annual evaluation of the effectiveness of the Board of Directors as a whole, and reviews and implements remedial measures for the challenges derived therefrom, whereby a PDCA cycle is activated for improving the effectiveness of the Board of Directors.

For the purpose of evaluating the Board of Directors in fiscal year 2016, SuMi TRUST Holdings conducted a questionnaire for all directors and corporate auditors of SuMi TRUST Holdings over the issues of "composition of the Board of Directors/proposals for deliberation/time for deliberation, etc.," "meeting materials/prior briefing, etc.," and "management of the meeting proceeding/status of the board members' expressing opinions, etc." (Evaluation of the Board of Directors for fiscal year 2016 was conducted for corporate auditors as well as directors, as SuMi TRUST Holdings was a company with a Board of Corporate Auditors.)

In addition, after the above questionnaire, evaluation based on a third-party perspective was carried out, such as interviews conducted between an external expert and all external directors and external auditors of SuMi TRUST Holdings.

The Secretariat for the Board of Directors conducted analysis and assessment concerning the effectiveness of the Board of Directors, based on the results of the questionnaire and interviews, which were later reported at the Board of Directors meeting held in April 2017.

4. Committees

In order to ensure the effectiveness of its corporate governance system and further enhance the soundness and reliability of the business model and the transparency of its management of the SuMi TRUST Group, SuMi TRUST Holdings shall establish a Risk Committee and a Conflicts of Interest Committee, in which independent external directors shall participate, as advisory bodies to the Board of Directors, in addition to the Nominating Committee, the Compensation Committee and the Audit Committee, which are required to be established under the Companies Act.

• **Nominating Committee**

The Nominating Committee shall determine the content of proposals regarding the election and dismissal of directors to be submitted to General Meeting of Shareholders, receive requests for consultation on the election and dismissal of executive officers including the President and the succession plan of management from the Board of Directors, and deliberate and makes reports on these. It shall also receive requests for consultation on the election and dismissal of directors and Audit & Supervisory Board Members from the Board of Directors of SuMi TRUST Bank, and deliberate and make reports on these. The Nominating Committee shall consist of three or more directors, and a majority of the members shall be independent

external directors. The chairperson of the Nominating Committee shall be selected from among members who are independent external directors, and this position is served by Mr. Isao Matsushita for fiscal year 2017.

• **Compensation Committee**

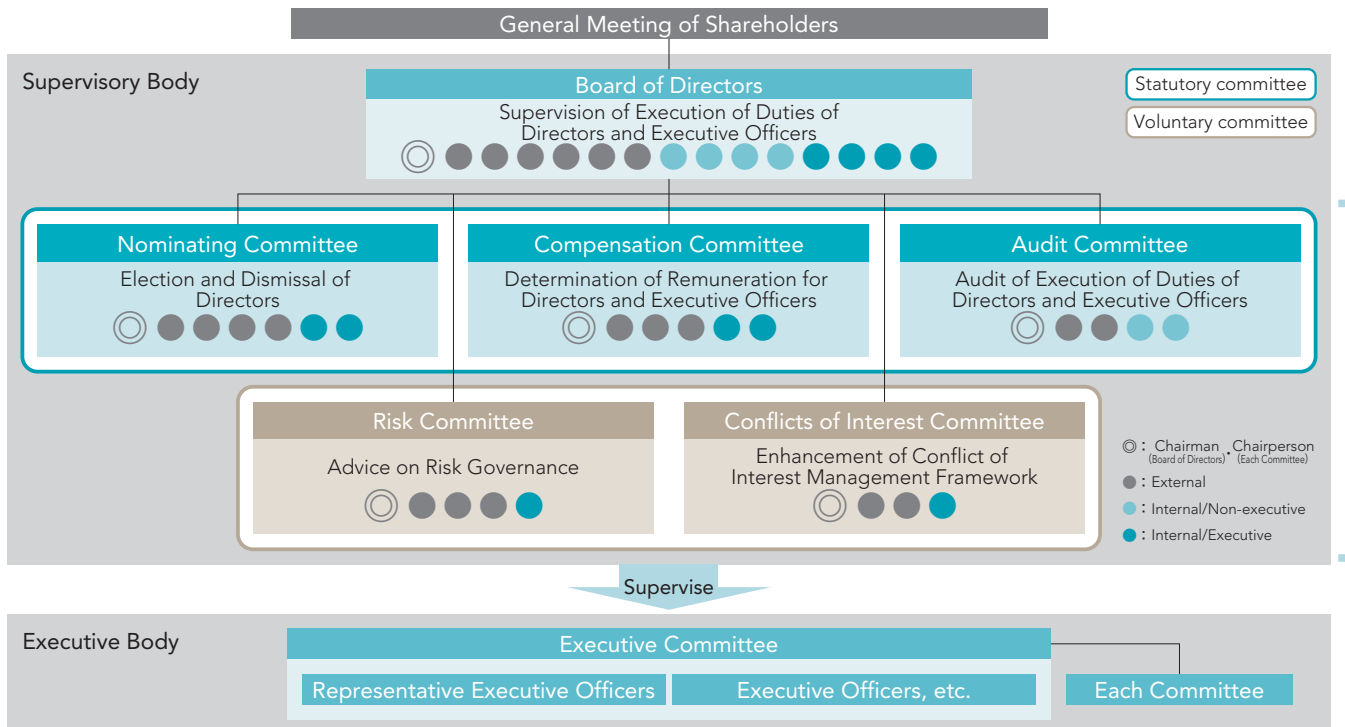
The Compensation Committee shall prescribe policy on decisions on the content of remuneration for individual executive officers and directors, and decide the content of remuneration for individual executive officers and directors in accordance with this policy. It shall receive requests for consultation on policy on decisions on the content of remuneration for directors, etc. from the Board of Directors of SuMi TRUST Bank, and deliberate and make reports on these.

The Compensation Committee shall consist of three or more directors, and a majority of the members shall be independent external directors. The chairperson of the Compensation Committee shall be selected from among members who are independent external directors, and this position is served by Mr. Isao Matsushita for fiscal year 2017.

• **Audit Committee**

The Audit Committee shall audit the execution of duties by executive officers and directors and shall prepare audit reports.

Corporate Governance System of SuMi TRUST Holdings after becoming a “company with Three Committees”



It shall determine the content of proposals regarding the election and dismissal of a financial auditor, and the refusal to reappoint a financial auditor, to be submitted to General Meeting of Shareholders, as well as appropriately exercise consent rights regarding decisions on remuneration of the financial auditor.

In order to fulfill its role and responsibility, the Audit Committee shall appropriately exercise its authority to investigate the status of business and the assets of companies belonging to the SuMi TRUST Group. It shall appropriately utilize the internal control system of the SuMi TRUST Group and systematically and efficiently conduct audits through hearing reports from executive officers, directors and a financial auditor, and shall communicate with these persons. The Audit Committee shall consist of three or more directors who do not concurrently serve as executive officers, and a majority of members shall be independent external directors. The chairperson of the Audit Committee shall, in principle, be selected from among members who are independent external directors, and this position is served by Mr. Shinichi Saito for fiscal year 2017.

• Risk Committee

The Risk Committee shall receive requests for consultation from the Board of Directors on (i) matters concerning the business environment surrounding the SuMi TRUST Group, top risks, and materiality, as well as (ii) matters concerning the management of its risk appetite framework, risk management, and monitoring the effectiveness of the internal control system related to compliance management of the SuMi TRUST Group, and other matters, and shall review the appropriateness, etc. of them, and make reports.

In principle, a majority of the members of the Risk Committee shall be independent external directors and independent external experts. The chairperson of the Risk Committee shall be selected from among members who have professional knowledge and expertise in the field concerned, and this position is served by independent external director Mr. Mikio Araki for fiscal year 2017.

• Conflicts of Interest Committee

The Conflicts of Interest Committee shall receive requests for consultation from the Board of Directors on (i) matters concerning the validity of the framework for managing conflicts of interest of the SuMi TRUST Group, (ii) matters concerning the effectiveness of conflict of interest management, management of client explanation, and management of client support and the enhancement of systems for management of these, (iii) matters concerning the policy on fiduciary duties of the SuMi TRUST Group and the action plans, etc. of each company, (iv) particularly important matters concerning dissemination of conflict of interest management and fiduciary duties in the SuMi TRUST Group, and other matters, and shall review the appropriateness, etc. of them, and make reports. In principle, a majority of the members of the Conflicts of Interest Committee shall be independent external directors and independent external experts. The chairperson of the Conflicts of Interest Committee shall be selected from among members who are independent external directors and who are external experts with professional knowledge and expertise in the field concerned, and this position is served by Mr. Hideki Kanda for fiscal year 2017, who is an external expert and independent external director of SuMi TRUST Bank.

Members of the respective committees (◎:Chairperson, ●:Member (external), ●:Member (Internal/Non-executive), ●:Member (Internal/Executive))

			Nominating	Compensation	Audit	Risk	Conflicts of Interest	
External	Directors	Isao Matsushita	◎	◎				
		Soichi Shinohara	●	●				
		Takeshi Suzuki	●	●		●	●	
		Mikio Araki	●	●		◎		
		Shinichi Saito	●		◎			
		Takashi Yoshida			●			
		Hiroko Kawamoto			●			
	Experts	Hideki Kanda*						◎
		Haruyuki Toyama*					●	
		Toshinori Kurihara*					●	
		Akiko Hosokawa*						●
Internal		Tetsuo Ohkubo	●	●				
		Masaru Hashimoto	●	●				
		Yasuyuki Yagi			●			
		Hiroshi Misawa			●			
		Yutaka Nishida				●	●	

* Mr. Hideki Kanda is an external director of SuMi TRUST Bank. Mr. Haruyuki Toyama, Mr. Toshinori Kurihara, and Ms. Akiko Hosokawa are independent external experts.

Board of Directors and Executive Officers of Sumitomo Mitsui Trust Holdings, Inc.

(As of July 1, 2017)

Directors



Director, President
(Representative Executive Officer)
Tetsuo Ohkubo

Mr. Tetsuo Ohkubo has experience in positions for supporting a part of corporate management as an Officer in charge of the Corporate Management Sections of SuMi TRUST Holdings, and he assumed office as President in April 2017. In addition, he has experience of serving as an Officer in charge of the Corporate Management Sections of SuMi TRUST Bank, as well as experience in diversified departments such as an Officer in charge of the Wholesale Financial Services Business. He served as Deputy President of SuMi TRUST Bank for 1 year from April 2016.

SuMi TRUST Holdings expects that, by using his experience of business management and corporate management accumulated thus far, he will provide contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value, in a position of leading the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director,
Senior Managing Executive Officer
(Representative Executive Officer)
Jiro Araumi

Mr. Jiro Araumi has been in charge of the Corporate Management Sections as a Managing Executive Officer of SuMi TRUST Holdings as well as serving as Deputy Officer in charge of fiduciary services businesses as a Managing Executive Officer of SuMi TRUST Bank; therefore, he has extensive knowledge and experience with regard to management administration and business operations of a trust bank group. SuMi TRUST Holdings expects that, based on his experience accumulated thus far, he will play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value, in a position of assisting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director,
Senior Managing Executive Officer
(Representative Executive Officer)
Toru Takakura

Mr. Toru Takakura has been an Officer in charge of the Corporate Management Sections as a Managing Executive Officer of SuMi TRUST Holdings as well as serving as Deputy Officer in charge of the Retail Services Business as a Director and Managing Executive Officer of SuMi TRUST Bank; therefore, he has extensive knowledge and experience with regard to management administration and business operations of a trust bank group. SuMi TRUST Holdings expects that, based on his experience accumulated thus far, he will play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value, in a position of assisting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director, Executive Officer
Masaru Hashimoto

Mr. Masaru Hashimoto has served as an Officer in charge, etc. of the Corporate Management Sections of SuMi TRUST Holdings, and from October 2016 to March 2017, served as Deputy President and Executive Officer, in a position of assisting the Group's overall management. At SuMi TRUST Bank, he took office as President since April 2017, and has been responsible for the overall management. SuMi TRUST Holdings expects that he will play a leading role in achieving the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value, in a position of conducting the Group's overall management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director
Kunitaro Kitamura

Mr. Kunitaro Kitamura has served as the President of SuMi TRUST Holdings for 5 years since April 2012; therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group. SuMi TRUST Holdings expects that, by using his experience accumulated thus far, he will continuously provide contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director
Hitoshi Tsunekage

Mr. Hitoshi Tsunekage has served as the Chairman of SuMi TRUST Holdings since April 2011 as well as serving as President of SuMi TRUST Bank up to March 2017; therefore, he has extensive knowledge and experience with regard to the overall management of a trust bank group. SuMi TRUST Holdings expects that, by using his experience accumulated thus far, he will continuously provide contribution to the sustainable growth of the SuMi TRUST Group and the enhancement of the Group's corporate value. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director
Yasuyuki Yagi

Mr. Yasuyuki Yagi has experience of serving as general manager of credit supervision department and president of a real estate lending company, and served as Executive Officer in charge of Kinki area as a Senior Managing Executive Officer of SuMi TRUST Bank; therefore, he has extensive knowledge and experience with regard to business operations. Also, he has served as Auditor of SuMi TRUST Holdings since June 2016, and has accumulated knowledge and experience of auditing the overall status of execution of business from a fair and objective viewpoint; therefore, SuMi TRUST Holdings expects that he will provide contribution to enhancement of soundness and transparency of the management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director
Hiroshi Misawa

After serving as general manager of Fiduciary Services Business Sections and Management Administration Sections, Mr. Hiroshi Misawa served as Managing Executive Officer of SuMi TRUST Bank; therefore, he has extensive knowledge and experience with regard to management administration and business operations. Also, he has served as Auditor of SuMi TRUST Bank since April 2016, and has accumulated knowledge and experience of auditing the overall status of execution of business from a fair and objective viewpoint; therefore, SuMi TRUST Holdings expects that he will provide contribution to enhancement of soundness and transparency of the management. Accordingly, SuMi TRUST Holdings has selected him as a Director.



Director (External)
Soichi Shinohara*1

Being an economist specializing in international economics and macroeconomics, Mr. Soichi Shinohara has extensive knowledge and deep insight in relation to domestic and foreign economics. He has provided comments and advice based on such experience during his term of office as an external director of SuMi TRUST Holdings. SuMi TRUST Holdings has selected him as an external director, in order to continue to make full use of his knowledge and insight in its management.



Director (External)
Takeshi Suzuki*1

Mr. Takeshi Suzuki has extensive experience and knowledge in the field of accounting, finance, affiliated company management, etc. as the former Senior Managing Director of Toyota Motor Corporation, which is a leading global company in Japan. After retiring from the office of the Senior Managing Director of Toyota Motor Corporation, he has been involved in the management of companies operating finance related businesses; he has served as the Representative Director and President of Toyota Financial Services Corporation and the Representative Director and Chairman of Aioi Nissay Dowa Insurance Co., Ltd.. He has provided comments and advice based on such experience, mainly at board meetings, during his term of office as an external director of SuMi TRUST Holdings. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.



Director (External)
Mikio Araki*1

Mr. Mikio Araki has extensive experience in bank management and policy-based finance, etc. as the former Representative Director and Vice President of Development Bank of Japan Inc., and has extensive knowledge on domestic and foreign financial and economic circumstances as the President of the Japan Economic Research Institute. He has provided comments and advice based on such experience, mainly at board meetings, during his term of office as an external director of SuMi TRUST Holdings. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.



Director (External)
Isao Matsushita*1

Mr. Isao Matsushita has extensive experience in the general management of companies, as the former Representative Director and President of JX Holdings, Inc. (currently JXTG Holdings, Inc.), which is a representative integrated energy, resources and material enterprise group in Japan. In order to make full use of his knowledge and insight regarding business management and company management, SuMi TRUST Holdings has selected him as an external director.



Director (External)
Shinichi Saito*1

Mr. Shinichi Saito has extensive knowledge and experience in financial accounting as the former Finance Director of Marubeni Corporation. In addition to engaging in management at an investment company, he also has deep insight as a company executive. He has provided comments and advice based on such experience during his term of office as a corporate auditor of SuMi TRUST Holdings since June 2013. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.



Director (External)
Takashi Yoshida*1

Mr. Takashi Yoshida had been a member of a major audit firm for many years and has extensive knowledge and experience in financial accounting as a certified public accountant in charge of auditing financial institutions and operating companies. In addition to experience as a certified public accountant, he had been engaged in management as the Representative Partner or Managing Director of an audit firm and also has global knowledge based on overseas work experience. Since he became a corporate auditor of SuMi TRUST Holdings in June 2016, he has provided comments and advice based on such experience during his term of office. In order to continue to make full use of his knowledge and insight, SuMi TRUST Holdings has selected him as an external director.



Director (External)
Hiroko Kawamoto*1

Ms. Hiroko Kawamoto served as a Director and Senior Executive Officer in All Nippon Airways Co., Ltd., and was responsible for the overall management of the company and promotion of women's activities. In addition, since June 2016, she has been an external director of SuMi TRUST Bank. She has provided comments and advice based on such experience during her term of office as an external director of SuMi TRUST Bank. In order to continue to make full use of her knowledge and insight, SuMi TRUST Holdings has selected her as an external director.

*1 External director as prescribed in Article 2, item 15 of the Companies Act. Executive officers are defined in the Companies Act.

Executive Officers

Senior Managing Executive Officer,
Executive Officer*2
Akihiko Shirayama

Senior Managing Executive Officer
Yoshiaki Koshimura

Senior Managing Executive Officer
Tadashi Nishimura

Senior Managing Executive Officer
Yutaka Nishida

Managing Executive Officer
Koichi Onaka

Managing Executive Officer
Yasumi Nose

Managing Executive Officer,
Executive Officer*2
Atsushi Kaibara

Managing Executive Officer
Akira Yokota

Managing Executive Officer
Shigeki Tanaka

Executive Officer,
Executive Officer*2
Kiyomitsu Asahi

Executive Officer*2
Sumikazu Tsutsui

Executive Officer*2
Yukihiro Kitano

Executive Officer*2
Tsuyoshi Saito

Executive Officer*2
Tadao Umezawa

Executive Officer*2
Masahiro Tsuchiya

Executive Officer*2
Kengo Noguchi

Executive Officer*2
Toshio Masui

Executive Officer*2
Kazuya Oyama

Executive Officer*2
Kazuhisa Koashi

Executive Officer*2
Toshiaki Nakano

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

Risk Appetite Framework (RAF)

1. Positioning of Risk Appetite Framework

The Risk Appetite Framework (RAF) is a group-wide business management framework made up of the process for deciding the types and levels of risk that SuMi TRUST Holdings is willing to take, within its risk capacity, in order to achieve its management strategies formulated by management based on the Group's social role and management policies, together with the internal control system underpinning that process.

The Group's RAF aims primarily to both strengthen profitability and enhance risk management, and promotes the realization of those goals through environmental assumptions and risk awareness, and increasing the transparency of risk-taking through the setting, communication, and oversight of risk appetite, appropriate allocation of management resources, and monitoring of operational status.

2. Operation of Risk Appetite

Deciding Risk Appetite

The Group's risk appetite is decided in accordance with the management plans, based on management strategies and verification through stress tests.

The Group reviews risk appetite as needed, at least once a year.

In setting risk appetite, the Group identifies the main risks (risk characteristics), including credit risk, market risk, information security risk, and conduct risk, to which each business is exposed according to the nature of its operations.

Monitoring of Risk Appetite

The Group sets risk appetite indicators to clarify risk appetite, and monitors them regularly. If the risk appetite indicators deviate from the set levels, the Group analyzes the cause of the

deviation, and then takes countermeasures or revises the levels.

Risk Governance

Risk governance, which forms part of corporate governance, is a system to identify, measure, manage and control risks by clarifying and monitoring risk appetite and risk limit.

We promote the enhancement of risk governance, aiming for the sound development of the Group.

SuMi TRUST Holdings strives to enhance operation of risk appetite through measures such as establishing the Risk Committee and the Conflicts of Interest Committee as part of its initiatives to enhance corporate governance which include the transition to a "company with Three Committees."

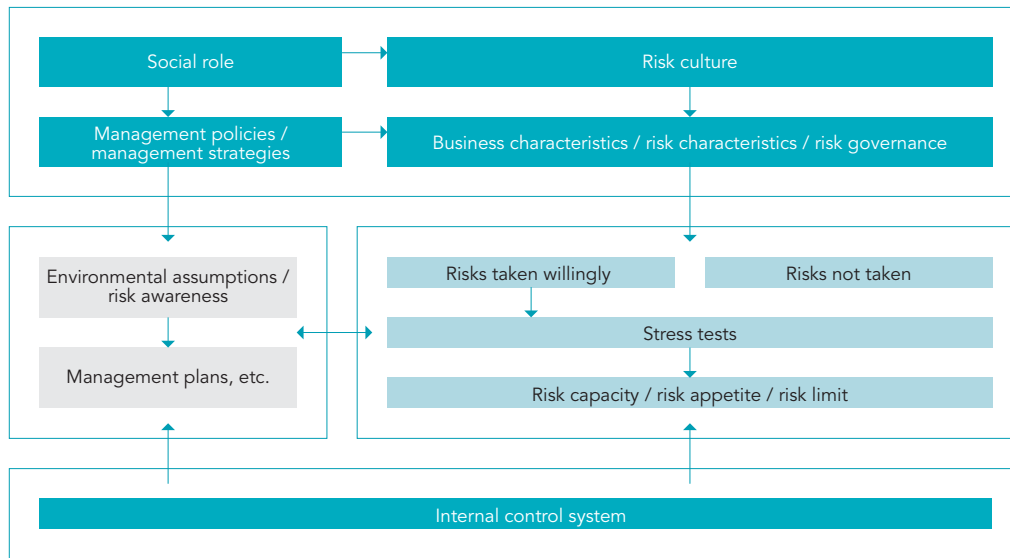
3. Fostering a Risk Culture that Takes Root Across the SuMi TRUST Group

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

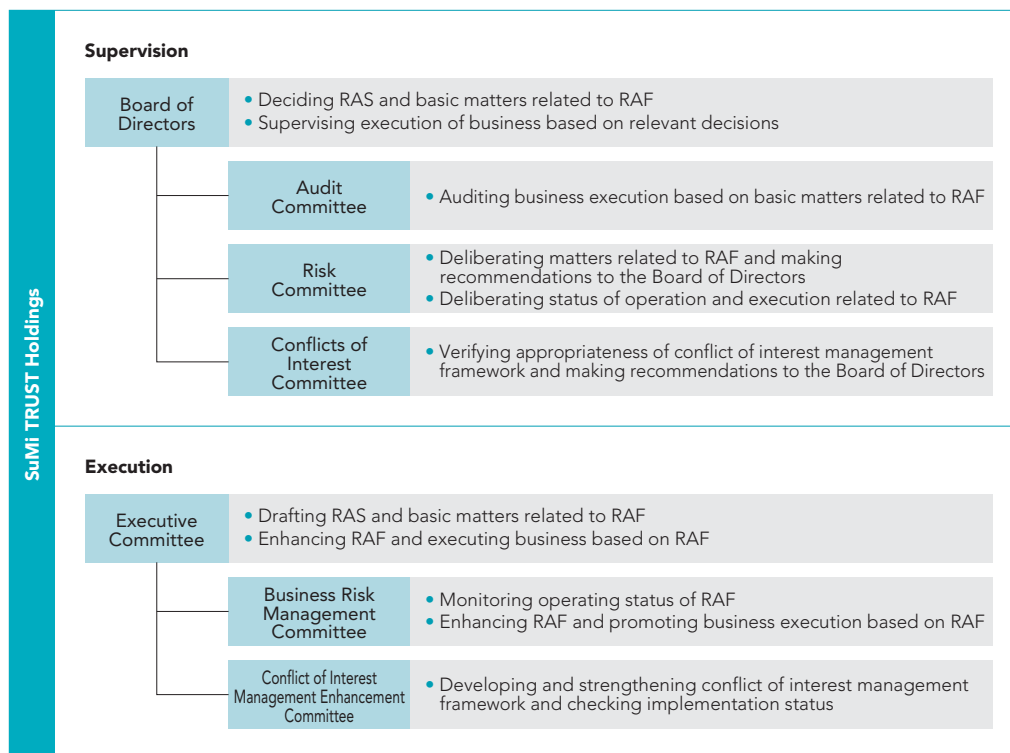
In order to foster a risk culture that takes root across the

Group, we are endeavoring to share and disseminate knowledge of risk culture within the Group through delivery of messages from top management, training and education, and other measures. In addition, we have formulated a Risk Appetite Statement (RAS) clearly stating our RAF, which is used in lively discussions concerning risk appetite within the Group.

Outline of Risk Appetite Framework



Risk Appetite Framework Operating System



Three Lines of Defense

Risk Management System Based on Three Lines of Defense

SuMi TRUST Holdings has adopted a risk management system based on the Three Lines of Defense model, in order to carry out risk-taking with the aim of achieving the profit plans of each business based on group-wide business strategies, while making appropriate revisions to the business model according to changes in the risk situation and implementing measures to handle emergencies.

The Three Lines of Defense comprise the following three elements.

(1) First Line of Defense (Risk-taking, Risk Control)

- Each business identifies and gains an understanding of the risks involved in carrying out its own business, based on knowledge of services and products in that business.
- Each business engages in risk-taking within the established range of risk appetite, and, when a risk materializes, promptly implements risk control at the on-site level.

(2) Second Line of Defense (Risk Governance)

- Each business management department serving as a risk management-related department identifies and evaluates group-wide risks in accordance with the group-wide risk management policy determined by the Board of Directors, creates a risk management process, and sets risk limits. The second line of defense formulates group-wide recovery strategies in advance for when risks materialize.
- The risk management-related departments monitor the status of compliance with risk limits during the fiscal year, and report to management.
- The risk management-related departments act as a restraint function for the risk-taking of the first line of defense, and supervise and direct the risk management system.

(3) Third Line of Defense (Risk Assurance)

- Internal Audit Department verifies the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

Under this system, each line is monitored and controlled by higher-level bodies, including various committees, the Executive Committee, and the Board of Directors.

Composition of Each Line



Internal Auditing

1. Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations, and the type of risks is indispensable to achieve management targets, appropriate legal compliance, facilitating financing, client protection, and risk management.

Therefore, with the aim of ensuring the soundness of management by improving and enhancing the business execution

system and the internal management system, SuMi TRUST Holdings and its main Group companies have established internal auditing units that are independent of departments involved in business execution and that adequately act as a restraint function. The internal auditing units verify the appropriateness and effectiveness of the business execution system and internal management system, provide comments and recommendations for correcting problems, and follow up on the status of improvement measures.

2. Internal Auditing Implementation System

(1) SuMi TRUST Holdings

1) Organization

In addition to establishing an Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Holdings has strengthened the supervisory and restraint capabilities (governance) with regard to management and business execution departments by establishing a statutory Audit Committee (chaired by an external director).

2) Functions and Roles

Internal Audit Department of SuMi TRUST Holdings formulates an internal audit plan, taking into account the basic policy on internal audits, including development of the 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 Director, 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.

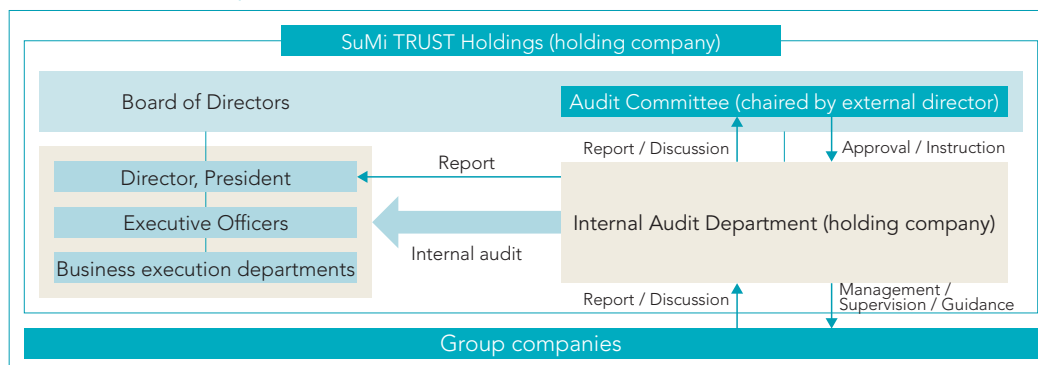
In addition, Internal Audit Department of SuMi TRUST Holdings, as the department supervising the Group's internal

auditing, approves the internal audit plans of Group companies after confirming their conformity with the basic policy, and carries out internal audits in collaboration with the internal auditing unit of each Group company. The role of the Internal Audit Department also includes receiving reports of internal audit results from Group companies, assessing and verifying the internal auditing system and its implementation status at each Group company, and providing guidance as necessary.

(2) Group Companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main Group companies including SuMi TRUST Bank, and conduct internal audits of all Group companies. Each Group company formulates an internal audit plan in line with the basic policy on internal audits set by the holding company, which is approved by the Board of Directors of each company after consultation with the holding company. Results of internal audits are reported without delay to the president and to the holding company. Analysis results of internal audits, including those of Group companies, are also reported regularly to the Board of Directors and the holding company.

The SuMi TRUST Group



Risk Management

1. Basic Initiative Policy

As the trust bank group which boasts the largest scale and the highest status in Japan, the SuMi TRUST Group regards the development of a risk management system suited to the characteristics of its operations and environmental changes as one of the most important management issues it faces. Accordingly,

the SuMi TRUST Group is making constant efforts to enhance and advance its risk management, which forms the basis of operations that support business expansion and sustainable growth of the SuMi TRUST Group.

2. Risk Management Structure

The roles and responsibilities of the management structure and principal departments related to risk management are as follows.

1) Board of Directors

Clarifies the SuMi TRUST Group's management policy and strategic goals, formulates the risk management policy based on the strategic goals, supervises development of an appropriate risk management system, and implements appropriate measures to raise awareness of the risk management policy throughout the SuMi TRUST Group.

2) Directors, Officers in Charge

Directors are fully aware of the importance of risk management, and officers in charge of risk management-related

departments consider policies and specific measures for developing and establishing a proper risk management system.

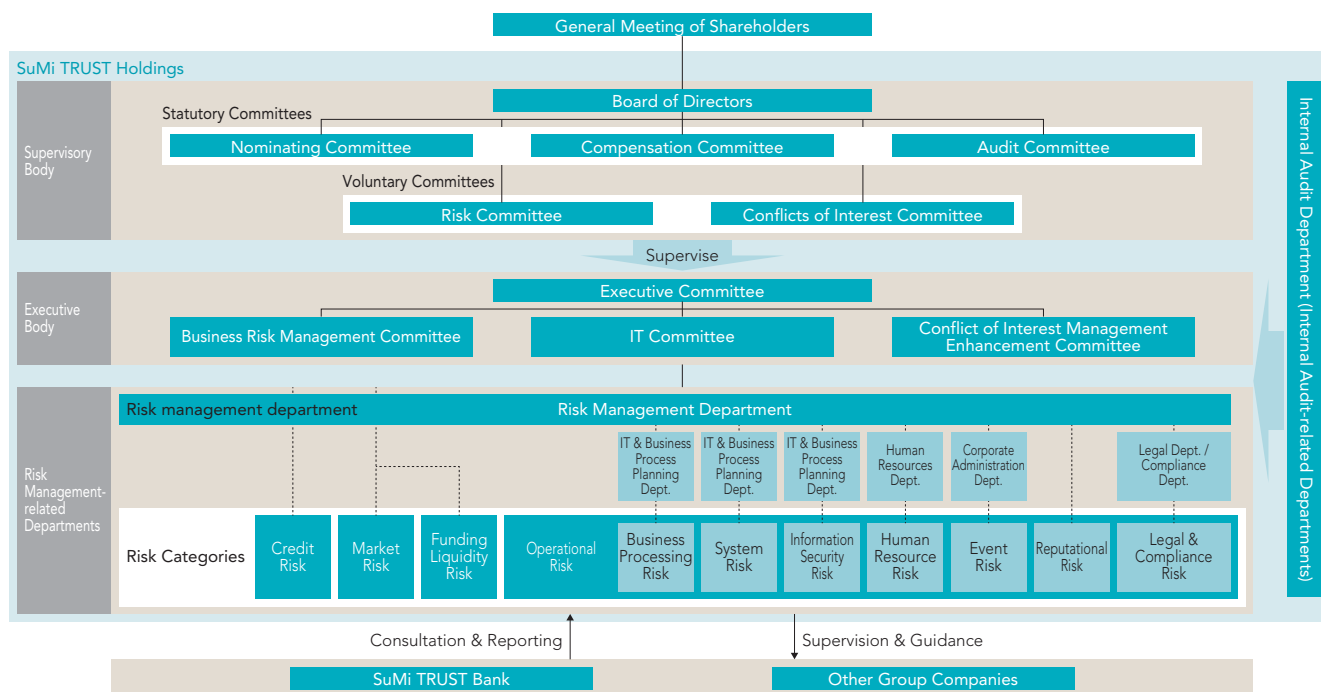
3) Risk Management-related Departments

Accurately recognize risk status, and conduct appropriate management and operations regarding risks, through a series of activities which include risk identification, assessment, monitoring, control and reduction.

4) Internal Audit Department

Verifies the appropriateness and effectiveness of the risk management system as a department independent of business execution.

Risk Management Structure



3. Outline of Initiatives

(1) Risk Categories

The SuMi TRUST Group classifies risk categories by the cause of risks faced by the entire group in business operations into “credit risk,” “market risk,” “funding liquidity risk,” and “operational risk.” It manages these risks according to the characteristics of respective risks.

(2) Risk Management Methods

The SuMi TRUST Group has established a department to supervise the overall group risk management and monitor the risk status of the entire group, and has designated other risk management-related departments to supervise risk management for each risk category. These departments provide appropriate supervision and guidance to the SuMi TRUST Group

companies as needed.

The SuMi TRUST Group has also established the Risk Management Rules covering the basic points of risk management for the entire group. It has clarified the authority and organizational structure so that it can appropriately perform a series of activities, which include risk identification, assessment, monitoring, control and reduction. The SuMi TRUST Group has also created risk management policies and plans (the risk management plan and the risk capital allocation plan).

The SuMi TRUST Group companies develop appropriate risk management systems suited to the characteristics of their own operations and risks, based on our policy concerning risk management.

Risk Categories

Risk Category	Definition
Credit Risk	Risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, “country risk” in particular means risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor.
Market Risk	Risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, “market liquidity risk” in particular means risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil.
Funding Liquidity Risk	Risk that the Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual.
Operational Risk (Below are “risk sub-categories”)	Risk that the Group incurs losses resulting from inadequate or failed internal processes, people and systems or from external events.
Business Processing Risk	Risk that the Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
System Risk	Risk that the Group incurs losses due to such reasons as computer system failure, malfunction and defects, as well as the risk that the Group incurs losses due to unauthorized use of a computer.
Information Security Risk	Risk that the Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system or misuse of information.
Legal & Compliance Risk	Risk that the Group incurs losses due to uncertain legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Human Resource Risk	Risk that the Group incurs losses due to personnel and labor management issues, such as unequal or unfair management of personnel and harassment.
Event Risk	Risk that the Group incurs losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, the spread of infectious diseases, and the inappropriate use or management of tangible assets.
Reputational Risk	Risk that the Group incurs losses as a result of deterioration in reputation for SuMi TRUST Holdings or its subsidiaries, owing to such reasons as mass media reports, rumors or speculation.

(3) Enterprise Risk Management

The SuMi TRUST Group has established an enterprise risk management process to serve as a framework for risk management to secure sound management by keeping risks within the limits of the SuMi TRUST Group’s overall financial strength. Specifically, it employs risk capital allocation operations and conducts scenario analysis and others; executes appropriate management to improve corporate value through optimization of risk-return performance and assessment of capital adequacy levels based on the basic policy formulated by the Group; and reports on these to the Board of Directors and others on a regular basis.

1) Risk Capital Allocation Operations

The SuMi TRUST Group assesses capital adequacy levels in consideration of the external environment, risk-return performance status, strategic targets and the results of its scenario analysis, and allocates capital of the SuMi TRUST Group to each Group company.

2) Scenario Analysis

When formulating management plans, the SuMi TRUST Group conducts scenario analysis under the risk capital allocation plan and the capital adequacy ratio plan, and utilizes the result for purposes including assessment of capital adequacy levels and development of countermeasures against the occurrence of the risks (contingency plan).

(4) Crisis Management System

The SuMi TRUST Group has developed contingency plans in order to swiftly implement emergency response measures when a crisis occurs, such as natural disasters, computer system breakdowns, and outbreaks of new infectious diseases. Moreover, regarding important business operations, such as financial settlement, we have developed systems to continue business, including BCPs (business continuity plans) and back-up offices. In order to ensure the effectiveness of such systems, we periodically conduct exercises and revise our BCPs.

When the crisis is serious and its impact is extensive, causing significant disruptions to the normal business operations of the Group and making it necessary to urgently make comprehensive and high-level management judgment, the Group will establish a joint emergency response headquarters headed by the presidents of both SuMi TRUST Holdings and SuMi TRUST Bank to swiftly implement emergency response measures.

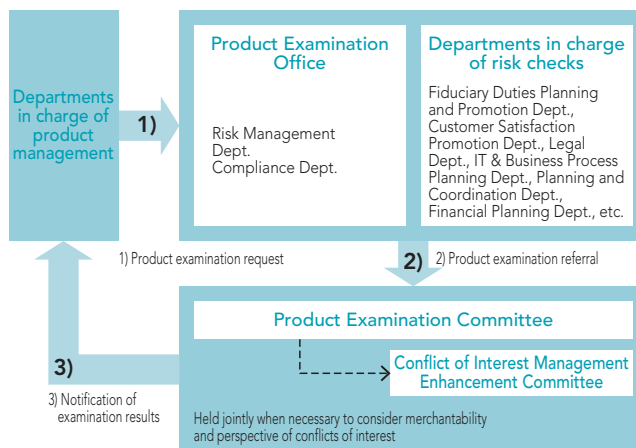
(5) Response to Threat of Cyber Attacks

The threat of cyber attacks and the damage they can inflict are growing both in Japan and overseas. To protect the precious assets of our clients from attacks, the SuMi TRUST Group monitors the computer systems of SuMi TRUST Bank around the clock. In addition, SuMi TRUST Holdings has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis and implementing measures relating to cyber attacks, and coordinates with outside expert organizations to strengthen its management system.

(6) Systems for Introducing New Products and New Operations

When starting to handle new products or when engaging in new operations, it is necessary to develop various systems in order to continue offering products and services, including determining in advance whether there are any inherent risks and identifying their type, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a product examination system. In the product examination process, multiple departments carry out verification from various angles, with emphasis on introducing products and services that will earn the trust of clients. We also conduct verification through regular monitoring after the product has been introduced.

Product Examination Process



4. Environmental and Social Considerations in Investments and Loans

The SuMi TRUST Group identifies “consideration of environmental and social impact of investment and financing targets” as one of its most important materiality issues in relation to sustainability.

We believe it is our responsibility as a sound financial institution to avert or mitigate the Group’s risks by considering the environmental and social impacts caused by the activities of those that we invest in or lend to.

Environmental and Social Considerations in Project Finance Equator Principles

SuMi TRUST Bank is a signatory to the Equator Principles, a set of international guidelines for private financial institutions that requires project proponents to give due consideration to the impact on the natural environment and the regional community when approving project finance.

When making decisions on loans, we review the environmental and social impact of the project based on its environmental and social risks, the country where it is sited, and the type of industry, and conduct a comprehensive risk assessment.

Since it became a signatory in February 2016, SuMi TRUST Bank has implemented 21 projects subject to the Equator Principles as of March 2017.

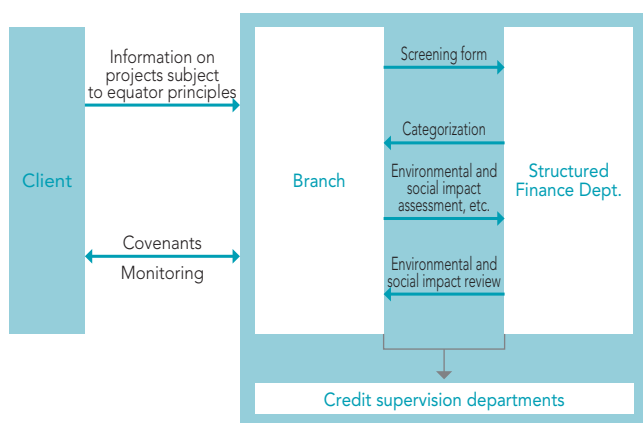
Environmental and Social Considerations as an Institutional Investor Principles for Responsible Investment and Stewardship Activities

SuMi TRUST Bank and Nikko Asset Management Co., Ltd. have become signatories to the Principles for Responsible Investment (PRI), established by the United Nations Global Compact and the United Nations Environment Programme Finance Initiative (UNEP FI). The PRI calls on institutional investors to take into account environmental, social, and governance (ESG) factors in their investment decision-making processes.

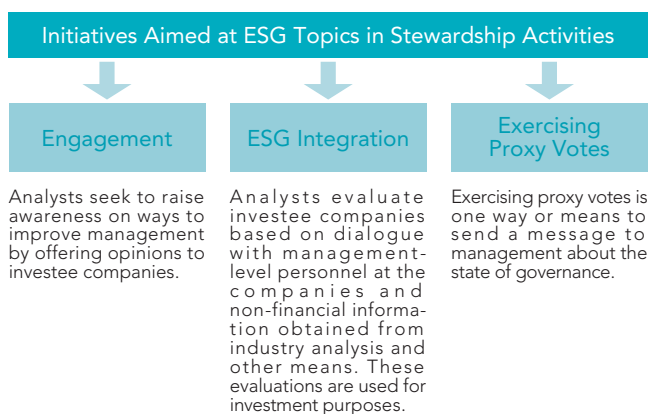
In addition, SuMi TRUST Bank announced its adoption of the Japanese version of the stewardship code in May 2014. We have established the Stewardship Committee, and are working to meet our stewardship responsibilities to expand investment returns over the medium- to long-term by encouraging companies to increase corporate value and achieve sustainable growth through consideration of ESG.

The Stewardship Development Department was newly established in January 2017 as a body dedicated to stewardship activities.

Equator Principles Operational Structure



Three Pillars of Stewardship Activities



Compliance

1. Basic Initiative Policy

Compliance means conforming to social norms. Achieving compliance is naturally a basic principle for the SuMi TRUST Group, and executives and each individual employee must solidly practice compliance in our daily operations. The SuMi

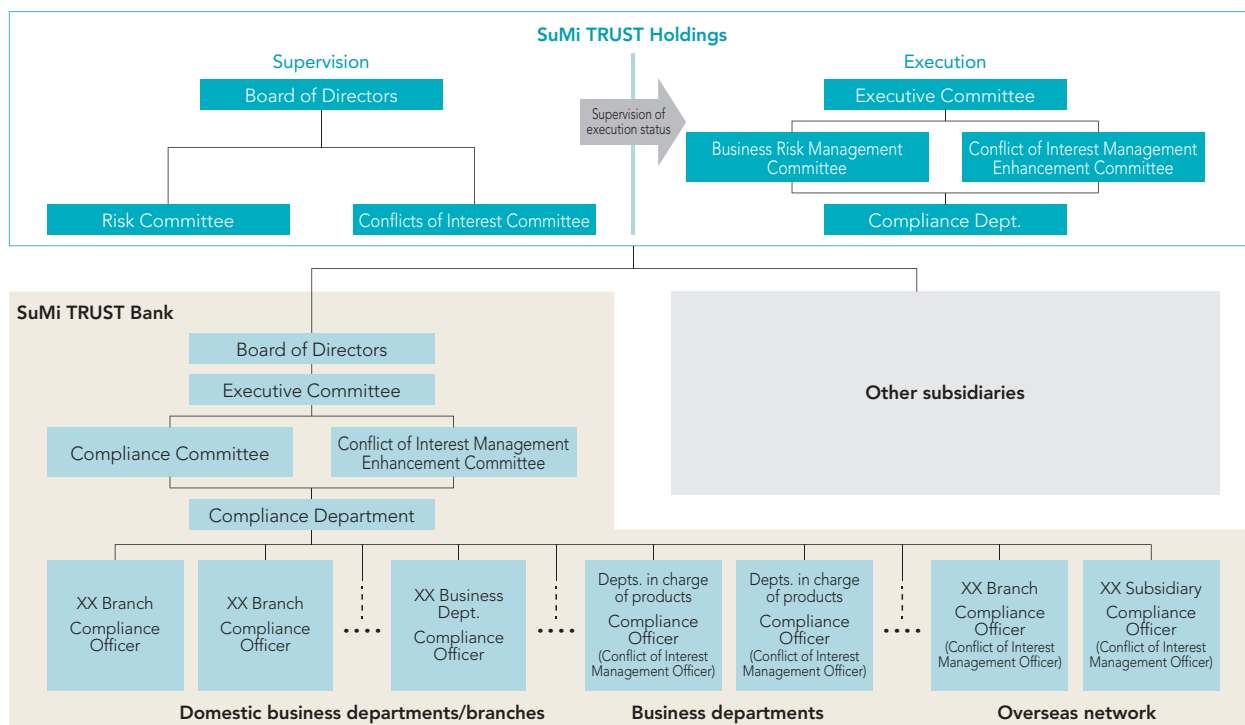
TRUST Group has established specific compliance standards in the Compliance Rules. A checking system and promotion system are also developed, so the Group complies with these and carries out sincere and fair company activities.

2. Group Compliance System

The SuMi TRUST Group positions supervision of the entire Group's compliance system as one of its most important functions. SuMi TRUST Holdings' Compliance Rules establish standards which directors, officers and employees must follow. For

specific practice plans in various measures on compliance, a Compliance Program is made each fiscal year, and progress status is periodically assessed.

Group Compliance System



3. Initiatives to Foster Compliance Awareness

In order to foster compliance awareness throughout the SuMi TRUST Group, a Compliance Manual has been created for SuMi TRUST Holdings and each Group company, and employees are thoroughly informed about laws and regulations as well as various rules and items which must be followed. The Group is also

enhancing training courses including a course for rules to strictly comply with insider trading regulations, and each company's compliance department has primary responsibility for providing training as to group-wide compliance themes.

4. Hotline System

In order to promptly and appropriately cope with any legal violation, the SuMi TRUST Group has established a compliance hotline system through which all directors, officers and employees can directly report violations to the Compliance Department

and an external attorney's office, without having to go through regular reporting channels. This hotline system enforces rigorous control of information and protection of privacy to ensure protection of whistleblowers, and forbids their adverse treatment.

5. Response to Antisocial Forces

The SuMi TRUST Group has declared, both internally and externally, its resolute stance against antisocial forces in its Codes of Conduct ("Value") and various other codes. We have established a system for conducting checks in all types of transactions in order to prevent transactions by antisocial forces. We have also incorporated a clause to exclude organized crime in the provision of our loan and deposit contracts. This clause deters antisocial forces from initiating transactions with us. The measure gives us the legal grounds to dissolve contracts, once the presence of antisocial forces is detected, after the

commencement of transactions. If the counterparty in a transaction is shown to be an antisocial force after the commencement of a transaction, we have developed a framework that allows us to take measures in close coordination with police and other external expert organizations for the eventual cancellation of such a transaction. In addition, in order to strengthen awareness about and systems to deal with antisocial forces, in fiscal year 2016, SuMi TRUST Bank provided all directors, officers and employees with training for the prevention of transactions with antisocial forces.

6. Prevention of Money Laundering

In order to prevent money laundering, etc., the SuMi TRUST Group conducts checks on personal identification items, such as name and address, as well as client management items, such as transaction purpose and occupation, when starting continuous business relationships, when conducting large-lot cash transactions, or when conducting transactions with persons who reside or stay in specified countries. In addition, when they come across transactions suspected to be related to money obtained illegally or terrorist financing, employees immediately

report to the person in charge, who notifies the relevant authorities. Moreover, SuMi TRUST Bank has adopted an anti-money laundering (AML) system, which verifies whether any illicit transfers between accounts have taken place. SuMi TRUST Bank obligates employees at relevant branches and departments to periodically receive training concerning prevention of money laundering, etc. In fiscal year 2016, such training was provided to all employees at the relevant branches and departments once each half of the year.

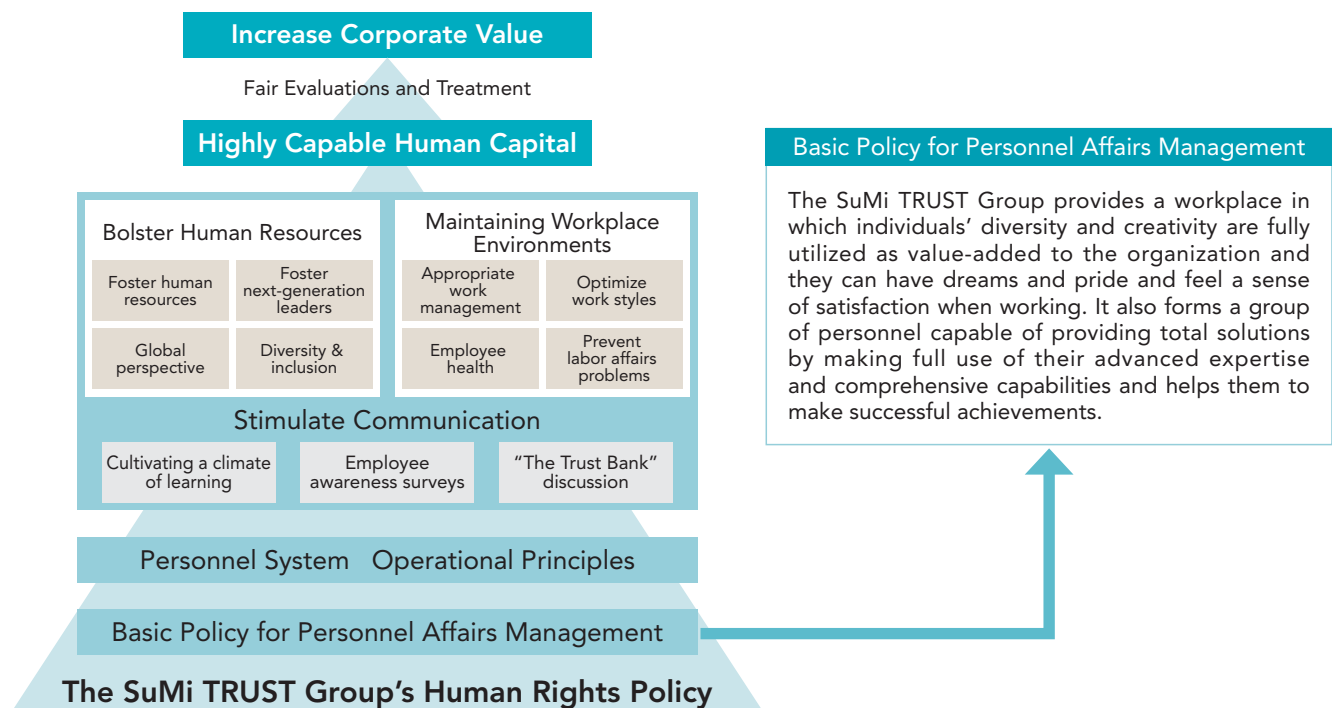
7. Other Initiatives

The SuMi TRUST Group prevents insider trading and other wrongdoing by strictly managing insider information that may be obtained during the execution of job duties. Specifically, the "Rules on Insider Information Management" obligates employees to immediately report to their supervisors when they have obtained information that may constitute insider information. In addition, head office departments of SuMi TRUST Bank

gather information on legal revisions and report them to the Compliance Department. The Department centrally manages information on the revisions, and instructs and manages the related departments to respond to them in an appropriate manner. Furthermore, the SuMi TRUST Group has set forth rules to be followed by directors, officers and employees for the prevention of bribery, etc., in the Compliance Rules.

Human Resources Strategy

Human resources are the most valuable resource of financial institutions. The SuMi TRUST Group endeavors to educate employees in human rights so that individuality is respected and they will not be subject to discrimination based on age, gender, nationality, etc. It also aims to increase corporate value by fostering a pool of human resources that can devise total solutions using all-around capabilities and well-developed expertise that fully draw on their individual uniqueness and creativity to create added value for the organization. SuMi TRUST Holdings and SuMi TRUST Bank have presented a map leading to the increase of corporate value, and have set KPIs for individual activities according to which they measure the status of implementation of the activities. Additionally, in fiscal year 2017, the presidents of both SuMi TRUST Holdings and SuMi TRUST Bank made a declaration on work style reform, and will provide value to each and every employee.



Declaration on Work Style Reform

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

- Achieving diverse work styles and work-life balance**
- Supporting health improvement through measures such as boosting health awareness and appropriately managing work hours**
- Providing opportunities for all employees to grow while participating actively with a sense of satisfaction in their work**

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

Enhancement of Human Resources Strategy in Stages

Initiatives aimed at being the No. 1 financial group in human resources development	From April 2016	<ul style="list-style-type: none"> Incentives for learning Support for learning Mentoring culture
Promotion of diversity & inclusion	From October 2016	<ul style="list-style-type: none"> Active participation by women Global initiative Supporting work-life balance
Work style reform	From April 2017	<ul style="list-style-type: none"> Diversity Health Satisfaction at work

1. Bolstering Human Resource

- Number of new recruits (FY2017)
Total: 433 (179 male, 254 female)
- Number of female employees in management positions (as of March 31, 2017)
Executives: 1
Level of general manager: 14
Level of section manager: 232
Level of assistant manager: 1,069
- Data concerning training (FY2016)
Number of hours of training held: 4,606 hours
- Number of employees posted overseas (as of March 31, 2017)
225
- Employees of foreign nationality working in Japan (as of March 31, 2017)
43

(1) Fostering Human Resources

The SuMi TRUST Group strives proactively to employ capable personnel, to reflect employees' will in job assignments, and to develop their skills.

With regard to job assignment, we have set up an internal job posting system and a career course changing system to reassign employees due to relocation or transfer and encourage them to independently and voluntarily shape their own careers.

Employee training and skills development at SuMi TRUST Bank are aimed at realizing distinct added value that is "unique to a trust bank" and "distinctive of Sumitomo Mitsui Trust Bank," and developing human resources who can swiftly provide comprehensive solutions to clients. While training and skills development are generally provided on an OJT* basis, group training is also provided with the objective of improving employees' operational skills and management abilities, and many opportunities for self-development are also provided to encourage employees to continue improving their skills. For example, we established SuMiTRUST University in 2012 as a group-wide program, with SuMi TRUST Bank's President serving as its president and SuMi TRUST Bank's executive in charge of Human Resources Development and an outside expert as the university's vice presidents. The SuMiTRUST University also receives advice regarding its management from Hitotsubashi University graduate school.

*OJT: On the Job Training. OJT is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via their daily tasks.

(2) Global Initiative

SuMi TRUST Bank offers training every year to national staff working at its overseas branches and overseas subsidiaries and affiliates. Training is focused on deepening employee understanding of our operations and the bank. To strengthen networks among participants and business lines, the training includes a management strategy briefing with an accompanying discussion as well as classes on Japanese business culture and history, overviews relating to our various operations, and corruption risks such as bribery.

(3) Fostering Next-Generation Leaders

In cooperation with Hitotsubashi University's Graduate Programs, SuMi TRUST Bank offers "GL" training for General and Global Leaders (for deputy general managers, associate general managers, and equivalent) and "SL" training for Strategic Leaders (managers, operational chiefs, and equivalent) to develop next-generation executive candidates. Candidates receive instruction on the values, general liberal arts knowledge, and MBA elements they need for management, and through sessions and courses, they complete the program by presenting a proposal to senior executives.

(4) Diversity & Inclusion

SuMi TRUST Bank established the Diversity & Inclusion Office in October 2016 in order to firmly implant in our organizational DNA the principles of enhancing the company's added value creation from a workplace where diverse employees can be themselves and have dreams, pride, and a sense of satisfaction when working, and providing comfort and satisfaction to our clients and making a contribution to society.

The Diversity & Inclusion Office is implementing activities under its set themes of promoting the active participation of women, disabled persons, and global human resources, enhancing the work-life balance support system, and encouraging greater understanding of human rights and LGBT issues.

These activities are carried out with KPIs set for specific initiatives.

- | | |
|--|-----------------------|
| 1) Female employees in management positions at section manager level and above: | 300 or more |
| 2) Male employees taking childcare leave: | 100% |
| 3) Disabled person employment ratio: | 2.0% or higher |

2. Upholding Positive Workplace Environments

- Number of employees taking childcare leave (as of March 31, 2017)
325
- Number of employees taking nursing care leave (as of March 31, 2017)
69
- Number of consultations concerning labor practices, etc. (FY2016)
78

(1) Appropriate Work Management

SuMi TRUST Holdings supports the ILO Declaration on the Fundamental Principles and Rights at Work as a signatory to the UN Global Compact.

In this way, we are conducting a broad range of initiatives to improve the workplace environment.

Specific Initiatives

- Set a ceiling on overtime for all employees, including managers
- Invest in infrastructure for efficient operations
- Develop good management practices that improve business productivity; reflect business productivity in employee performance evaluations
- Establish rules for taking intervals between work shifts
- Implement "business processes to enable employees to finish work at 4 p.m." at branch offices on a trial basis
- Initiatives to shift to paperless meetings

(2) Optimizing Work Styles

SuMi TRUST Holdings actively establishes a workplace environment where employees can work while feeling at ease and still maintain a good balance between work and their personal lives. With regard to childbirth and childcare, SuMi TRUST Bank offers childcare leave that can also be taken by fathers, in addition to a system of shorter working hours and the freedom to choose to refrain from working overtime or at night. These measures have allowed us to create an environment where parents can raise their children with peace of mind. Moreover, for employees with family members who require nursing care, we offer a system of nursing care days-off and nursing care leave, and a shortened workday system.

(3) Employee Health

In an effort to help our employees manage and improve their health, SuMi TRUST Bank has appointed an industrial doctor and a hygiene supervisor (hygiene promoters) at each of its business locations to provide detailed health management guidance. Moreover, we provide health examinations every year and assistance to employees and their families to enable them to receive comprehensive physical examinations at facilities through our health insurance association.

Moreover, we offer mental health counseling at clinics within the company in addition to conducting stress checks once a year for all employees. Our health insurance association also provides free health advice to employees by telephone. In addition, we have activities such as training for managers to raise employees' awareness of the importance of health management.

(4) Preventing Labor Affairs Problems

From the perspective of promoting appropriate labor affairs management, SuMi TRUST Bank has established, within the Human Resources Department, the Personnel Consultation Desk, at which employees can receive consultation without going through the regular reporting line when problems related to personnel and labor affairs management, such as unfair and unjust labor affairs management practices and workplace harassment, occur. Furthermore, the Company and the union have concluded a labor agreement and are conscientiously complying with it in order to ensure sound development of the Company and enhance the status of union members.

Dialogue with employees is also emphasized at SuMi TRUST Bank. Under the labor agreement, SuMi TRUST Bank and the employees' union periodically hold management consultation meetings, which are attended by the President and other senior managers as well as union representatives, and branch and department consultation meetings, which are attended by representatives of the labor and management sides at individual branches and departments, to discuss working conditions for union members and how to maintain the working environment.

3. Stimulating Communication

(1) Cultivating a Climate of Learning

SuMi TRUST Bank encourages activities such as seminars to voluntarily and continuously study optional themes, and learning circles formed by groups across branches and departments to share and pass on knowledge, know-how and experiences.

Seminars and learning circles

[Seminars]

Voluntarily and continuously study optional themes

[Learning circles]

Form groups across branches and departments to share and pass on knowledge, knowhow and experiences

SuMiTRUST 50 lessons

Directors, officers and external experts give open-style lectures. Trainees learn about businesses, work philosophy and experiences and use lessons from the lectures for self-development.

(2) "The Trust Bank" Discussion

SuMi TRUST Bank has established venues in each head office department and sales department where employees, regardless of their position or team, can discuss specific issues, their causes, and measures for improvement. Through measures such as fostering awareness in line with the fiduciary spirit and improving teamwork, we aim to cultivate a corporate culture based on free discussion among employees, and create a workplace where employees are highly motivated.

(3) Employee Awareness Surveys

SuMi TRUST Bank conducts an "attitude survey" of all employees in order to objectively identify employees' perception of the dissemination of measures taken by the company, the personnel system and its operation, the workplace environment, and engagement.

By implementing clear measures and systems for improvement in response to employee comments expressed in the results of the survey and on individual items, we seek to be a company that is open and responsive.

4. Fair Evaluations and Treatment

- **Employees to be evaluated (as of March 31, 2017)**
9,783 employees in career formation courses

SuMi TRUST Bank's personnel evaluation system enables individual employees to participate in the evaluation process. At the beginning of each business term, employees consult with their supervisors and determine specific business execution tasks. After the end of the term, supervisors meet face-to-face with employees and review their attainment level versus issues identified and the process they went through to deliver results, provide them with assessments they find convincing, and afford them capability evaluations across the process they followed to achieve results.

SuMi TRUST Bank has also established a bonus system reflecting business performance. From the perspective of encouraging individual employees to fully exercise their capabilities, we have introduced a system to appropriately reflect

the business performance of the entire Group and individuals' performances and achievements in the bonus amount with a view to realizing "incentives for building up earnings for the entire Group as well as for contributing to business units, branches and departments" and "fair and highly transparent system management through clarification of the process of reflecting business performance."

Purpose of Personnel Evaluation System

1. To maximize our performance as an organization by aligning the vectors of the Company and individual employees in the same direction
2. To ensure goal setting and issue identification, daily communication, and face-to-face meetings to review performance, etc. lead to changes in behavior and capacity development
3. To fairly evaluate the various achievements of employees and the diverse capabilities they have demonstrated to ensure they are assigned to appropriate jobs and treated justly

5. Initiatives Concerning Human Rights

(1) Human Rights Management

Basic Philosophy

SuMi TRUST Holdings' human rights management is based on the "Guiding Principles for Business and Human Rights," which was adopted by the United Nations Human Rights Council in June 2011.

Human Rights Management System Based on the Guiding Principles for Business and Human Rights

Commitment	Establishment of the Human Rights Policy
Implementation of human rights due diligence*1	Once a year, the Human Rights Due Diligence Self-check List*2 is distributed to all branches, departments, and affiliates both at home and abroad as a tool to check the status of respect for human rights at each unit.
Access to redress	The Personnel Consultation Desk in the Human Resources Department serves as a contact point.

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

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

Human Rights Due Diligence Liaison Committee

- Engages in investigating the status in addressing human rights at all Group companies including overseas entities, derives tasks to be addressed, and discusses measures for improvement.
- Conducts annual investigations into the status of addressing human rights by using the Human Rights Due Diligence Self-check List.

1) Corporate Planning Department

This department formulates objectives and plans for the development and reinforcement of the framework of initiatives.

2) Human Resources Department and Human Rights Education Committee

These organizations engage in the planning of measures including human rights education training. The Human Rights Education Committee, chaired by the officer in charge of the Human Resources Department, plays a central role in implementing various training programs and education activities concerning human rights issues.

(2) Education Concerning Respect of Human Rights

The Human Rights Education Committee dispatches a "Human Rights Awareness Tool" by e-mail to all employees on a monthly basis, which cites outstanding examples that illustrate respect for human rights. The Committee also organizes workplace-based human rights education training for about one hour per year for each employee on average at all branches, departments, and affiliates across the Group.

(3) Protecting Various Human Rights

Initiatives to Address Dowa and Foreign Residents Issues

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

Prevention of Sexual Harassment and Power Harassment

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

Initiatives to Prevent Discrimination Against LGBT People

We strive to ensure thorough prevention of discrimination against sexual minorities such as LGBT in hiring or performing their work. Our Personnel Consultation Desk (LGBT Consultation Desk) addresses this issue as an ally (supporter). In October 2016, we published an LGBT consultation response manual.

Investments and Loans Related to Cluster Bombs

SuMi TRUST Holdings refuses to provide loans for the purpose of financing production of cluster bombs, which are recognized as a weapon raising strong humanitarian concerns. We prohibit active investment in principle, and conduct engagement activities in passive investment.

Communication with Shareholders and Investors

1. Basic Philosophy

SuMi TRUST Holdings aims for highly transparent corporate management by striving for timely and appropriate disclosure of corporate information, as well as through proactive IR activities and constructive dialogue with shareholders and investors in Japan and overseas.

Specifically, we endeavor to give our shareholders and investors a deeper understanding of SuMi TRUST Holdings' performance, business conditions, business strategies, etc., by holding information meetings and other events in addition to disclosing corporate information in a timely, fair, and accurate manner.

2. Information Meetings for Investors

Activities for Individual Investors

We strive to provide information that will allow individual investors to better understand SuMi TRUST Holdings through measures such as organizing information meetings, setting up a dedicated website for individual investors, and distributing a newsletter for shareholders ("The Trust Newsletter – Business Report").

Activities for Institutional Investors

Large-scale investor meetings on financial results aimed mainly at analysts and institutional investors are held twice a year, for the full-year and interim results. We also conduct briefings on our management strategy and financial position, etc. by participating in conferences organized by securities companies and by holding one-on-one investor meetings in Japan and overseas.

Information meeting for individual investors held in March 2017



For details, see "Information Meeting for Individual Investors" on our website (Japanese only).
http://smth.jp/investors/individual_meeting/index.html

IR Activities Carried Out in FY2016

Investor meetings on financial results for analysts and institutional investors	2 times
Overseas IR events	9 times
One-on-one meetings with institutional investors in Japan and overseas	Number of companies: 526 (including 234 overseas investors)
Information meetings for individual investors	Number of participants: 754

3. General Meeting of Shareholders

In addition to promptly sending out the convocation notice for the General Meeting of Shareholders held in June of each year, we post the notice on stock exchange websites and our own website one week before it is sent out. We are also striving to improve the voting environment by making it possible to exercise voting rights online or by cell phone, and by participating in a platform for the exercise of voting rights.

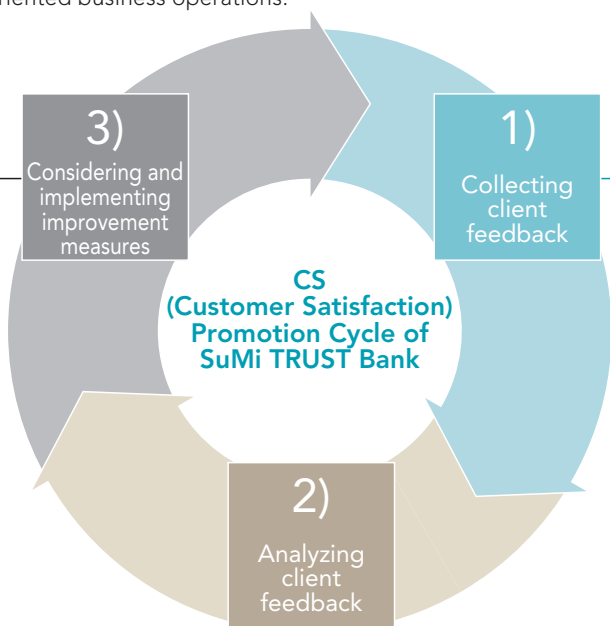
Furthermore, we post an English translation of the convocation notice on our website at the same time as the Japanese version, before it is sent out, in an effort to increase the convenience of overseas investors.

Notices of resolutions and voting results are posted on our website immediately after the conclusion of the General Meeting of Shareholders.

Efforts Linked to Customer Satisfaction

1. Initiatives to Link “Voice of Customers” to Enhanced Customer Satisfaction

SuMi TRUST Bank receives a lot of feedback from clients and many requests via branch offices throughout Japan as well as its telephone centers and the Group’s website, along with the “Voice of Customers Questionnaires” available at every branch, and uses this feedback to realize practice client-oriented business operations.



1) Collecting Client Feedback

SuMi TRUST Bank receives a lot of feedback from clients and many requests via branch offices throughout Japan through diverse channels such as telephone centers and the Group’s website as well as the “Voice of Customers Questionnaires” available at every branch. In fiscal year 2016, we appreciated upwards of 310,000 opinions and requests received through these channels.

In addition, we survey our clients’ assessment of satisfaction with SuMi TRUST Bank by conducting “Client Questionnaires” for about 1.6 million clients who have consummated contracts for time deposits, investment trusts, etc. with us, with the aim of further promoting client-oriented activities and improving customer satisfaction.

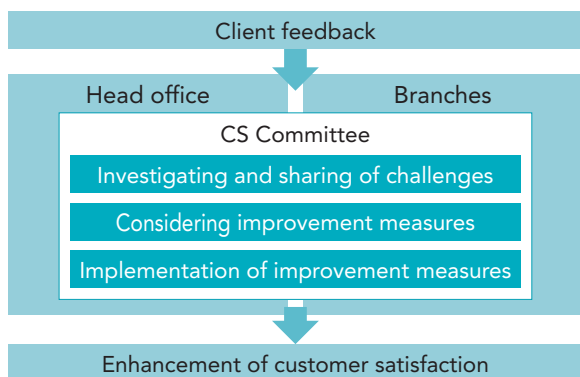
We also respond swiftly and sincerely to suggestions and complaints from clients, aiming to resolve them with the understanding and consent of clients to the greatest degree possible while also working to assess and analyze the causes of such suggestions and complaints and making efforts to improve operations.

In fiscal year 2016, there were 11,273 complaints.

With regards to complaints, etc., there is a reporting system that collects and manages this information, and management receive periodic reports about the content of complaints.

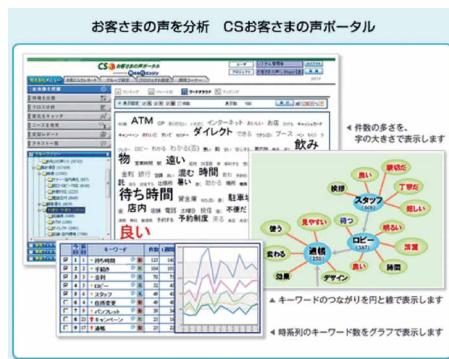
3) Considering and Implementing Improvement Measures

Regarding opinions and requests received from clients, branches and the head office cooperate in investigating and analyzing the causes and identifying problems. Based on the results, we look for improvement measures and strive to provide better products and services.



2) Analyzing Client Feedback

In order to realize customer satisfaction by utilizing hundreds of thousands of cases of feedback we receive each year, we use the “CS Voice of Customers Portal,” a system to analyze client feedback. We are striving to meet clients’ needs by making client feedback “visible” so that we can better “recognize” client needs.



2. To Create a Client-Oriented Corporate Culture

(1) To Establish a Culture that Emphasizes Fiduciary Duties

SuMi TRUST Bank is conducting “The Trust Bank discussion” at every branch and department. This initiative aims mainly at fostering a corporate culture, improving operations at branches and departments, and expanding insights through discussions about daily problems and other issues among employees at branches and departments, regardless of their positions.

We set “Practicing Fiduciary Duties” as the theme of the discussion for fiscal year 2017, and made participation mandatory for all employees.

We have also made it mandatory for employees to take e-learning courses to deepen their understanding of fiduciary duties while studying specific cases. The aim of the training is to acquire practical knowledge, including learning in detail about conflict of interest management. We plan to hold a series of study groups, etc. in each business adapted to practical business matters in each area.

(2) Efforts to Enhance Customer Satisfaction Mindfulness

SuMi TRUST Bank provides solid education and training to employees to encourage each and every one to practice a client-first approach to service on a daily basis.

- **Establishment of CS Committees**

To promote customer satisfaction (CS) improvement activities, “CS Committees” are established in all branches, and they actively conduct various CS improvement activities that match the characteristics of each branch.

- **Holding Lectures on Customer Satisfaction**

We are striving to further enhance our service and business manners through initiatives such as holding lectures where employees can study high levels of service and business manners for clients regardless of industry. Professionals from other businesses such as travel agencies and airlines are invited as lecturers on topics that employees feel to be challenges with regard to enhancing customer satisfaction.

- **Service Helper**

We have assigned employees who have the “service helper” certification to all branches (as of April 2016) so that clients can use our services with peace of mind. The “service helper” certification demonstrates that one is committed to client hospitality and has learned the correct helping skills to allow the elderly and disabled to participate in society with confidence.

- **Client Service Role Playing**

Role playing is implemented, with employees acting as clients, and employees evaluate each other’s performance. In addition, the role playing is recorded on video so that employees can check their own performance. Through such efforts, employees improve their client service skills, business manners, and conversation skills.

- **Taking Various Training Courses**

We seek to improve our services so that all clients can comfortably use them. To that end, we encourage employees at branches nationwide to take courses such as a program that provides the simulated experience of physical constraints faced by elderly people, and courses for serving clients who are in wheelchairs or use sign language.

- **Training for New Employees**

New employees learn general business manners such as how to greet others and how to hand out business cards, as well as necessary business knowledge and basic behavior. This training aims to make employees think about service from the client’s point of view and give them a sense of awareness so that they can provide service that will satisfy clients.

- **Participating in Workshops on Becoming a Supporter for People with Dementia**

In light of the current situation in which the number of clients who suffer from dementia is increasing as the population ages, we are encouraging employees at branches nationwide to participate in the Workshop on Becoming a Supporter for People with Dementia. The role of “Dementia Supporters” is to provide assistance enabling those with dementia and their families to continue living comfortably in the region they call home.

Providing Values to the Community

Basic Philosophy

A company's ultimate purpose in creating value is to contribute to building a sound and sustainable society. Because providing value to the community that constitutes society helps maintain a sound business foundation, we believe this is a license required in order to conduct business. From this point of view, the SuMi TRUST Group practices providing value to the community in various forms, while also taking into consideration the perspective of the UN's SDGs (Sustainable Development Goals) (See page 29).

	Specific Initiatives	Value Provided
Promotion of social contribution activities at Group companies	<ul style="list-style-type: none"> Engage in activities fostering employee participation on themes set at each Group company Systematically promote "With You" activities at all SuMi TRUST Bank branches (See page 85) 	<ul style="list-style-type: none"> Participate in social activities of regional communities, NGOs or NPOs, etc., and provide various forms of support Communicate useful information for the region through seminars and lobbying activities
Support for education through ISAK	<ul style="list-style-type: none"> Cover all travel, stay, and school expenses, etc. for students from overseas (one each year) who participate in the International School of Asia, Karuizawa (ISAK) summer school Provide support in particular for students from the Shanti Bhavan school attended by children who are the most disadvantaged under the Hindu-based system of hereditary social stratification 	<ul style="list-style-type: none"> Support for efforts of ISAK, whose mission is to foster global leaders Excellent students who are economically disadvantaged obtain an International Baccalaureate (IB) Diploma, which qualifies them to pursue higher education at universities worldwide
Promotion of activities to support senior generation	<ul style="list-style-type: none"> Disseminate information and provide support underlying the foundation for living to a prosperous old age for clients, especially the elderly (See page 85) 	<ul style="list-style-type: none"> Provide information and support for financial matters necessary for the elderly to maintain their quality of life (QOL) Support the creation of social systems adapted to a super-aging society, such as comprehensive regional care
Promotion of ESD projects	<ul style="list-style-type: none"> Develop Education for Sustainable Development (ESD) at schools across Japan on themes such as preserving local ecosystems Carry out innovative lessons using educational videos in collaboration with Green TV 	<ul style="list-style-type: none"> Teach the importance of ecosystems and biodiversity to children who will be leaders of next generation Contribute to raising environmental awareness in the region by involving various stakeholders in the implementation of projects
Activities supporting National Trusts	<ul style="list-style-type: none"> Provide various forms of support for activities across Japan in cooperation with the Association of National Trusts in Japan Engage in diverse initiatives such as donations for funding purchases of National Trusts landholdings, volunteering, and ESD 	<ul style="list-style-type: none"> Provide various forms of protection for trust land and contribute to the preservation of Japan's natural capital
Environmental management	<ul style="list-style-type: none"> Formulate environmental policy and promote the Group's environmental management Formulate CSR procurement policy, and pursue sustainability particularly in relation to procurement of paper products 	<ul style="list-style-type: none"> Reduce the Group's own environmental burden Participate in the Consortium for Sustainable Paper Use, contributing to spreading the sustainable use of paper throughout society
Participation in partnerships related to sustainability	<ul style="list-style-type: none"> Actively participate in various partnerships in Japan and overseas in which our stakeholders are collaborating (See page 85) 	<ul style="list-style-type: none"> Contribute to the creation of a sustainable society by playing a leadership role in the financial industry and participating actively in the activities of key partnerships

Related SDGs



Group companies freely set themes



Promoting “With You” Activities at Branches

At SuMi TRUST Bank, each of the branches builds strong relationships of trust with community members by actively providing value to communities through social contribution activities rooted in local communities, which are known as “With You” activities. In order to promote effective “With You” activities, we encourage initiatives by dividing activities into categories and assigning points according to their degree of difficulty and effectiveness, and establishing guidelines for total points. We aim to have these activities take hold as an effective marketing approach (See page 15).

Promoting Support for Senior Generation

Japan is one of the first nations in the world to face the challenges of a super-aging society. Senior generations in Japan are being asked to embrace new ways of living that enable them to enjoy a long, vibrant life while continuing to live in the regions they call home and stay connected with society after retirement. The SuMi TRUST Group sees addressing the problems of an aging society as a source of business opportunities, and is actively pursuing a range of initiatives as follows.

- Providing problem-solving functions through the rich variety of businesses unique to a trust bank
- Taking examinations to improve literacy regarding gerontology
- Organizing Silver College seminars as a way to provide information to clients

Participating Actively in Partnerships



UNEP FI is an international network that encourages financial institutions to take action in consideration of sustainability. The Group has actively promoted UNEP FI activities ever since it became the first Japanese trust bank to sign on to the network in 2003. In addition, working with signatory institutions overseas, we have taken a leading role in the UNEP FI Property Working Group in promoting sustainable real estate on a global basis.



We have demonstrated leadership among the Japanese industry in activities such as preserving natural capital and biodiversity, and becoming a signatory in 2008 to the Business and Biodiversity Initiative “Biodiversity in Good Company,” which was led by the German government, and in 2012 to the Natural Capital Finance Alliance (formerly the Natural Capital Declaration), advocated by the United Nations Environment Programme Finance Initiative (UNEP FI).



Being a pioneer of responsible investment in Japan, the Group has been a driver of the Japanese market as a leading member of the Japan Sustainable Investment Forum (JSIF). The Group became a signatory to the Principles for Responsible Investment (PRI) when they were established in 2006 and, as one of Japan’s representative asset management companies, has been a leader in promoting the widespread adoption of ESG in Japan while cooperating with signatory institutions overseas.

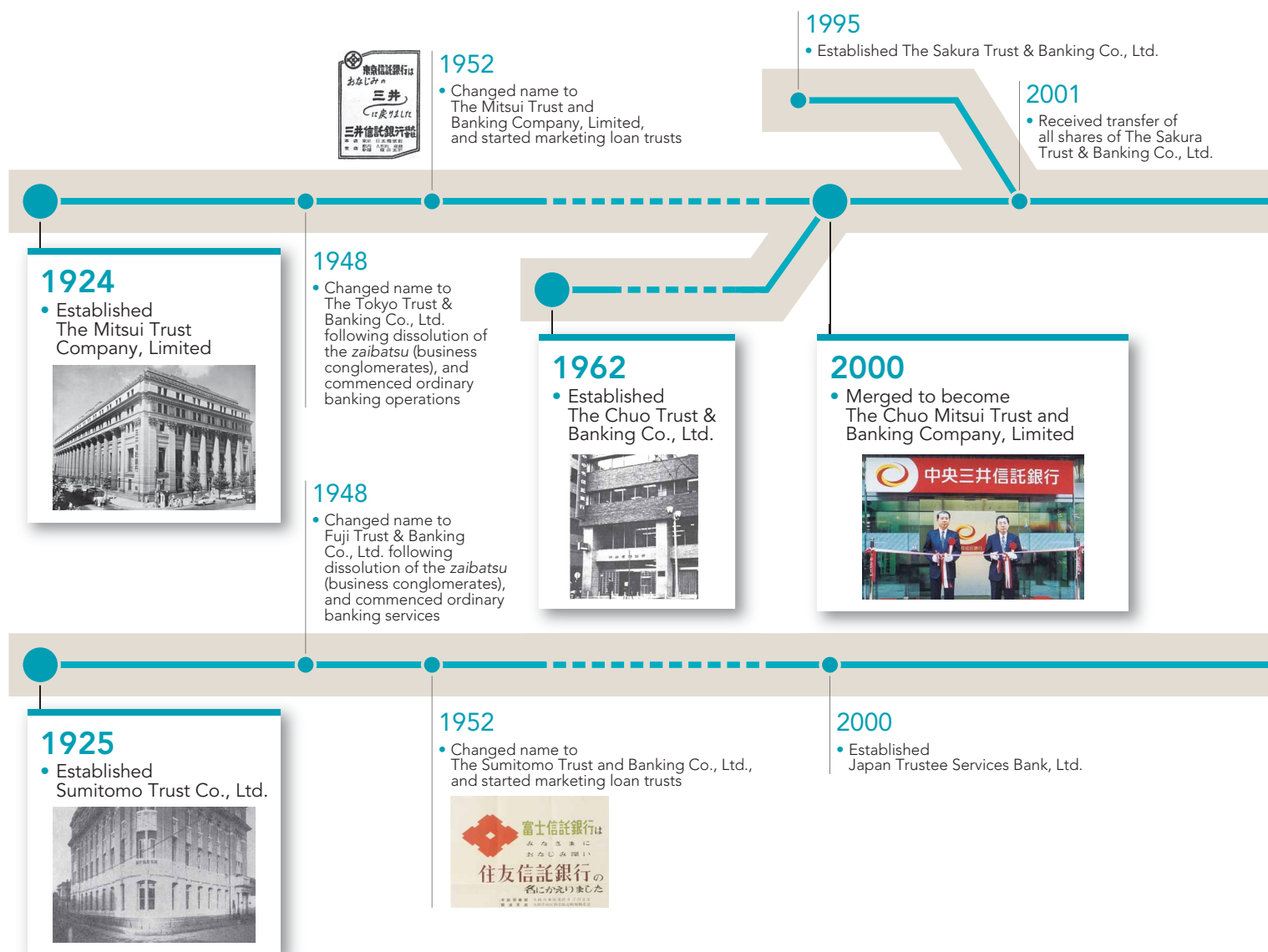


The Group has played a central role in the Principles for Financial Action for the 21st Century. These principles aim at concrete action toward creating a sustainable society jointly taken by Japan’s major financial institutions. Currently, as a member of the steering committee and chair of the regional support working group, we are taking the lead on a range of initiatives.



Led by the Kyoto Prefectural University of Medicine, COLTEM is a project for “a development center of social technologies integrating law, engineering and medicine that seamlessly support community life for the elderly from the period of sound health to the onset of dementia.” SuMi TRUST Bank belongs to the financial satellite team under this project, and is helping to improve the financial industry’s ability to address these issues through efforts such as playing a leading role in creating a support guide for financial institutions to address the issue of people with dementia.

History of the Sumitomo Mitsui Trust Group



1920s

Establishment of trust system

The word *shintaku*, meaning “trust,” first appeared in Japanese law in 1900. Later, the Russo-Japanese War and other events prompted the establishment of the Secured Debenture Trust Act, which in turn gave rise to a flurry of “trust” companies whose main business was not trusts. The government then enacted the Trust Act and the Trust Business Act in 1922 to clearly define the division of businesses and to eliminate operations that lacked financial strength, thereby establishing the trust system.

1940s

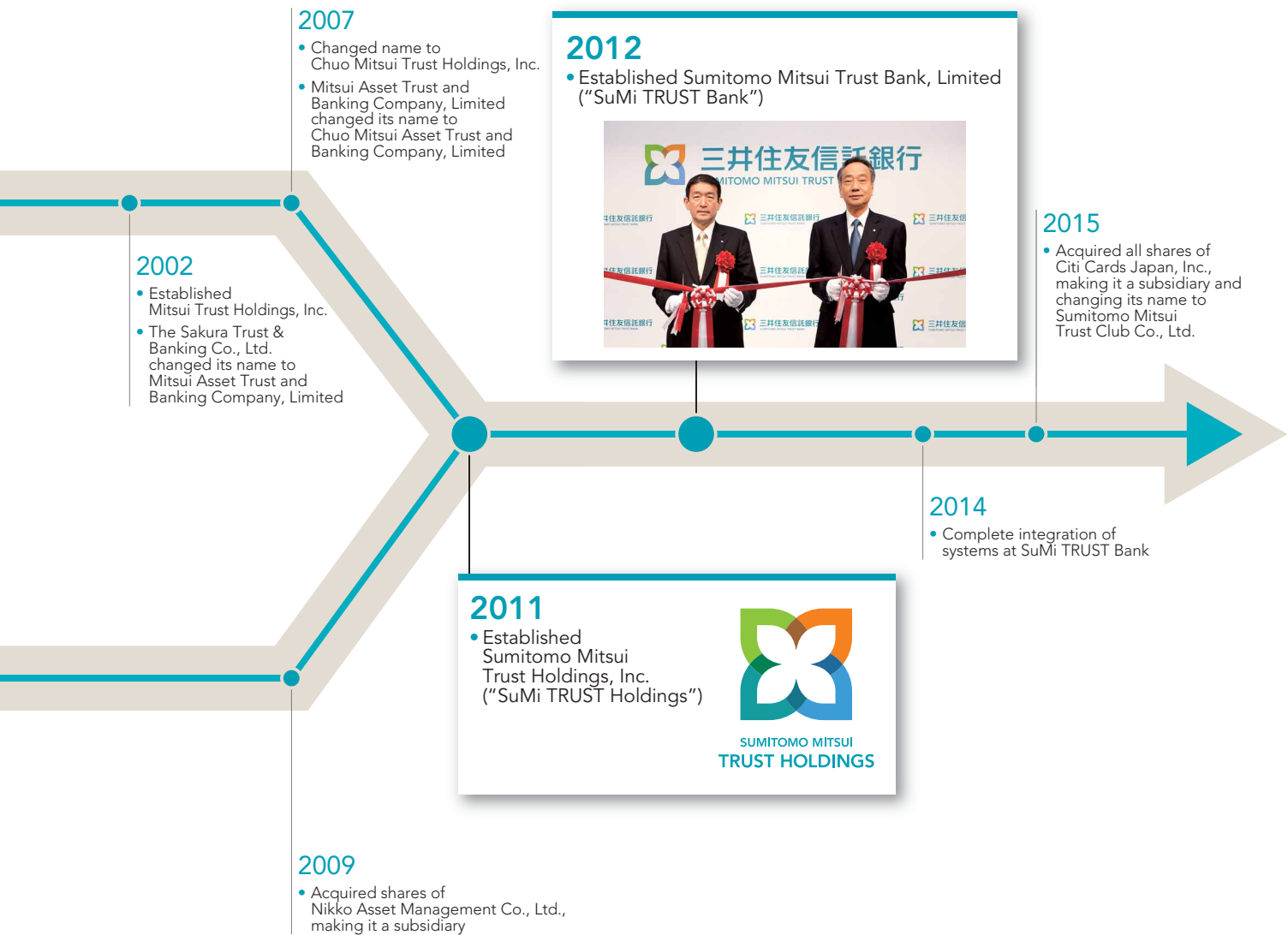
Difficult post-war period

The existence of trust companies was threatened in the post-war period, when it became impossible to gather long-term funds due to inflation and a general lack of interest in saving money. Trust companies were dealt an even greater blow by the complete revision of the Securities and Exchange Act in 1948, which meant they could no longer engage in the securities underwriting operations that had been an important part of their business. In these circumstances, in the same year, trust companies were allowed to concurrently engage in banking operations. Trust companies thus became trust banks, and secured a vital source of income enabling them to overcome the difficulties of the period.

1950s to 1960s

Becoming a supporter of rapid economic growth

A supply of stable, long-term funding came to be required for economic recovery after the war, particularly for key industries such as electricity and steel. In 1952, the Loan Trust Act was established, and trust banks began offering loan trusts. The loan trust business achieved rapid growth as an ideal savings method, offering “profit, safety, and convenience.” That growth led to the development of a variety of trust products aimed at using trust functions for the good of society.



1970s to 1980s

Advances in liberalization and internationalization of finance

The first oil crisis in 1973 signaled the end of Japan's rapid economic growth. While corporate demand for bank loans declined considerably, sluggish tax revenue and an increase in fiscal spending led the government to issue a large number of national bonds, which were underwritten primarily by financial institutions. This was a key factor in clearing the way for the liberalization of finance. Around the same time, the rapid advance of internationalization resulting from overseas expansion by Japanese companies and legal revisions provided a further push toward financial liberalization. In the late 1980s, the Japanese economy entered a phase of expansion known as the "bubble economy." The trend toward liberalization and internationalization in the financial industry grew even stronger, and brought new earning opportunities.

1990s to Current

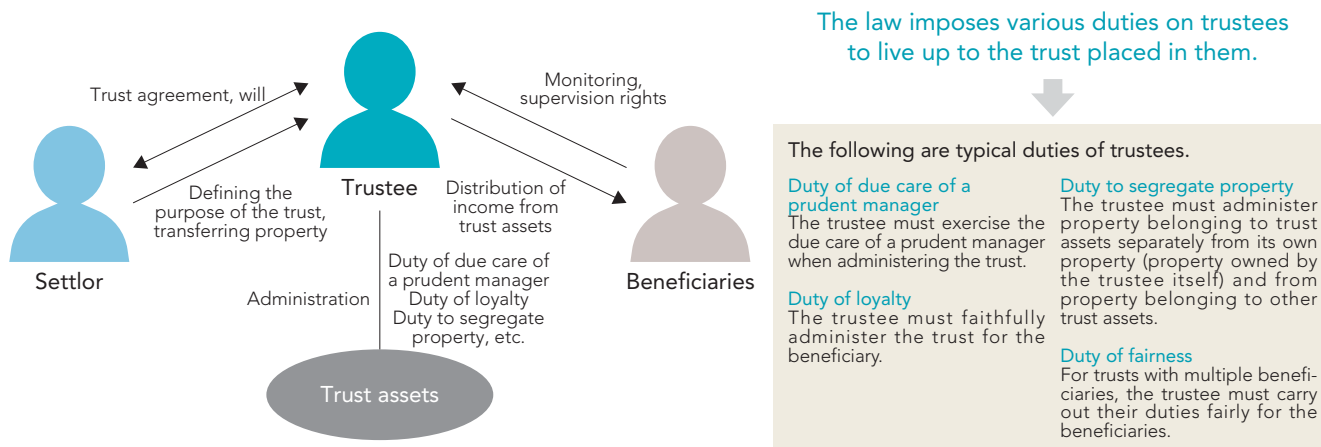
Financial reorganization and enhancement of service

The bubble economy came to a close in 1991, and the Japanese economy entered a long period of stagnation. As the financial environment underwent dramatic changes, including the injection of public funds into financial institutions, the structure of the financial system came under examination, and in 1992 the Financial System Reform Act was established. As a result, cross-participation between various financial businesses became possible through subsidiaries in different business areas. The economy continued to pick up from 2002 until the latter half of 2007, but the global financial crisis triggered by the sub-prime loan problem and the collapse of Lehman Brothers led to deterioration in the Japanese economy as well. Amid repeated turmoil in financial markets in the following years, including the Greek debt crisis, countries around the world came out with large-scale fiscal and monetary policies such as the introduction of negative interest rates, which resulted in a gradual shift toward economic recovery. In the financial industry, the Trust Act and the Trust Business Act underwent drastic revisions in 2004 and 2006, the first since their enactment. The revisions included expanding the range of assets that could be entrusted and increasing the number of entities responsible for trust business. As a result, the field of trust business widened, spurring greater competition. The prolonged environment of ultra-low interest rates such as negative interest rates has also put pressure on financial institutions to reform their traditional business models.

What is a Trust?

1. Basic Trust Mechanism

Under the trust system, settlors, who are holders of money, real estate or other property, enact trust activities, such as trust agreements and wills, to transfer their property (trust property) to a trustee who the settlors can rely on. The trustee then administers the trust property for the beneficiaries in accordance with aims defined by the settlors.



2. Purpose and Functions of Trusts

Purpose of a Trust

The purpose of a trust is the goal that the settlor intends to achieve by establishing the trust, and which serves as a guideline for the actions of the trustee.

Main Functions of a Trust

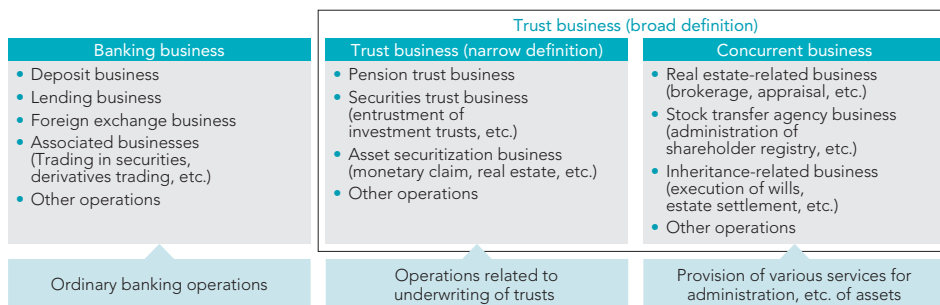
Property administration function	The right to administer the property is granted to the trustee. (At the same time, the trustee is subject to various duties.)
Bankruptcy isolation function	Trust assets are not affected by bankruptcy of the settlor or trustee.
Conversion functions	When property is entrusted, it is converted into rights known as trust beneficiary rights, and can be converted in line with the purpose of the trust. <ul style="list-style-type: none"> • Conversion in quality (the property can be converted to beneficiary rights (securitization)) • Conversion in number (small amounts of money can be gathered into a large amount and managed together) • Conversion in time (property can be donated in fixed amounts at fixed intervals even after one's death) • Conversion of skill (management can be delegated to a specialist)

3. Range of Trust Bank Operations

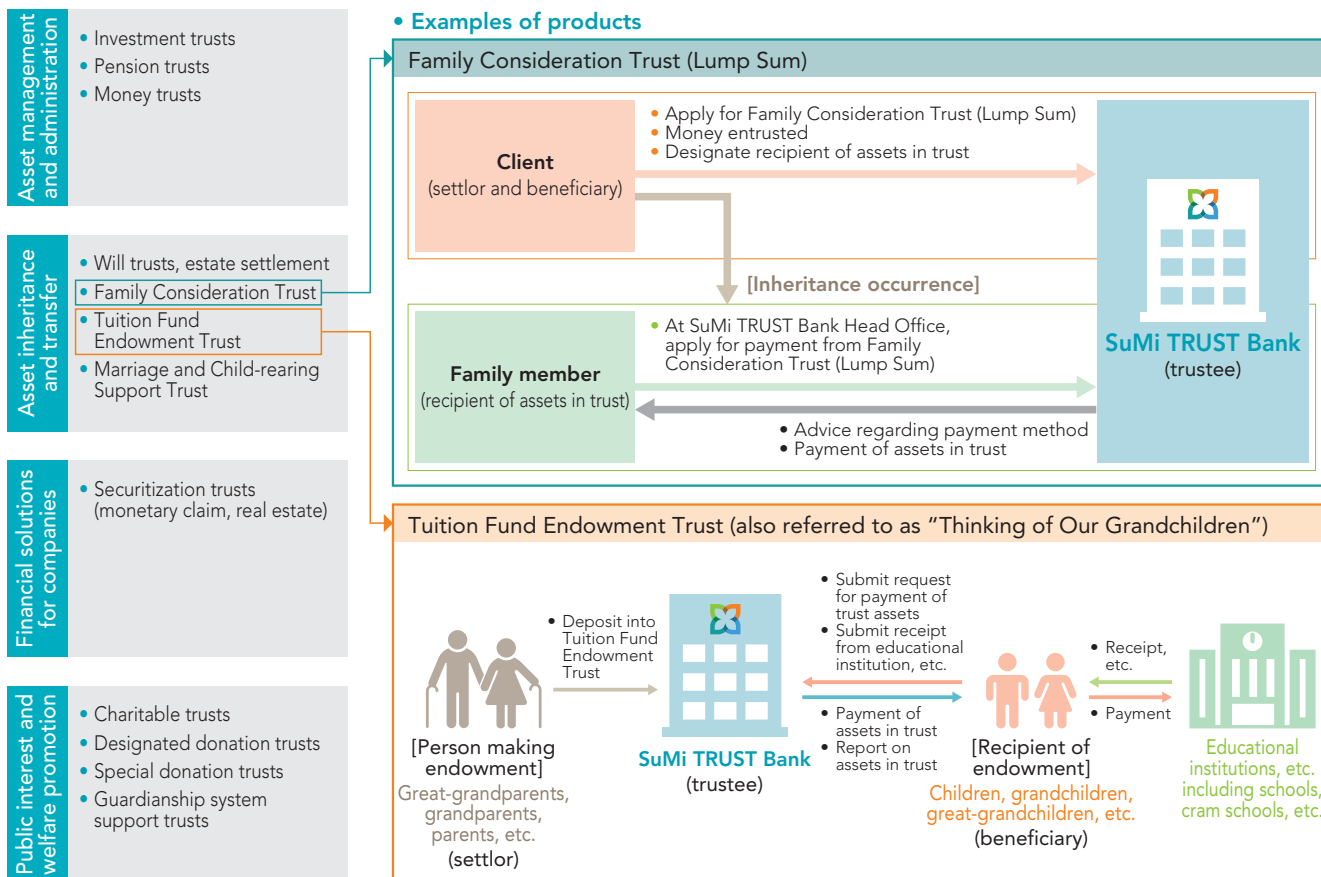
A trust bank is a bank that engages in both banking business and trust business.

Trust banks are banks under the Banking Act that are granted permission based on the Act on Engagement in Trust Business Activities by Financial Institutions* to also conduct trust business.

* Act on Engagement in Trust Business Activities by Financial Institutions, Article 1, Paragraph 1 (excerpt)
 A bank or any other financial institution may, notwithstanding the provisions of other Acts, engage in trust business activities as defined in Article 2, paragraph (1) of the Trust Business Act and the following business activities with the authorization of the Prime Minister.



Main Trust Products, etc.



In the consolidated financial results for fiscal year 2016, net business profit before credit costs decreased by ¥85.9 billion year on year to ¥232.3 billion, mainly due to a decrease in market-related income at SuMi TRUST Bank, despite an increase in net fees and commissions and related profit due to an increase in real estate brokerage fees and the contribution of Sumitomo Mitsui Trust Club. Net income attributable to owners of the parent decreased by ¥45.4 billion year on year to ¥121.4 billion.

Regarding our year-end dividend on common shares, we paid ¥65 per common share. The annual dividend for the fiscal year, including the interim dividend* we paid in December 2016, was ¥130 per common share, effectively the same amount as the previous fiscal year.

* Assuming the share consolidation carried out on October 1, 2016 had been conducted at the beginning of FY2016, the dividend would be equivalent to ¥65 per common share.

• Overview of the Financial Results in FY2016

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2016 (A)	FY2015 (B)	Change (A)-(B)	Rate of change
Net Business Profit before Credit Costs*	232.3	318.3	(85.9)	(27.0%)
Ordinary Profit	196.3	278.0	(81.6)	(29.4%)
Net Income Attributable to Owners of the Parent	121.4	166.9	(45.4)	(27.2%)
Total Credit Costs*	(28.5)	(25.9)	(2.5)	(10.0%)
Return on Equity	6.07%	8.72%	(2.65%)	—
Net Income per Common Shares (EPS) (Yen)*	317.24	433.30	(116.06)	(26.8%)
Net Assets per Common Shares (BPS) (Yen)*	6,437.58	6,181.19	256.39	4.1%

* SuMi TRUST Holdings implemented a share consolidation as of October 1, 2016 where one share was exchanged for each ten shares of common stock owned. The above EPS and BPS figures were calculated on the assumption the aforementioned share consolidation was carried out on April 1, 2015, the start of fiscal year 2015.

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2016 (A)	FY2015 (B)	Change (A)-(B)	Rate of change
Net Business Profit before Credit Costs*	150.5	249.1	(98.6)	(39.6%)
Net Interest Income and Related Profit*	216.7	223.9	(7.2)	(3.2%)
Net Fees and Commissions and Related Profit*	196.9	199.9	(2.9)	(1.5%)
Net Trading Profit	17.0	15.5	1.5	9.7%
Net Other Operating Profit	(47.3)	45.9	(93.2)	(203.2%)
General and Administrative Expenses	(232.7)	(236.1)	3.3	1.4%
Net Non-recurring Profit, etc.	(33.2)	(30.3)	(2.9)	(9.7%)
Ordinary Profit	117.3	218.8	(101.5)	(46.4%)
Extraordinary Profit	(5.9)	(3.6)	(2.3)	(62.6%)
Net Income	77.6	143.1	(65.4)	(45.7%)
Total Credit Costs*	(24.9)	(14.1)	(10.7)	(76.2%)

(Note) Amounts less than ¥100 million are rounded down.

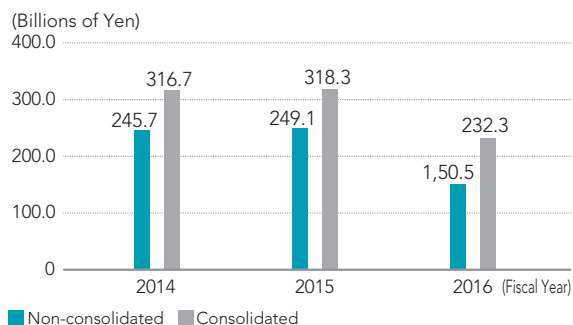
<Dividends>

	FY2016 (A)	FY2015 (B)	Change (A)-(B)
Dividend per Share on Common Share (Yen)	130.00	130.00	—

(Note) SuMi TRUST Holdings implemented a share consolidation as of October 1, 2016 where one share was exchanged for each ten shares of common stock owned. The dividend per share (DPS) above was calculated on the assumption the aforementioned share consolidation was carried out on April 1, 2015, the start of fiscal year 2015.

Status of Profit and Loss

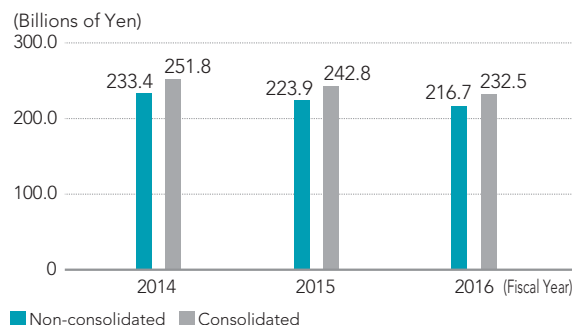
• Net Business Profit before Credit Costs*



Net business profit before credit costs decreased mainly due to a decrease in market-related income.

Net business profit before credit costs decreased by ¥98.6 billion year on year to ¥150.5 billion on a non-consolidated basis, and by ¥85.9 billion year on year to ¥232.3 billion on a consolidated basis, mainly due to a decrease in market-related income at SuMi TRUST Bank, despite an increase in contribution to profit from the Group subsidiaries mainly those in the financial business.

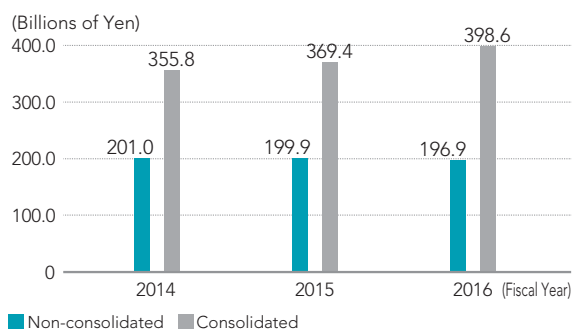
• Net Interest Income and Related Profit*



Net interest income and related profit decreased mainly due to a decrease in foreign currency-related income.

Although both the domestic and overseas loan balances increased, the domestic loan-deposit income decreased as a result of low interest rates environment, and increased foreign currency funding costs. As a result, net interest income and related profit fell by ¥7.2 billion year on year to ¥216.7 billion on a non-consolidated basis, and by ¥10.2 billion year on year to ¥232.5 billion on a consolidated basis.

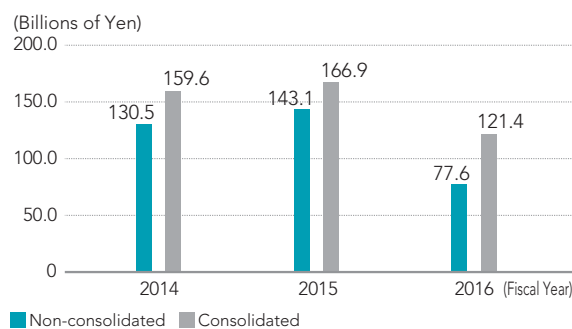
• Net Fees and Commissions and Related Profit*



Net fees and commissions and related profit increased on a consolidated basis mainly due to the impact of making Sumitomo Mitsui Trust Club a consolidated subsidiary.

Net fees and commissions and related profit decreased by ¥2.9 billion year on year to ¥196.9 billion on a non-consolidated basis mainly due to a decrease in investment trust and insurance sales and the dissolution of employee pension funds, despite an increase in real estate brokerage fees. On a consolidated basis, net fees and commissions and related profit increased by ¥29.1 billion year on year to ¥398.6 billion, owing to the contribution of Sumitomo Mitsui Trust Club, which became a consolidated subsidiary in the previous fiscal year.

• Net Income Attributable to Owners of the Parent



Net income attributable to owners of the parent decreased both on a consolidated and non-consolidated basis.

Net income attributable to owners of the parent decreased by ¥65.4 billion year on year to ¥77.6 billion on a non-consolidated basis, and by ¥45.4 billion year on year to ¥121.4 billion on a consolidated basis, mainly due to a decrease in net business profit before credit costs.

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

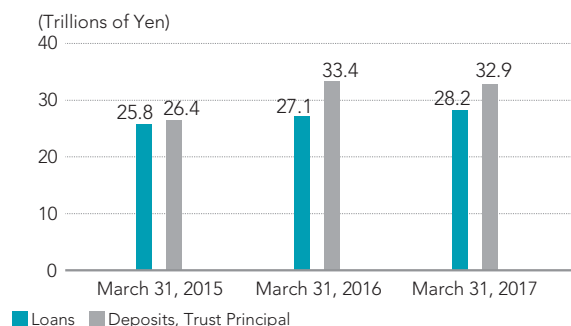
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

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.

Financial Status

Loans and Deposits (Non-consolidated)

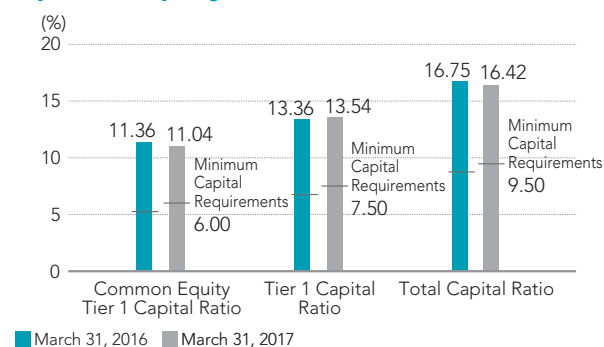


Loans and bills discounted increased, but deposits decreased.

Loans and bills discounted increased by ¥1.1 trillion from the end of the previous fiscal year to ¥28.2 trillion, due to a steady increase in loans to individuals in Japan, despite a decrease in loans overseas. Deposits, etc.* decreased by ¥0.5 trillion from the end of the previous fiscal year to ¥32.9 trillion, mainly due to a decrease in the trust principal of corporate clients, which had surged temporarily at the end of the previous fiscal year due to the introduction of the negative interest rate policy.

* Deposits, etc. include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

Capital Adequacy Ratio, etc.* (Consolidated)



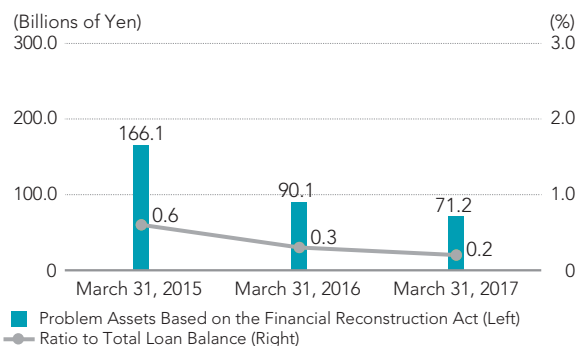
The capital adequacy ratio, etc. remained well above regulatory required levels.

Although net income was accumulated, risk-weighted assets increased. As a result, the Common Equity Tier 1 capital ratio decreased by 0.32 percentage points from the end of the previous fiscal year to 11.04%, and total capital ratio decreased 0.33 percentage points from the end of the previous fiscal year to 16.42%. Nevertheless, both were well above the regulatory required levels of 6.00% and 9.50%, respectively.

* Basel III:

Basel III is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel III, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013 in a phased manner. Basel III newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.

Problem Assets Based on the Financial Reconstruction Act* (Non-consolidated)



The ratio to total balance remained low at 0.2%.

The total balance of problem assets based on the Financial Reconstruction Act decreased by ¥18.9 billion from the end of the previous fiscal year to ¥71.2 billion, mainly due to the decrease in doubtful loans, and the ratio to total balance decreased to 0.2%. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the coverage ratio came to 88% for doubtful loans* and 90% for substandard loans*, indicating that a sufficient level was secured.

Glossary

Problem Assets Based on the Financial Reconstruction Act

Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

Bankrupt and Practically Bankrupt

Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

Doubtful

Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

Substandard

Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

Capital Adequacy Ratio, etc.

Basel III* defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

Common Equity Tier 1 Capital

Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

Tier 1 Capital

Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

Total Capital

Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

Corporate Information (as of March 31, 2017)

Registered Trade Name: Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment: February 1, 2002 (Change of trade name: April 1, 2011)
Main Business: With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (6) as its key functions:
 (1) Formulating group management strategy
 (2) Monitoring administration of business activities
 (3) Allocation of management resources
 (4) Supervising risk management
 (5) Supervising compliance management
 (6) Managing internal auditing

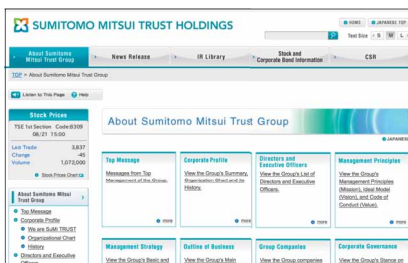
Capital: 261,608,725,000 Yen
Stock Exchange Listings: Tokyo, Nagoya Stock Exchanges
 Tokyo (1st Section), Nagoya (1st Section)
Securities Code: 8309

Rating Information (as of June 30, 2017)

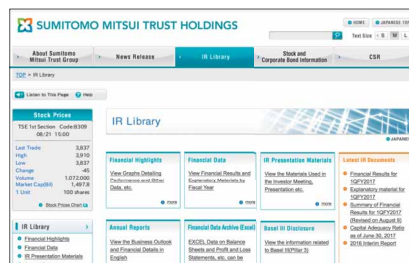
		Long-term	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	—
	R&I	A	—
	S&P	A	A-1
Sumitomo Mitsui Trust Bank	Moody's	A1	P-1
	Fitch	A-	F1
	JCR	AA-	—
	R&I	A+	a-1

Website

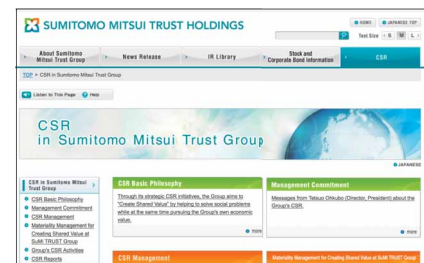
Please go to our website for specifics on our Group.



About The Sumitomo Mitsui Trust Group
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IR Library
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CSR in The Sumitomo Mitsui Trust Group
<http://www.smth.jp/en/csr/index.html>

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 e-mail: ir@smth.jp
 URL: <http://www.smth.jp/en/ir/index.html>

