

## CORPORATE GOVERNANCE

Last updated: October 20, 2017  
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<http://www.smth.jp/en/>

The status of the corporate governance of Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”) is described below.

### I. Fundamental Perspectives on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

#### 1. Fundamental Perspectives (Updated)

##### (1) Fundamental Perspectives on Corporate Governance

SuMi TRUST Holdings has established and posted on its website a “Basic Policy on Corporate Governance,” a set of corporate governance guidelines aiming to contribute to sustainable growth and medium- to long-term enhancement of the corporate value of Sumitomo Mitsui Trust Group (the “SuMi TRUST Group”).  
[http://www.smth.jp/en/about\\_us/governance/policy.pdf](http://www.smth.jp/en/about_us/governance/policy.pdf)

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, SuMi TRUST Holdings commits itself to enhancing its corporate governance system in line with the following fundamental perspectives:

- 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, customers, 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 shall adopt the institutional design of the Company with Three Committees and, by separating execution and supervision of business, shall endeavor to ensure the Board of Directors’ role of effective oversight.
- 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) Role and Function of SuMi TRUST Holdings in the SuMi TRUST Group

In the SuMi TRUST Group, SuMi TRUST Holdings determines the management policies and business models of the entire Group and disseminates them to each Group company, while at the same time, takes responsibility for the following functions, in an effort to fulfill its role of group management that allows each company to realize the respective management plans that have been formulated in accordance with such policies.

### <<Formulating group management strategy>>

SuMi TRUST Holdings adjusts the business strategies of Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST Bank”) and other subsidiaries, which it directly owns (collectively referred to in this report as the “Directly Owned Subsidiaries”), and creates management strategies to maximize the profits of the entire SuMi TRUST Group, as well as shareholder value.

### <<Monitoring administration of business activities>>

While the Directly Owned Subsidiaries take responsibility for the operation of their own business activities, SuMi TRUST Holdings engages in activities that include (i) monitoring the Directly Owned Subsidiaries’ operation of business activities in order to, among other things, ensure its consistency with the group strategies and (ii) understanding the performance of each business activity.

### <<Allocating management resources>>

SuMi TRUST Holdings allocates the SuMi TRUST Group’s management resources (personnel, expenses, investment in systems, capital, etc.), and monitors the usage of management resources at the Directly Owned Subsidiaries.

### <<Supervising risk management>>

SuMi TRUST Holdings creates the basic risk management policy for the entire SuMi TRUST Group and, among other things, monitors the risk management activities of the Directly Owned Subsidiaries.

### <<Supervising compliance management>>

SuMi TRUST Holdings creates the basic policy for SuMi TRUST Group’s corporate ethics and compliance standards as action guidelines for officers and employees and, among other things, monitors compliance of the Directly Owned Subsidiaries.

### <<Managing internal auditing>>

SuMi TRUST Holdings creates the basic policy on the internal auditing of the entire SuMi TRUST Group, and engages in activities such as understanding, among other things, the Directly Owned Subsidiaries’ preparedness for internal audits and giving instructions necessary for the Directly Owned Subsidiaries.

### <Reasons for not implementing each principle of the Corporate Governance Code>

SuMi TRUST Holdings implements every principle of the Corporate Governance Code.

<Disclosure based on each principle of the Corporate Governance Code> (Updated)

[Principle 1-4]

<Policies Regarding Cross-Shareholdings>

- The SuMi TRUST Group shall not acquire and hold the shares, etc. of its business counterparty, etc. (the “Cross-Shareholding Shares”), except in the case where it is deemed that such acquisition and holding will contribute to medium- to long-term enhancement of the corporate value of the SuMi TRUST Group, from the perspective of, among other things, establishing a stable transactional relationship over the long-term, business alliance, or facilitating or reinforcing collaborative business development with the business counterparty, in principle.
- Regarding major ones from among the Cross-Shareholding Shares, SuMi TRUST Holdings shall verify, and report at a Board of Directors meeting regarding, the medium- to long-term economic rationale for holding them, and the effect of holding them from the aspect of maintaining and enhancing the overall relationship with the business counterparties, etc.
- In principle, the SuMi TRUST Group shall sell the Cross-Shareholding Shares in the case where the significance and rationality of holding them is not observed, after taking into consideration various factors, including the impact of selling the shares on the stock market.

<Standards for Voting on Cross-Shareholding Shares>

- SuMi TRUST Holdings and SuMi TRUST Bank, which is a core subsidiary of SuMi TRUST Holdings, shall decide to vote for or against each agenda and exercise voting rights pertaining to the Cross-Shareholding Shares (the “Voting Rights”), after comprehensively taking into consideration the business conditions, etc. of the issuing company of the Cross-Shareholding Shares (the “Issuing Company”), as well as the impact to sustainable growth and medium- to long-term enhancement of the corporate value of the Issuing Company and the SuMi TRUST Group.
- In the case that SuMi TRUST Holdings or SuMi TRUST Bank is required to pay special attention upon the exercise of the Voting Rights due to a long-term downturn of business conditions, a reorganization, or an occurrence of significant compliance violations, etc., of the Issuing Company, SuMi TRUST Holdings or SuMi TRUST Bank shall decide to vote for or against each agenda after collecting enough information through a variety of methods including engaging in dialogue with the Issuing Company.
- In the case that there is a risk of conflicts of interest upon the exercise of the Voting Rights, SuMi TRUST Holdings and SuMi TRUST Bank shall properly deal with the risk pursuant to the Management Policy Concerning Conflicts of Interest prescribed separately.

[Principle 1-7]

<Management System of Related Party Transactions>

SuMi TRUST Holdings sets out in Article 13 (Management System of Related Party Transactions) of the “Basic Policy on Corporate Governance” that when the SuMi TRUST Group engages in transactions with its officers or major shareholders, etc., the transactions shall be referred to the Board of Directors for prior approval, in order to ensure that such transactions do not harm, among other interests, the

interests of the SuMi TRUST Group or the common interests of its shareholders, except where the trading terms are obviously equivalent to those of general transactions. In addition, SuMi TRUST Holdings separately prescribes, and discloses an outline of, the Management Policy Concerning Conflicts of Interest pursuant to laws, etc. in order to ensure that the interests of its customers are not unfairly harmed, and appropriately manages transactions that may give rise to a conflict of interest pursuant to this policy.

[Supplementary Principle 2-2-1]

<Review of the Status of Implementation of Company Conduct Standards>

SuMi TRUST Holdings conducts an awareness survey and compliance survey on the SuMi TRUST Group's employees each year. The questions cover employees' satisfaction, sense of burden, corporate outlook, recognition of the current state of their jobs, superiors, workplaces and company and other matters. The results of the survey are compiled and reported to the Board of Directors, which shares information about the state of compliance with conduct standards, SuMi TRUST Holdings' corporate culture and others.

[Principle 2-3]

<Sustainability Issues, Including Social and Environmental Matters>

In order to appropriately address issues surrounding sustainability as management themes, the SuMi TRUST Group has identified priority issues (materiality) based on opinions of external directors and corporate auditors, as well as external experts. The SuMi TRUST Group will strengthen its countermeasures toward these issues at the practical level. In addition, the SuMi TRUST Group will position these issues as management issues to be addressed in creating values that are shared with the society, and multilaterally discuss themes of high priority at the Board of Directors level with the aim of supporting long-term enhancement of corporate value.

[Principle 3-1]

<Management Principles and Medium-Term Management Plan>

- The SuMi TRUST Group has established SuMi TRUST Group's management principles and medium-term management plan and posted on its website.  
[http://www.smth.jp/about\\_us/philosophy/index.html](http://www.smth.jp/about_us/philosophy/index.html)  
<http://www.smth.jp/news/2017/170519.pdf>

<Fundamental Perspectives and Basic Policy on Corporate Governance>

- The fundamental perspectives and basic policy, etc. on corporate governance are given in 1. (1) Fundamental Perspectives on Corporate Governance of this report for your reference.

<Policy and Procedure for Deciding Compensation of Directors, and Other>

The compensation of officers shall be determined by the Compensation Committee upon examination of its appropriateness, etc. Details of the policies and procedures relating to the determination of the compensation of officers, including directors and executive officers (\*1), by the Compensation Committee are given in <Directors' and Executive Officers' (\*1) Compensation>, and an outline of the Compensation Committee is given in <Items Related to Business Execution, Audit and Oversight, Nominations and Setting of Compensation, etc.> of this report, respectively, for your

reference>(\*1) Executive Officer as defined in the Companies Act (the same shall apply hereafter).

<Nomination Policies, Procedures, and Reasons for Appointment of Each Individual for Director Candidate>

- SuMi TRUST Holdings shall select candidates for director positions from among a wide range of diversified individuals pursuant to the nomination policies and procedures set forth in Article 5 (Qualification of Directors) of the “Basic Policy on Corporate Governance.”

For the reasons for appointment of each individual, please refer to the Schedules attached to this report.

(The details concerning external directors are given in < Matters relating to external directors > of this report for your reference.)

[Supplementary Principle 4-1-1]

<Outline of Scope of Delegation to Management Team>

SuMi TRUST Holdings establishes Article 3 (Roles of the Board of Directors) of the “Basic Policy on Corporate Governance” as follows, and delegates business execution and decision-making thereon to the executive officers (\*1), by resolution of the Board of Directors.

- The Board of Directors shall ensure fairness and transparency of SuMi TRUST Group’s corporate management by setting out the basic policy of managing SuMi TRUST Group and overseeing overall management of it.
- Except for matters which are required by law to be decided by the Board of Directors, the Board of Directors, in principle, delegates decisions on the execution of business to executive officers (\*1), and supervises the execution of business by executive officers (\*1), etc. as its central role.

[Supplementary Principle 4-1-3]

<Succession Planning for the CEO and Other Top Executives>

SuMi TRUST Holdings has clarified the quality and capabilities as well as personalities required as executive of SuMi TRUST Holdings and SuMi TRUST Bank as part of its succession planning. SuMi TRUST Holdings has also formulated and is operating a “Plan to Foster Human Resource as Potential Executives,” which prescribes various training programs and forums for fostering human resources as potential executives and processes for managerial promotion.

[Principle 4-6]

<Execution and Supervision of Business>

SuMi TRUST Holdings has appointed an external director as chairman of the Board, as well as two non-executive directors who are full-time Audit Committee members as deputy chairmen of the Board, to ensure the effectiveness of independent and objective supervision of management by the Board of Directors. For details, please refer to <Support System for External Directors> of this report.

[Principle 4-8]

<Policy on Efforts to Appoint at Least One-Third Independent External Directors>

SuMi TRUST Holdings sets out in Article 4 (Composition of the Board of Directors) of the “Basic Policy on Corporate Governance” that 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. In accordance with Article 5 (Qualification of Directors) of the “Basic Policy on Corporate Governance,” external directors to be appointed must be selected from among a wide range of diversified individuals pursuant to the following nomination policies: a person who satisfies the Independence Standards of Independent External Officers of SuMi TRUST Holdings, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; a person who understands SuMi TRUST Holdings’ management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; and a person who fully recognizes the role of external director, and who is able to oversee SuMi TRUST Holdings’ directors and management, and provide proper and appropriate opinions and advice, by leveraging the person’s knowledge and activities in fields such as corporate management, economy, legal affairs, accounting, tax accounting, and auditing.

#### <Effective Use of Independent External Directors>

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 management of the SuMi TRUST Group, SuMi TRUST Holdings, pursuant to Article 7 (Establishment of Committees) of the “Basic Policy on Corporate Governance,” 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. All of these committees shall be chaired by external directors and the majority of the members of these committees shall be external members. For details, please refer to “2. Items Related to Business Execution, Audit and Oversight, Nominations and Setting of Compensation, etc. (Overview of Corporate Governance Framework)” of this report.

#### [Principle 4-9]

#### <Independence Standards of Independent External Directors>

SuMi TRUST Holdings has established and posted on its website the Independence Standards of Independent External Officers, and the details of these Standards are given in <Independent officers> of this report and posted on SuMi TRUST Holdings’ website.

[http://smth.jp/en/about\\_us/governance/independence.pdf](http://smth.jp/en/about_us/governance/independence.pdf)

#### [Supplementary Principle 4-11-1]

#### <Perspectives on the Balance of Knowledge, Experience, and Capability, Diversity and Scale of the Board of Directors as a Whole>

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, from among wide business fields, and individuals who are suitable for management administration, in order 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 for supervising the wide business fields of a trust bank group adequately. Details are provided in Article 4 (Composition of the Board of Directors) and Article 5 (Qualification of Directors) of the “Basic Policy on Corporate Governance.” Accordingly, the SuMi TRUST Group

as a whole makes a steady progress in achieving diversity, including the appointment of its female external director in June 2017 and so forth.

[Supplementary Principle 4-11-2]

<Situation Concerning Officer Posts that Directors Hold at Other Listed Companies>

The situation concerning officer posts that external directors hold at other listed companies is indicated in < Matters relating to external directors > of this report. The situation concerning officer posts that directors other than external directors hold at other listed companies is as follows:

- Kunitaro Kitamura: External Director, FUJIFILM Holdings Corporation

[Supplementary Principle 4-11-3]

<Outline of Results of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors as a Whole>

Each year, SuMi TRUST Holdings has been engaged in enhancing the effectiveness of the Board of Directors by evaluating the Board of Directors, as a whole, and studying and implementing remedial measures to improve the issues that have been identified, thereby setting the cycle of PDCA in motion.

Furthermore, in evaluating the Board of Directors, SuMi TRUST Holdings has been utilizing a third-party perspective such as by having third-party experts conduct interviews with the external officers.

The results of the evaluation of the Board of Directors for fiscal year 2016 are as follows. (Although the governance structure of SuMi TRUST Holdings transitioned from a company with a Board of Corporate Auditors to a company with Three Committees, effective the annual general shareholders' meeting held on June 29, 2017, the evaluation of the Board of Directors for fiscal year 2016 was conducted on the assumption of a company with Board of Corporate Auditors, with the corporate auditors as well as the directors subject to evaluation.)

<Evaluation Method>

(Questionnaire survey)

SuMi TRUST Holdings conducted a survey on all of its directors and corporate auditors concerning the following items, as part of a review of the operation of SuMi TRUST Holdings' Board of Directors for fiscal year 2016 to grasp the priority issues for the next fiscal year and beyond.

Survey items:

- (1) Composition of the Board of Directors, proposals for discussions and duration of deliberations;
- (2) Materials and advance briefings; and
- (3) Operation and statements during the meeting  
(Interview of external officers by the third-party experts)

Following the above survey, an interview by third-party experts was conducted with all external directors and external auditors of SuMi TRUST Holdings mainly on the survey items.

<Summary of the Evaluation Results of the Board of Directors>

(1) Composition of the Board of Directors, proposals for discussions and duration of deliberations

- A certain level of effectiveness was confirmed for the composition of the Board of Directors, proposals for discussions and duration of deliberations.

- Issues were identified in areas such as further enhancement of diversity in the composition of the Board of Directors and further improvement of the operation of deliberations of the Board of Directors.
  - In terms of the variety of deliberations and the increase in the number of matters from the perspective of group management as a financial holding company, there were opinions recognizing the effects of initiatives taken to date, while requests for further improvements were also confirmed.
- (2) Materials and advance briefings
- The validity of efforts by SuMi TRUST Holdings in sharing of information with external officers outside the Board of Directors meetings, and of advance briefings on deliberation matters at the Board of Directors meetings was confirmed.
  - With respect to important and complex matters, there were opinions that summaries of the matters were being shared in a timely manner, such as through promptly held advance briefings.
  - In terms of materials for discussions of the Board of Directors, the effects of the initiatives taken to date, including the establishment of the practice of utilizing summarized materials identifying issues, were confirmed, while requests for improvements were also confirmed.
- (3) Operation and statements during the meetings
- It was confirmed that external officers utilized their knowledge and experience and appropriately made statements at the Board of Directors meetings and that deliberation matters were examined from a multilateral perspective.
  - The effects of efforts to share important discussions, which had previously taken place at deliberation bodies, with the Board of Directors were confirmed, while it was also confirmed that further improvements were required in the explanation of matters to enhance deliberations of the Board of Directors.

As noted above, it was confirmed that there were no problems with the effectiveness and validity concerning the current status of the Board of Directors. Meanwhile, SuMi Trust Holdings will endeavor to further improve its functions by working on improvements and enhancements with respect to the issues raised in the evaluation.

[Supplementary Principle 4-14-2]  
<Policies on Training of Directors>

SuMi TRUST Holdings sets out its policies regarding the training of directors as follows in Article 6 (Policies Regarding Training of Directors) of the “Basic Policy on Corporate Governance”:

- SuMi TRUST Holdings shall collect and provide information regarding economic conditions, industry movement, compliance with laws, corporate governance, finance & accounting, and any other matters, which is required by directors in order to perform their roles and functions, and it shall thereby support directors’ execution of duties.
- In a timely manner after assuming office, external directors of SuMi TRUST Holdings shall receive explanations from governing sections or responsible officers, etc., and acquire a sufficient understanding regarding such matters as SuMi TRUST Group’s management strategy, management plan, status of various business, management environment, and management issues, in order to



perform their roles and functions. In addition, the “Policy on Training of Directors and Other Officers” was established in February 2016. SuMi TRUST Holdings will clarify systematically the training and orientation sessions as well as other training programs SuMi TRUST Holdings had hitherto offered, and report to the Board of Directors on the status of implementation for training programs. Implementation status for the fiscal year 2016 is as follows.

1. Providing opportunities to external officers to acquire knowledge on business, etc.

- Conducting business briefings for mainly newly-appointed external officers: Each of the managerial departments and the planning departments of main businesses conduct briefings each year for newly-appointed external officers on the details of business and issues, among other matters. A total 15 sessions are held, with each session lasting about an hour to 90 minutes and covering topics including management in general, corporate governance, financial planning, personnel affairs, compliance, risk management, internal audits, consolidated management and the status of the SuMi TRUST Group’s important businesses.
- Advance briefing on matters to be deliberated by the Board of Directors at the External Officers Liaison Meetings
- Attendance at the General Managers Meeting held at the beginning of the fiscal year
- Joining in at the “Officers Hearings,” “General Managers Hearings” and “Hearings with General Managers of overseas offices of SuMi TRUST Bank” which are held as interviews with the corporate auditors
- Visits to the major office buildings of the SuMi TRUST Group, onsite surveys of the major branches of SuMi TRUST Bank and hearings at the branches

2. Various training and seminars for mainly internal officers

- Training programs for understanding finance-related laws/regulations and market trends: Aimed to deepen the understanding of topics of various laws/regulations relating to the finance industry, and the external environment including the market environment that could impact management
- Training programs for reinforcing management capabilities through an understanding of the management issues of the SuMi TRUST Group: Aimed to deepen the understanding of the management issues facing the SuMi TRUST Group and the direction of its business strategies, while at the same time reinforcing management capabilities by discussing various recommendations towards the resolution of such issues
- Compliance training programs: Conducting High-level US Compliance training programs and compliance training programs for officers
- Corporate governance training programs: Training is conducted in the form of seminars by introducing and explaining mainly examples of questions addressed to external officers at recent general shareholders’ meetings and examples of corporate scandals. In addition, materials that would be useful to the officers of SuMi TRUST Holdings are selected and utilized including materials from seminars and workshops conducted by the Stock Transfer Agency Business Advisory Department for its customers, materials distributed to customers, and research papers contributed to professional journals, etc.
- Human rights training programs: Utilize materials on LGBT made for training

[Principle 5-1]

<Policy Regarding Structural Development and Efforts to Promote Constructive Dialogue with Shareholders>

SuMi TRUST Holdings has established the Policy for Constructive Dialogue with Shareholders, etc. as provided in Article 17 (Policy for Constructive Dialogue with Shareholders, etc.) of the “Basic Policy on Corporate Governance”:

- SuMi TRUST Holdings shall emphasize constructive dialogue with its shareholders, etc., and shall endeavor to engage in dialogue with its shareholders, etc. through various opportunities under the initiative of its senior management.
- Through constructive dialogue, SuMi TRUST Holdings shall endeavor to obtain the understanding of its shareholders, etc. regarding SuMi TRUST Holdings’ management policies, and it shall endeavor to support sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group, by absorbing and reflecting analyses of management administration and views from the perspective of capital providers, etc. through listening to the voice of the shareholders, etc.

To promote constructive dialogue with shareholders, SuMi TRUST Holdings actively conducts IR activities. For details, including the structural development for the promotion of dialogue as well as other efforts and measures, please refer to <Activities Regarding IR> of this report.

## 2. Capital Structure

Percentage of shares held by overseas investors	30% or more
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<Principal shareholders> (Updated)

Name	Number of Shares Held	Percentage (%)
Japan Trustee Services Bank, Ltd. (trust account)	20,480,105	5.24
The Master Trust Bank of Japan, Ltd. (trust account)	17,266,600	4.42
Japan Trustee Services Bank, Ltd. (trust account 9)	10,508,800	2.69
Japan Trustee Services Bank, Ltd. (trust account 5)	7,322,100	1.87
The Bank of New York 133524	6,627,919	1.69
Japan Trustee Services Bank, Ltd. (trust account 1)	5,671,500	1.45
Japan Trustee Services Bank, Ltd. (trust account 2)	5,584,600	1.43
State Street Bank West Client-Treaty 505234	5,472,381	1.40
Japan Trustee Services Bank, Ltd. (trust account 7)	5,388,300	1.38
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5,117,705	1.31

Controlling shareholders (except parent company)	None
Parent company	None

Supplementary Remarks (Updated)
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- Principal shareholders indicated are as of September 30, 2017.
- For Percentage (%), the numbers are rounded down to two decimal places.
- BlackRock Japan Co., Ltd. (BlackRock Japan) filed a Report of Large Volume Holding as of October 21, 2014 and reported that BlackRock Japan and nine others held common shares of SuMi TRUST Holdings as of October 15, 2014 as provided below. SuMi TRUST Holdings, however, has not been able to confirm the actual holding of shares as of September 30, 2017, they are not included in the status of principal shareholders above.

Name of holder of large-volume shares: BlackRock Japan, Co., Ltd. and nine joint holders

Number of shares held: 197,950,253 (including the number of shares held by joint holders)

Percentage of shares held to total shares issued (%) 5.07%

SuMi TRUST Holdings consolidated its shares with a ratio of ten shares of common stock into one share on October 1, 2016. Please note that the number of shares held as shown above does not take into account the consolidation of shares.

- Mizuho Securities Co., Ltd. filed a Report of Large Volume Holding as of November 8, 2016 and reported that Mizuho Securities Co., Ltd. and one other shareholder held common shares of SuMi TRUST Holdings as of October 31, 2016 as provided below. SuMi TRUST Holdings, however, has not been able to confirm the actual holding of shares as of September 30, 2017, and they are not included in the status of principal shareholders above.

Name of holder of large-volume shares: Mizuho Securities Co., Ltd. and one joint holder

Number of shares held: 20,086,740 (including the number of shares held by the joint holder)

Percentage of shares held to total shares issued (%): 5.15%

### 3. Corporate Profile

Stock exchange listings	Tokyo Stock Exchange (first section), Nagoya Stock Exchange (first section)
Fiscal year end	March 31
Industry	Banking
(Consolidated) number of employees at last fiscal year end	1,000 or more
(Consolidated) net sales in the last fiscal year	1 trillion yen or more
Number of consolidated subsidiaries at last fiscal year end	More than or equal to 50 and fewer than 100

4. Policies relating to measures for protecting minority shareholders when conducting transactions, etc. with controlling shareholders

None.

5. Other Special Items that could have a Significant Impact on Corporate Governance

None.

II. Organizational Structure for Managerial Decision-Making, Execution, Supervision and other Corporate Governance System

1. Organizational Structure and Operational Management

Type of Organization	Company with Three Committees
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<Directors>

Number of directors stipulated in Articles of Incorporation: (Updated)	20
Directors' term of office stipulated in Articles of Incorporation:	1 year
Chairperson of the Board of Directors: (Updated)	External Director
Number of directors: (Updated)	15

<Matters relating to external directors>

Number of external directors: (Updated)	7
Number of external directors designated as independent officer: (Updated)	7

Relationship with SuMi TRUST Holdings (1) (Updated)

Name	Attribute	Relationship with SuMi TRUST Holdings*										
		a	b	C	d	e	f	g	h	i	j	k
Soichi Shinohara	Scholar											
Takeshi Suzuki	From another company											
Mikio Araki	From another company											
Isao Matsushita	From another company											
Shinichi Saito	From another company											
Takashi Yoshida	Certified public accountant											
Hiroko Kawamoto	From another company											

\* Categories for relationship with SuMi TRUST Holdings

\* “○” when the said individual presently falls or has recently fallen under each of the following categories; “△” when the said individual fell under each of the following categories in the past.

\*“●” when a close relative of the said individual presently falls or has recently fallen under each of the following categories; “▲” when a close relative of the said individual fell under each of the following categories in the past.

- a. Person performing an executive role of a listed company or its subsidiary
- b. Person performing an executive role or acting as a non-executive director of the parent company of a listed company
- c. Person performing an executive role of a fellow subsidiary company of a listed company
- d. Person whose principal client or supplier is a listed company or person performing an executive role thereof
- e. Principal client or supplier of a listed company or person performing an executive role thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an officer
- g. Major shareholder of a listed company (person performing an executive role of the said corporate shareholder if the major shareholder is a legal entity)
- h. Person performing an executive role of a client or supplier company of a listed company (which does not correspond to any of d, e, or f above) (the said individual only)
- i. Person performing an executive role of a company, between which and SuMi TRUST Holdings external officers are mutually appointed (the said individual only)
- j. Person performing an executive role of a company or organization that receives a donation from a listed company (the said individual only)
- k. Other

Relationship with SuMi TRUST Holdings (2) (Updated)

Name	Committees-based			Independent officer	Supplemental information on corresponding items	Reason for selecting as external director (and reason for appointing as independent officer)
	Nominating Committee	Compensation Committee	Audit Committee			
Soichi Shinohara	○	○		○	<Major concurrent post> President of Kyoto Gakuen University	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, although he has never been directly involved in the management of listed companies in the past. Further, SuMi TRUST Holdings has designated him as an

						independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest is likely to arise with general shareholders.
Takeshi Suzuki	○	○		○	<Major concurrent post> Director of AICHI CORPORATION	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. Further, SuMi TRUST Holdings has designated him as an independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest is likely to arise with general shareholders.
Mikio Araki	○	○		○	<Major concurrent posts> President of the Japan Economic Research Institute, Director of Kintetsu Group Holdings Co., Ltd., Auditor of Japan Freight Railway Company	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. Further, SuMi TRUST Holdings has designated him as an independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest

						is likely to arise with general shareholders.
Isao Matsushita	○	○		○	<Major concurrent posts> Senior Executive Advisor of JXTG Holdings, Inc., Director of INPEX CORPORATION, Director of Matsumotokiyoshi Holdings Co., Ltd.	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. Further, SuMi TRUST Holdings has designated him as an independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest is likely to arise with general shareholders.
Shinichi Saito	○		○	○	<Major concurrent posts> Representative Director, CO-CEO of Japan Industrial Solutions, Co., Ltd., Director of Meikoshokai Co., Ltd.	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. Further, SuMi TRUST Holdings has designated him as an independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest is likely to arise with general shareholders.
Takashi Yoshida			○	○	<Major concurrent posts> Certified Public Accountant, Corporate Auditor of Nippon Seiro Co., Ltd., Director of Cosmos Initia Co., Ltd.	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. Further, SuMi TRUST Holdings has designated him as an independent officer by deeming him qualified as the same, since, in light of his career, etc., no conflict of interest is likely to arise with general shareholders.
Hiroko Kawamoto			○	○	<Major concurrent posts> Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd., Director of Renaissance Inc.	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. Further, SuMi TRUST Holdings has designated her as an independent officer by deeming her qualified as the same, since, in light of her career, etc., no conflict of interest is likely to arise with general shareholders.

<Committees>

Composition and attributes of the chairperson of committees (Updated)

	Nominating Committee	Compensation Committee	Audit Committee
Committee members	7	6	5
Full-time members	2	2	2
Internal directors	2	2	2
External directors	5	4	3
Chairperson	External director	External director	External director

<Executive officers (\*1)>

Number of executive officers (*1) (Updated)	14
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Status of concurrent post (Updated)
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Name	Representation Right	Double as director			Double as employee
			Nominating Committee	Compensation Committee	
Tetsuo Ohkubo	○	○	○	○	×
Jiro Araumi	○	○	×	×	×
Toru Takakura	○	○	×	×	×
Akihiko Shirayama	×	×	×	×	×
Yoshiaki Koshimura	×	×	×	×	×
Tadashi Nishimura	×	×	×	×	×
Yutaka Nishida	×	×	×	×	×
Koichi Onaka	×	×	×	×	×
Yasumi Nose	×	×	×	×	×
Atsushi Kaibara	×	×	×	×	×
Akira Yokota	×	×	×	×	×
Shigeki Tanaka	×	×	×	×	×
Masaru Hashimoto	×	○	○	○	×
Kiyomitsu Asahi	×	×	×	×	○

[Audit]

Directors and employees to assist duties of Audit Committee (Updated)	Yes
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Matters relating to the independence of directors and employees from executive officers (*1)
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The Audit Committee Office has been established to assist the Audit Committee's duties, and staff of the Audit Committee Office work to assist Audit Committee members with their duties under the directions and orders of Audit Committee members.

The executive officers (\*1) give consideration so that staff of the Audit Committee Office are not subject to unjust restrictions in conducting work to assist the Audit Committee's duties, as well as discussing in advance the personnel affairs and employment terms of staff of the Audit Committee Office with the Audit Committee.

Status of relationship between the Audit Committee, accounting auditors and the Internal Audit Department
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The basic policy on internal auditing and internal audit plans is determined by the Board of Directors after the Internal Audit Department conducts prior consultation with and obtains approval of the Audit Committee. Results, etc. of the internal audits are reported to the Audit Committee and the President without delay, as well as to the Board of Directors in a timely and appropriate manner.

The Audit Committee and the Internal Audit Department exchange opinions and share information periodically. The Audit Committee also periodically receives reporting from and exchanges opinions and information with the accounting auditors on auditing information, auditing plans, the status of accounting auditing performed and auditing results, among others, and also exchange opinions and

share information from time to time as needed. In this way, they monitor and verify whether the accounting auditors have maintained an independent standpoint and performed audits appropriately. Further, the Internal Audit Department exchanges opinions and shares information with the accounting auditors periodically as part of accounting audits and the audits on internal control over financial reporting. In addition to the above efforts, the Audit Committee, the Internal Audit Department and the accounting auditors aim to reinforce cooperation between the three parties such as by holding periodic meetings to ensure effective auditing.

<Independent officers>

Number of independent officers (Updated)	7
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Matters relating to independent officers

Having established the Independence Standards of Independent Officers, SuMi TRUST Holdings has designated all the external directors who satisfy these standards and with whom no conflict of interest is likely to arise with general shareholders.

The specific contents of the Independence Standards of Independent Officers of SuMi TRUST Holdings are as follows:

“Independence Standards of Independent Officers”

1. If none of the following items applies to a candidate, the candidate shall be determined to have sufficient independence against SuMi TRUST Holdings.
  - (1) A person who is or was a person performing an executive role (an executive director, an executive officer (\*1) (\*2) or an employee including a manager) in SuMi TRUST Holdings or its affiliated companies.  
(\*2) Executive Officer as defined in our internal policy (the same shall apply hereafter).
  - (2) A person to whom SuMi TRUST Holdings or SuMi TRUST Bank, which is a core subsidiary of SuMi TRUST Holdings, is a principal business counterparty. If such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.
  - (3) A person who is a principal business counterparty of SuMi TRUST Holdings or SuMi TRUST Bank. If such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.
  - (4) A person who presently is a major shareholder of SuMi TRUST Holdings (holding 10% or more of the voting rights). If such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.
  - (5) A major creditor, etc. who, in fund-raising, is indispensable to SuMi TRUST Holdings or SuMi TRUST Bank and is depended on by SuMi TRUST Holdings or SuMi TRUST Bank to such an extent that the creditor cannot be substituted. If

such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.

- (6) A debtor, etc. who, in fund-raising, depends on SuMi TRUST Bank to such an extent that SuMi TRUST Bank cannot be substituted. If such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.
- (7) A person who presently is an accounting auditor of SuMi TRUST Holdings or SuMi TRUST Bank, or a partner, etc., of such accounting auditor, or a person who has been in charge of the accounting audit of SuMi TRUST Holdings or SuMi TRUST Bank as such partner, etc., within the past three fiscal years.
- (8) A person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in the lead managing underwriter of SuMi TRUST Holdings.
- (9) An individual such as a lawyer, certified public accountant, tax accountant, or other consultant who has received a large amount of money from SuMi TRUST Holdings or SuMi TRUST Bank within the past three years.
- (10) A person who is or who has been, within the past three years, performing an executive role (an executive director, an executive officer, a managing director, or an employee such as a manager) in a law firm, audit corporation, tax accountancy corporation, consulting firm, or other corporation to whom SuMi TRUST Holdings or SuMi TRUST Bank is a principal business counterparty.
- (11) A person who receives a large amount of donation money from SuMi TRUST Holdings or SuMi TRUST Bank. If such person is a corporation such as a company, a person who is or, within the past three years, has been performing an executive role (an executive director, an executive officer, a managing director, or an employee including a manager) in such corporation, its parent company or its material subsidiaries.
- (12) A person who is a director, corporate auditor or executive officer, a managing director, of a company to which directors are transferred from SuMi TRUST Holdings or its affiliated companies, or a person who is a director, corporate auditor or executive officer of such company's parent company or material subsidiaries.
- (13) A person who is a close relative (a spouse, a relative within the third degree of kinship, or a cohabiting relative) of any of the persons listed in items (1), (2), (3), (9), and (10) above.

2. Even if any of the above items applies to such person, SuMi TRUST Holdings may appoint as a candidate for its independent officer a person who it believes to be suitable for the position of SuMi TRUST Holdings' independent officer considering such person's character and insight, etc., provided that, it publically provides an explanation as to why it believes such person satisfies the requirements for, and qualifies as, its independent officer.

3. If SuMi TRUST Holdings' business counterparty (including a law firm, audit corporation, tax accountancy corporation, consulting firm, etc.) or the donation money, etc. (including payment to individuals such as a lawyer, certified public accountant, tax accountant, or other consultant) satisfies the following criteria for the relevant facts to be regarded as minor, SuMi TRUST Holdings shall deem that it does not fall under a "principal business counterparty" or "large amount of

donation money” and omit information concerning attributes, etc., by determining that the relevant independent officer can be recognized to be sufficiently independent (including a candidate thereof).

<Business counterparty>

- The amount of payment to the relevant business counterparty (the business counterparty, and its parent company and material subsidiaries) by SuMi TRUST Holdings and SuMi TRUST Bank is less than 2% of the consolidated average annual total sales of the business counterparty for the past three fiscal years.
- The gross profits of SuMi TRUST Holdings and its subsidiaries earned with respect to the counterparty (the business counterparty, and its parent company and material subsidiaries) is less than 2% of the consolidated gross profits of SuMi TRUST Holdings.

<Donation money, etc>

- If the recipient is an individual: the money received from SuMi TRUST Holdings and its subsidiaries is less than ¥10 million per year on average over the past three years.
- If the recipient is a corporation: the money received from SuMi TRUST Holdings and its subsidiaries is less than the greater amount of either ¥10 million per year, or 30% of the annual total expenses of the relevant corporation on average over the past three years.

<Incentives>

Incentives Policies for Directors and Executive Officers (*1)	Introduce stock option plan and other systems
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Supplementary Remarks on This Item (Updated)

SuMi TRUST Holdings has introduced a stock-compensation-type stock option plan for the directors (excluding directors who are Audit Committee members and external directors) and executive officers (\*1) (\*2) of SuMi TRUST Holdings and the directors (excluding external directors) and executive officers (\*2) of its subsidiary SuMi TRUST Bank, in order to further heighten their enthusiasm and morale to improve SuMi TRUST Holdings’ medium- to long-term consolidated performance and share price, and to increase the return to shareholders. Further, SuMi TRUST Holdings encourages them to contribute part of their compensation to the share ownership plan of officers in order to, among other things, further increase their enthusiasm to improve SuMi TRUST Holdings’ share price and business performance.

Person Eligible to Receive Stock Options	Internal Directors and Executive Officers (*1) of SuMi TRUST Holdings, directors of its subsidiaries, and others
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Supplementary Remarks on This Item (Updated)
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Allottees of share acquisition rights shall be directors (excluding directors who are Audit Committee members and external directors) and executive officers (\*1) (\*2) of SuMi TRUST Holdings and the directors (excluding external directors) and executive officers (\*2) of its subsidiary SuMi TRUST Bank.

For the seventh stock option in 2017, 613 stock acquisition rights were granted to a total of 67 allottees.

<Compensation of Directors and Executive Officers (\*1)>

Disclosure of Compensation of Individual Directors	This compensation to individual directors is not disclosed.
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Disclosure of Compensation of Individual Executive Officers (*1)	This compensation to individual executive officers (*1) is not disclosed.
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Supplementary Remarks on This Item (Updated)
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In fiscal year 2016, total compensation amounts of 204 million yen and 84 million yen were paid to directors and corporate auditors respectively.

Decision-Making Policies Relating to Compensation Amounts and Calculation Methods (Updated)	Yes
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Disclosure of Decision-Making Policies Relating to compensation Amounts and Calculation Methods
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SuMi TRUST Holdings has set forth a policy on decisions on the content of compensation for individual directors and executive officers (\*1) (\*2).

- Compensation for the directors (excluding external directors and internal directors who are Audit Committee members) and executive officers (\*1) (\*2) (the “officers”) of SuMi TRUST Holdings aims to function effectively as an incentive for improvement of corporate performance and expansion of corporate value in order to realize stable and sustainable growth of the SuMi TRUST Group, including SuMi TRUST Bank, a core subsidiary.
- Not focusing on single-year performance evaluation in which short-term contribution to profit is emphasized, but focusing on officers’ qualifications and capabilities as senior management, and based on a comprehensive evaluation that reflects assessment of medium- to long-term performance, the compensation structure shall be established as a combination of both short-term and medium- to long-term incentives.
- In order to effectively provide a supervising system over each Group company, SuMi TRUST Holdings, as a holding company, determines the compensation of individual officers based on highly transparent, fair and objective assessments upon accurately monitoring the role to be played by each officer in the management of the Group as well as their accomplishments.
- The Compensation Committee intends to deepen the cooperation with the Nominating Committee, the Audit Committee and voluntary committees, etc. in sharing information, particularly in light of the transition to a company with Three Committees in fiscal year 2016, and conduct deliberations with the aim

to establish systems and structures for compensation of greater accountability and to make fair and well-balanced decisions on the amount of compensation.

- Specifically, the following compensation structure is applied.

(i) In principle, payment shall be made as a combination of monthly compensation, officers' bonus, and stock-compensation-type stock options.

(ii) The monthly compensation is separated into two types: "fixed compensation" that is a fixed amount per position, and "individual performance-based compensation" that is based on each individual officer's evaluation of the preceding fiscal year while also reflecting the officer's medium- to long-term performance contribution. "Individual performance-based compensation," which is determined on the basis of individual evaluations, has been designed so that it accounts for a sizable enough portion of the monthly compensation to act as an incentive.

(iii) Officers' bonus is separated into two types: "company performance-based bonus" that reflects objective indicators such as consolidated net income, and "individual performance-based bonus" that reflects the individual officer's performance of the preceding fiscal year. The officers' bonus has been designed so that it accounts for a sizable enough portion of total compensation to act as an incentive.

(iv) With regard to the stock-compensation-type stock options, the number of stock option rights shall be determined based on the number of stock option rights per position with an adjustment for each individual officer's performance evaluation and the like. Stock-compensation-type stock options have been designed to account for a sizable enough portion of total compensation to act as an incentive.

(v) The share ownership plan of officers is a mechanism by which individual officers shall voluntarily determine their invested amounts based on the target number of share ownership defined per position.

- The compensation to external directors is composed of the fixed monthly compensation alone and determined taking into consideration the business conditions of SuMi TRUST Holdings, compensation level of its internal directors, general standards and the like.
- The compensation to internal directors who are Audit Committee members is composed of the fixed monthly compensation alone, and the suitable level for internal directors who are Audit Committee members is determined, taking into consideration the business conditions of SuMi TRUST Holdings, compensation levels of directors, general standards and the like.

The Compensation Committee deliberates the decision-making policy relating to officers' compensation of SuMi TRUST Bank, the core subsidiary, and then reports it to the Board of Directors.

#### <Support System for External Directors>

SuMi TRUST Holdings constructively dissolved the External Officers Support Office, which had supported external officers, in April 2017 and established the new Corporate Secretariat in order to strengthen supporting systems to fulfill the functions of the external officers.

The Corporate Secretariat aims to establish a support system for the chairman of the Board of Directors, who is an external director, as well as a collaborative structure between the three statutory committees and the two voluntary committees based on the Board of Directors, thereby ensuring the effectiveness of the reforms to the SuMi TRUST Holdings' governance system.

In order to support the chairman of the Board of Directors in fulfilling his duties, SuMi TRUST Holdings has appointed two non-executive directors who are full-time Audit Committee members as deputy chairmen of the Board of Directors, in addition to the Corporate Secretariat, to provide various information mainly on

matters scheduled to be deliberated by the Board of Directors, and to give support such as in summarizing issues from management and supervisory perspectives.

## 2. Items Related to Business Execution, Audit and Oversight, Nominations and Setting of Compensation, etc. (Overview of Corporate Governance Framework) (Updated)

### (1) The Board of Directors

- a) The Board of Directors shall ensure fairness and transparency of SuMi TRUST Group' corporate management by setting out the basic policy of managing SuMi TRUST Group and overseeing overall management of it.
- b) Except for matters which are required to 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 (\*1), and shall supervise the execution of business by executive officers (\*1), etc. as its central role.
- c) 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 supervising system, required of a financial holding company managing the business administration of SuMi TRUST Group. However, due consideration shall also be given to securing diversity and professionalism at the Board of Directors in deciding such number.
- d) 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.

### (2) Outline of Committees

#### <Statutory committees>

#### A. Nominating Committee

- a) Chairperson: Isao Matsushita (external)
- b) Composition: 5 external, 2 internal
- c) Roles and Responsibility

The Nominating Committee shall determine the content of proposals regarding the election and dismissal of directors to be submitted to a shareholders meeting.

The Nominating Committee shall receive requests for consultation on the election and dismissal of executive officers (\*1) including President and the succession plan of management from the Board of Directors, and shall deliberate and make reports on these.

The Nominating Committee shall receive requests for consultation on the election and dismissal of directors and corporate auditors from the Board of Directors of SuMi TRUST Bank, and shall deliberate and make reports on these.

#### B. Compensation Committee

- a) Chairperson: Isao Matsushita (external)
- b) Composition: 4 external, 2 internal
- c) Roles and Responsibility

The Compensation Committee shall prescribe policy on decisions on the content of remuneration for individual executive officers (\*1) and directors.

The Compensation Committee shall decide the content of remuneration for individual executive officers (\*1) and directors in accordance with the policy stated in item above.

The Compensation Committee 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 shall deliberate and make reports on these.

#### C. Audit Committee

a) Chairperson: Shinichi Saito (external)

b) Composition: 3 external, 2 internal

c) Roles and Responsibility

The Audit Committee shall audit the execution of duties by executive officers (\*1) and directors and shall prepare audit reports.

The Audit Committee shall determine the content of proposals regarding the election and dismissal of a financial auditor, and the refusal to reelect a financial auditor, to be submitted to a shareholders meeting.

The Audit Committee shall appropriately exercise consent rights regarding decisions on remuneration of the financial auditor.

<Voluntary committees>

#### D. Risk Committee

a) Chairperson: Mikio Araki (external)

b) Composition: 4 external, 1 internal (including 2 external experts)

c) Roles and Responsibility

The Risk Committee shall receive requests for consultation on the following items from the Board of Directors, and shall review the appropriateness, etc. of them, and shall make reports.

(i) Matters concerning the business environment surrounding SuMi TRUST Group, top risks, and materiality;

(ii) Matters concerning the management of risk appetite framework, risk management, and monitoring the effectiveness of the internal control system related to compliance management of SuMi TRUST Group; and

(iii) Other matters to be deemed necessary by the Board of Directors.

#### E. Conflicts of Interest Committee

a) Chairperson: Hideki Kanda (external)

b) Composition: 3 external, 1 internal (including 2 external experts)

c) Roles and Responsibility

The Conflicts of Interest Committee shall receive requests for consultation on the following items from the Board of Directors, and shall review the appropriateness, etc. of them, and shall make reports.

(i) Matters concerning the validity of systems for management of conflicts of interest of SuMi TRUST Group;

(ii) Matters concerning the effectiveness of management of conflicts of interest, management of customer explanation, and management of customer support of SuMi TRUST Group and the enhancement of systems for management of these;

(iii) Matters concerning the policy on fiduciary duty of SuMi TRUST Group and the action plans, etc. of each SuMi TRUST Group company;

(iv) Particularly important matters concerning dissemination of management of conflicts of interest and fiduciary duty in SuMi TRUST Group; and

(v) Other matters to be deemed necessary by the Board of Directors.

#### (3) Management-related meetings

Under the Board of Directors, the Executive Committee has been established, which the President chairs and relevant officers attend. Based on basic policies



determined at the Board of Directors meetings, significant matters relating to business execution are discussed and determined, and matters resolved at the Board of Directors meeting undergo preliminary discussion by the Executive Committee.

### 3. Reasons for Adopting the Current Corporate Governance System

SuMi TRUST Holdings has decided on a policy to further enhance SuMi TRUST Holding’s corporate governance by changing from being a company with a Board of Corporate Auditors to a company with Three Committees, and the transfer of the corporate governance system was approved at its ordinary general meeting of shareholders on June 29, 2017. SuMi TRUST Holdings considers it important to satisfy both of the requirements for management capability leading to prompt business execution and supervisory and restraining capabilities that ensure sound management, in order to further strengthen its profit earning capability and enhance its corporate governance in the future, while appropriately responding to movements such as rapid changes in the environment surrounding the financial business and the tightening of financial regulations in and outside of Japan. And from the perspective of realizing these targets, SuMi TRUST Holdings considers it desirable, as a part of the measures to further strengthen its structure, to change to a “company with Three Committees.”

### III. Status of Execution of Measures Concerning Shareholders and Other Interested Parties

#### 1. Measures to Vitalize the General Shareholders’ Meeting and Facilitate the Exercise of Voting Rights (Updated)

	Supplemental remarks
Prompt distribution of convocation notices for the general shareholders’ meeting	The convocation notice for the annual general shareholders’ meeting and class shareholders meeting of common shareholders held on June 29, 2017, was dispatched on June 7, after being posted on SuMi TRUST Holdings’ website on May 31, for the purpose of prompt notification.
Electronic voting	SuMi TRUST Holdings has been enabling shareholder voting through the Internet and mobile phones.
Participation in the Electronic Voting Platform system and other efforts to create a better environment in which institutional investors can exercise their voting rights.	SuMi TRUST Holdings participates in the Electronic Voting Platform system.
Provision of convocation notice summaries in English	An English version of the convocation notice summaries was prepared and posted on SuMi TRUST Holdings’ website at the same time as the Japanese version, from one week before the convocation notice was dispatched, and it has also been provided through the Electronic Voting Platform, for greater convenience to overseas

Others	SuMi TRUST Holdings sends convocation notices by e-mail to those shareholders who have consented to such electronic notification arrangements. Further, in conducting general shareholders meetings, SuMi TRUST Holdings has been aiming at easy-to-understand meetings for shareholders, by such means as increasing use of visual aids. In addition, after the meetings, SuMi TRUST Holdings posts notices of resolutions and the results of voting on its website, as well as providing them through the Electronic Voting Platform system.
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## 2. Activities Regarding IR (Updated)

	Supplemental remarks	Personal explanation by representative
Preparation and publication of disclosure policy	SuMi TRUST Holdings has established the Disclosure Policy and disseminates it externally, as well as to SuMi TRUST Group's officers and employees for the purpose of appropriately implementing it. The Disclosure Policy serves as SuMi TRUST Group's IR activity guidelines, setting forth that we should make efforts to proactively disclose corporate information which we deem useful for our shareholders, investors, etc. in understanding the SuMi TRUST Group, adopting timeliness, accuracy, and fairness as basic requirements thereof.	
Regular information meetings for individual investors	SuMi TRUST Holdings holds corporate briefings via securities companies and so on, where the President, and the officer and employee in charge of IR explain SuMi TRUST Group's characteristics, earnings results and financial condition, and management strategies, etc.	Yes
Regular information meetings for analysts and institutional investors	SuMi TRUST Holdings holds investor meetings semi-annually (around May and November), inviting securities company analysts and institutional investors, with the President explaining SuMi TRUST Group's earnings results and management strategies, etc. Further, SuMi TRUST Holdings holds one-on-one and group meetings for analysts and institutional investors from time to time, with the President, and the officer and employee in charge of IR providing explanations.	Yes
Regular information meetings for overseas investors	SuMi TRUST Holdings' President, or the officer in charge of IR, visits major institutional investors in the U.S., Europe, and Asia, etc. several times per year, explaining SuMi TRUST Group's earnings results and financial condition, and management strategies, etc.	Yes

	<p>Further, SuMi TRUST Holdings regularly participates in IR conferences organized in Japan by securities companies for overseas institutional investors, as well as participates in such conferences held overseas.</p>	
Posting of IR materials on website	<p>Promptly after their announcement, SuMi TRUST Holdings discloses various types of IR information and information for shareholders, etc. on its website.</p> <p>The types of information disclosed are, among others, as follows: financial results and related explanatory materials; annual securities reports; quarterly securities reports; summary of financial results; investor meetings' presentation materials; annual reports; business reports; the Basic Policy on Corporate Governance; stock information; convocation notices for general shareholders' meetings; results of voting, etc.</p> <p>Videos of investors meetings and corporate briefings for individual investors are also posted on the website.</p> <p>Further, on the page of its website entitled "For Individual Investors," explanation is provided for individual investors regarding SuMi TRUST Group's business and operational results in an easy-to-understand format.</p> <p>For overseas institutional investors, too, SuMi TRUST Holdings provides various types of IR information and so on in a timely manner via its English website.</p> <p>Japanese URL: <a href="http://smth.jp/IR/index.html">http://smth.jp/IR/index.html</a>  English URL: <a href="http://smth.jp/en/IR/index.html">http://smth.jp/en/IR/index.html</a></p>	
Establishment of department and/or manager in charge of IR	<p>SuMi TRUST Holdings has appointed an officer in charge of IR, as well as established the IR Department as the section in charge of daily IR activities. SuMi TRUST Holdings makes efforts to appropriately disclose corporate information, as well as aiming for highly transparent corporate management through proactive IR activities and constructive dialogues with both domestic and foreign shareholders and investors.</p> <p>Officer in charge of IR: Koichi Onaka, Managing Executive Officer (*2)  Section in charge of IR: IR Department  The General Manager of the IR Department serves as the administrative IR contact person.</p>	
Others	<p>&lt;Internal organic cooperation to assist dialogues with shareholders&gt;</p> <p>Through cooperation with the management team and each section, the officer in charge of IR and the section in charge of IR endeavors to appropriately understand management</p>	

	<p>information and other internal information, and make efforts to disclose such information in a timely, accurate, and fair manner, as well as leverage such information for the purpose of constructive dialogue with shareholders and investors.</p> <p>&lt;Feedback regarding shareholders' opinions and IR activities to the management team and the Board of Directors&gt;  We provide timely and appropriate feedback to the management team regarding opinions or concerns, etc. expressed by shareholders, investors, and analysts, etc. In addition to an overall report on IR activities, reports regarding such opinions or concerns, etc. shall be regularly made to the Board of Directors.</p> <p>&lt;Management of insider information during dialogues&gt;  For the purpose of the management of insider information, the SuMi TRUST Group regularly disseminates, within the SuMi TRUST Group, the laws, regulations, and rules, etc. which the SuMi TRUST Group is bound to comply with, as well as instructions for the appropriate handling of insider information. Strict management and operation is also conducted during dialogues with shareholders and investors.</p> <p>&lt;Enhancement of opportunities for constructive dialogue with shareholders, etc.&gt;  For the purpose of the enhancement of constructive dialogue with shareholders and investors, SuMi TRUST Holdings participates in events with other listed companies in Japan to actively exchange opinions and engage in discussions on corporate governance with domestic and international institutional investors.</p>	
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### 3. Measures for Respecting the Position of Stakeholders (Updated)

	Supplemental remarks
Rules for respecting the position of stakeholders through internal regulations, etc.	The "Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group (Sustainability Policy)" sets forth that the SuMi TRUST Group shall "respect dialogue with all stakeholders, including clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities and international institutions, and play an active role in building a sustainable society." The SuMi TRUST Group has announced such policies externally.
Implementation of	The SuMi TRUST Group has formulated its CSR Policies at the

<p>environmental activities, CSR activities, etc.</p>	<p>group's CSR Council chaired by the President, and has been promoting the group's CSR under the initiative of the CSR Promotion Office, under the Corporate Planning Department. Especially it places emphasis on the response to the risks relating to environmental and social issues, the development of products and services contribute to the resolution of the issues, and the social activities at each site of the SuMi TRUST Group. Regarding our environmental preservation activities, the SuMi TRUST Group has formulated the group's common "Environmental Policy," "Action Guidelines for Mitigating Climate Change," and "Action Guidelines for Preserving Biodiversity," and makes available, at its Directly Owned Subsidiaries, environment-related investment and loan products, trust products, and real property products, etc. to individual and corporate customers. Further, the SuMi TRUST Group has been promoting activities to reduce green house gas emissions from its business activities, and purchasing of papers that gives consideration to the environment and society based on its CSR procurement policy.</p>
<p>Formulation of policies on providing information to stakeholders</p>	<p>The "Basic Policy on the Social Responsibility of the Sumitomo Mitsui Trust Group (Sustainability Policy)" sets forth that the SuMi TRUST Group shall "build sound and proper relationships with stakeholders, and fulfill our responsibilities as members of society, engaging in fair competition and appropriate disclosure of corporate information, etc." The SuMi TRUST Group provides relevant information through its CSR (ESG) reports and its website, etc.</p>
<p>Others</p>	<p>The SuMi TRUST Group believes that the key to combining its variety of functions and creating new business models as a trust bank group is to respect diverse ways of thinking and viewpoints and to offer its employees the opportunity to realize their potential. To this end, the SuMi TRUST Group has been promoting the appointment of personnel according to their capabilities and placing the right people in the right positions. SuMi TRUST Bank has formulated an action plan of a general business operator based on the Act on the Promotion of Women's Participation and Advancement in the Workplaces. SuMi TRUST Bank has also formulated a plan to increase the number of female employees at the level of Section Manager or above to 300 by the end of March 2020. While sharing information about various ways of working and implementing measures to broaden career planning options for female employees through training for women in leadership positions carried out at each level, and publication on SuMi TRUST Bank's intranet of interviews with female employees who are playing active roles, SuMi TRUST Bank is enhancing its infrastructure for supporting diverse ways of working by increasing the provision of information to employees on maternity leave and childcare leave, management training carried out to managers of those who return from leaves, and other methods.</p> <p>In addition, SuMi TRUST Holdings has appointed Ms. Hiroko Kawamoto, who has been managing the promotion of customer satisfaction and women's participation at ALL</p>

	<p>NIPPON AIRWAYS CO., LTD, as an external director. SuMi TRUST Bank has also appointed two female executive officers (*2) in April 2017.</p> <p>&lt;Status of Promotion of Women to Managerial Positions in SuMi TRUST Bank as of April 1, 2017&gt;  1 female executive officer (*2);  14 female employees at the level of General Manager or above;  234 female employees at the level of Section Manager or above; and  1,073 female employees at the level of Assistant Manager or above  Total: 1,322 (approximately 21.5% of the total managerial positions)</p> <p>In addition to the above, to promote understanding of diversity and enable each employee to demonstrate their capabilities to the maximum extent, the SuMi TRUST Group is pressing forward with the following initiatives:</p> <ul style="list-style-type: none"> <li>· Conduct various types of seminar designed to improve the business mind, enhance skills and build networks for employees hired at overseas bases;</li> <li>· Expand the participation of employees with disabilities by promoting their employment in a variety of workplaces, including branches, and increasing the number of participants in courses for acquiring certification as a vocational counselor for persons with disabilities; and</li> <li>· Establish an in-house consultation contact point as a safety net, in addition to conducting internal training designed to promote understanding of sexual orientation and gender identity.</li> </ul>
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#### IV. Matters Regarding Internal Control System, etc.

##### 1. Fundamental Perspectives on Internal Control System and Establishment of Relevant Structures (Updated)

As a bank holding company, the Board of Directors of SuMi TRUST Holdings is fully aware of its responsibility for the management administration of the SuMi TRUST Group, and has developed “a system to ensure the conformity of executive officers’ (\*1) execution of duties with laws, regulations, and the Articles of Incorporation, and other necessary systems to ensure the appropriateness of business activities of SuMi TRUST Holdings and those of the corporate group comprising SuMi TRUST Holdings and its subsidiaries, etc.” as follows, based on the Board of Directors’ resolution concerning the “Basic Policy on Internal Control”:

##### (1) Compliance Structure

- a. Basic compliance policies for the SuMi TRUST Group are established.
- b. With respect to important issues pertaining to compliance, resolutions and reporting are undertaken by the Board of Directors, based on a report by Risk Committee, an advisory body of the Board of Directors.
- c. A Basic Policy on the Management of Conflicts of Interest of the SuMi TRUST

Group has been prescribed and a management system is in place to ensure that the interests of customers of the SuMi TRUST Group are not unfairly harmed.

- d. Important matters concerning the management of conflicts of interests are resolved by and reported at the Board of Directors meetings upon receiving reports from the Conflicts of Interest Committee, an advisory body to the Board of Directors.
- e. A supervisory department for compliance is set up at the head office. In addition, each department assigns a person of action and a person of authority.
- f. A concrete action plan to ensure compliance (compliance program) is formulated each fiscal year, and instructions are passed on to the Directly Owned Subsidiaries, etc. for them to prepare their own plans. In addition, the status of these plans – in terms of progress made and goals achieved – are monitored and evaluated.
- g. A handbook (compliance manual) for officers and employees is formulated. Opportunities for compliance-oriented education and training are offered to them on an ongoing basis.
- h. Officers and employees must report violations of law pertaining to the operation of SuMi TRUST Holdings' business, and a compliance hotline system is established to enable officers, employees, etc. to report directly to special contact points both in-house and outside SuMi TRUST Holdings.
- i. SuMi TRUST Holdings and its subsidiaries take a firm stand to prevent dealings with antisocial forces and maintain no association whatsoever with such elements. A structure, underpinned by close ties with external professionals, particularly the police, is put in place to promote communication and cooperation among relevant departments and thereby facilitate an organized response in the event an executive or an employee is approached with an inappropriate request. Under no circumstances will we engage in transactions to benefit persons or organizations that threaten the order and safety of civil society.

## (2) Risk Management Structure

- a. Basic risk management policies for the SuMi TRUST Group are established.
- b. With respect to important issues pertaining to risk management, resolution and reporting are undertaken by the Board of Directors, based on a report by Risk Committee, an advisory body of the Board of Directors.
- c. A supervisory department for risk management is set up at the head office, and a risk management department is established for each risk category.
- d. A plan pertaining to risk management for the SuMi TRUST Group is formulated and instructions are passed on to the Directly Owned Subsidiaries, etc. for them to prepare their own plans. In addition, the status of these plans – in terms of improvements made and goals achieved – are monitored and evaluated.
- e. Opportunities for risk management-oriented education and training are offered to officers and employees on an ongoing basis.

## (3) Structure for Execution of Duties

- a. Except for matters which are required by law to be decided by the Board of Directors, the Board of Directors of SuMi TRUST Holdings, in principle, delegates decisions on the execution of business to executive officers (\*1). In addition to establishing the Executive Committee, comprising executive officers (\*1), etc., various committees shall be established as advisory bodies to the

Executive Committee.

- b. The Board of Directors sets out basic points pertaining to the organizational structure and the division of duties, as well as the organization of and authority granted to officers and employees, to ensure the smooth and appropriate execution of duties by executive officers (\*1) (officers responsible for business execution at the subsidiaries, etc.).
- c. In-house regulations are prepared in accordance with relevant legislation, and in the event said legislation is revised or abrogated, required amendments to in-house regulations will be implemented promptly.

#### (4) Ensuring Management Transparency

- a. Internal control systems pertaining to financial reporting are developed to ensure the appropriateness of accounting methods and reliability of financial reporting, and the effectiveness of the systems is evaluated.
- b. Management-related information is managed appropriately and disclosed in a timely, accurate and fair manner.

#### (5) The SuMi TRUST Group Management Structure

- a. SuMi TRUST Holdings developed compliance and risk management structures applicable to the entire SuMi TRUST Group.
- b. SuMi TRUST Holdings reviews intra-Group transactions of particular significance to the SuMi TRUST Group from the perspectives of risk management, compliance, and consistency with SuMi TRUST Group's strategic objectives.
- c. Subsidiaries, etc. reports regularly to SuMi TRUST Holdings about their execution of business activities and their financial situations, among other things.
- d. SuMi TRUST Holdings manages the appropriateness and efficiency of the business operation of subsidiaries, etc. according to the size and nature of their activities.

#### (6) Information Storage and Management Structure

- a. Minutes which record progress on agendas and specific points of discussion are prepared at the General Meeting of Shareholders and at Board of Directors and Executive Committee meetings and kept with related materials.
- b. The Board of Directors sets out the basic points pertaining to information storage and management, such as the organizational structure for information management and the classification of management categories, according to importance.

#### (7) Internal Audit Structure

- a. An internal auditing unit, which is independent from business execution units and sufficiently capable of fulfilling a restraining function, is established.
- b. Internal audit plans and basic policies for developing internal audit structures for the SuMi TRUST Group are established, and the internal auditing unit conducts audits of each business execution units and, if necessary, of subsidiaries, etc. and point out matters to be improved and make recommendations thereof.
- c. The results of internal audits and the status of internal audit plans – in terms of progress and goals achieved – are reported to the Board of Directors and Audit



Committee in a timely and appropriate manner.

(8) Structure for Audit Committee's Audits

a. Employees assisting Audit Committee in its duties

(a) An Audit Committee Office is established to assist Audit Committee members in the execution of their duties, and an appropriate number of directors, executive officers (\*2) or employees, including one office manager, are assigned thereto.

(b) Staff of the Audit Committee Office work to assist Audit Committee members with their duties under the directions and orders of Audit Committee members.

(c) The personnel affairs and employment terms of staff of the Audit Committee Office are discussed in advance with the Audit Committee.

(d) The executive officers (\*1) give consideration so that staff of the Audit Committee Office are not subject to unjust restrictions in conducting work to assist the Audit Committee's duties.

b. System for reporting to Audit Committee

(a). Directors (excluding directors who are Audit Committee members), executive officers (\*1) (\*2), and employees shall report the following matters (including those regarding subsidiaries, etc.) to the Audit Committee:

a) Facts about possible significant damage to SuMi TRUST Holdings or its subsidiaries, situations that could significantly damage the credibility of SuMi TRUST Holdings or its subsidiaries, material defects or problems concerning the system or procedures of internal control, or material violations of laws, regulations, or the Articles of Incorporation, or fraud, etc.

b) Status of reports to the compliance hotline system

c) Status of internal audit processes and the results thereof

d) Status of business execution and any other matters on which the Audit Committee requests a report

(b) Directors, corporate auditors, executive officers (\*2) and employees of subsidiaries, etc. or persons who have received reports from such persons shall report the matters described in a. above (excluding (c)) to the Audit Committee of SuMi TRUST Holdings.

(c) The Audit Committee may demand a report, as necessary, from persons described in a. and b. above regarding matters described in a. and b. above.

(d) Persons who have given reports based on a. and b. above shall not be treated unfavorably on account of having given such reports, and that fact shall be thoroughly communicated.

c. Other systems to ensure the effectiveness of Audit Committee's audits

(a) Directors, executive officers (\*1) (\*2), and employees cooperate with Audit Committee in good faith in the audit activities.

(b) Full-time Audit Committee members are selected.

(c) Audit Committee members may attend meetings of the Board of Directors as well as any other meetings (including meetings of subsidiaries) Audit Committee deems necessary to the execution of their duties.

(d) Representative executive officers (\*1) exchange views with Audit Committee on a periodic basis and at the request of Audit Committee.

(e) The internal auditing unit conducts prior consultations with and obtains the approval of the Audit Committee regarding the internal audit plan, as well as conducts investigations, etc. under the instruction of the Audit Committee, when so instructed.

- (f) Departments other than the Internal Audit Department that are involved in internal controls including finance, risk management and compliance shall also strive to maintain smooth cooperative relationships with the Audit Committee.
- (g) To ensure the effectiveness of the audits conducted by the Audit Committee of SuMi TRUST Holdings across the SuMi TRUST Group, SuMi TRUST Holdings appoints corporate auditors of subsidiaries, etc. who concurrently serve as SuMi TRUST Holdings' Audit Committee members or Audit Committee Office staff.
- (h) SuMi TRUST Holdings pays expenses necessary for the execution of duties by the Audit Committee and Audit Committee members to ensure the effectiveness of audits.

2. Fundamental Perspectives on Eliminating Antisocial Forces and Establishment of Relevant Structures

(1) Fundamental Perspectives

The Basic Policy on Internal Control states, "SuMi TRUST Holdings and its subsidiaries take a firm stand to prevent dealings with antisocial forces and maintain no association whatsoever with such elements. A structure, underpinned by close ties with external professionals, particularly the police, is put in place to promote communication and cooperation among relevant departments and thereby facilitate an organized response in the event an officer or an employee is approached with an inappropriate request. Under no circumstances will we engage in transactions to benefit persons or organizations that threaten the order and safety of civil society." In addition, the "Codes of Conducts (Value)," with which SuMi TRUST Group's officers and employees must comply, state, "We continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society."

(2) Establishment of Relevant Structures

SuMi TRUST Holdings has established a supervisory department for handling antisocial forces and a department for communicating with external professionals, among other units, and assigned staff in charge of preventing inappropriate requests. In addition, SuMi TRUST Holdings has developed a compliance manual, etc. and informed and given training, etc. to officers and employees on the handling of antisocial forces. Further, it has developed various systems to prevent transactions with antisocial forces, such as the supervisory department, which conducts centralized management of information on antisocial forces and uses it to prevent transactions with antisocial forces. Each of the SuMi TRUST Group companies has also developed various systems in communication with SuMi TRUST Holdings in order to handle antisocial forces.

V. Other

1. Introduction of Defense Measures Against Takeovers

Introduction of defense measures against takeovers	None
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Supplementary Remarks on This Item
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None.

2. Other Matters Concerning the Corporate Governance System, etc.

None.

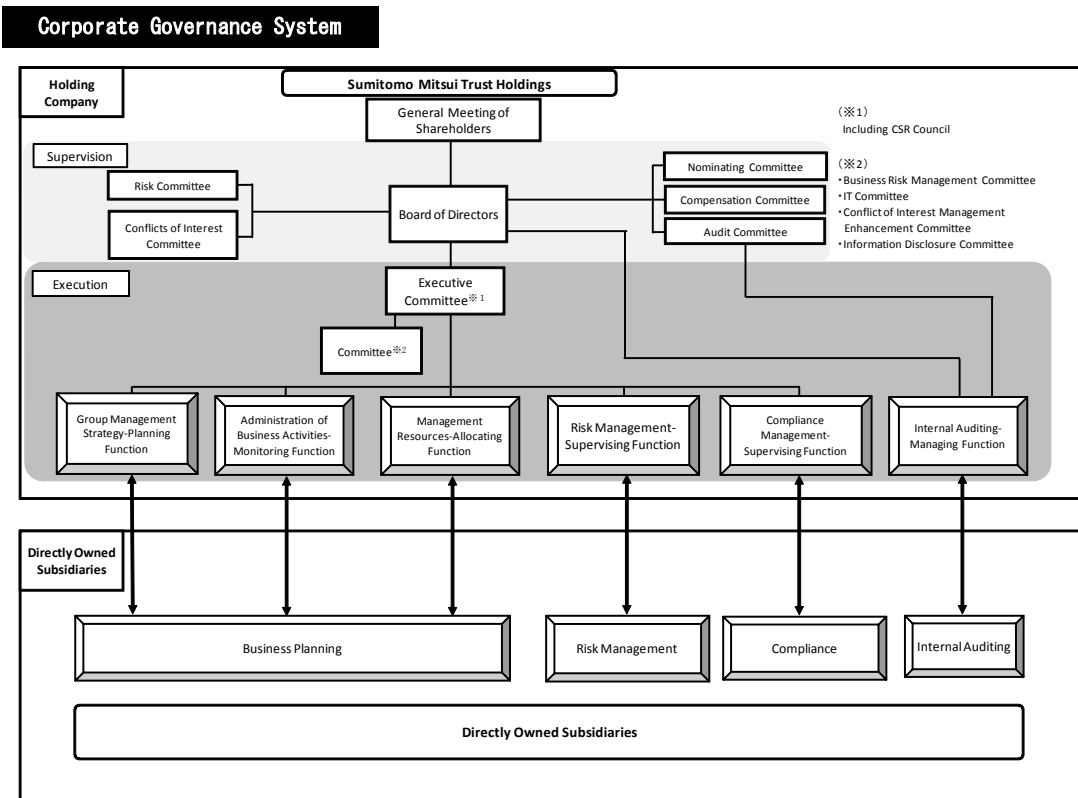
## &lt;Reasons for appointment of directors (excluding external directors)&gt;

Name of directors	Position	Reasons for appointment
Tetsuo Ohkubo	Director, President (Representative Executive Officer (*1))	<p>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 one (1) year from April 2016.</p> <p>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 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 nominated him as a Director.</p>
Jiro Araumi	Director, Senior Managing Executive Officer (*1) (Representative Executive Officer (*1))	<p>Mr. Jiro Araumi has been in charge of the Corporate Management Sections as a Managing Executive Officer (*2) of SuMi TRUST Holdings as well as serving as Deputy Officer in charge of fiduciary services businesses as a Managing Executive Officer (*2) 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 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 nominated him as a Director.</p>
Toru Takakura	Director, Senior Managing Executive Officer (*1) (Representative Executive Officer (*1))	<p>He has been an Officer in charge of the Corporate Management Sections as a Managing Executive Officer (*2) 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 (*2) of SuMi TRUST</p>

	Officer (*1))	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 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 nominated him as a Director.
Masaru Hashimoto	Director, Executive Officer (*1)	He 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 (*2), 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 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 nominated him as a Director.
Kunitaro Kitamura	Director	He has served as the President of SuMi TRUST Holdings for five (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 SuMi TRUST Group and the enhancement of the Group's corporate value. Accordingly, SuMi TRUST Holdings nominated him as a Director
Hitoshi Tsunekage	Director	He 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 SuMi TRUST Group and the enhancement of the Group's corporate value. Accordingly, SuMi TRUST Holdings nominated him as a Director.

Yasuyuki Yagi	Director	<p>He has experience of serving as general manager of credit supervision department and president of a real estate lending company, and served as Executive Officer (*2) in charge of Kinki area as a Senior Managing Executive Officer (*2) 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 nominated him as a Director.</p>
Hiroshi Misawa	Director	<p>After serving as general manager of Fiduciary Services Business Sections and Management Administration Sections, he served as Managing Executive Officer (*2) 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 nominated him as a Director.</p>

# <Management Structure of the SuMi TRUST Group>



## <Outline of SuMi TRUST Holdings' Timely Disclosure System>

### 1. Basic Initiative Policy

Adopting observance standards that all executives and employees must uphold to ensure the transparency of corporate management through appropriate and fair disclosure of corporate information, the SuMi TRUST Group has set out "Information Disclosure Rules" and "Information Disclosure Guidelines," and has established an internal control system to ensure that disclosures are made in accordance with relevant laws, regulations and rules, including the Companies Act, the Banking Act, and the Financial Instruments and Exchange Act. Based on this philosophy, SuMi TRUST Holdings has established a "Disclosure Policy" in order to clarify its basic policy on disclosure both internally and externally, thereby ensuring appropriate disclosure. In this way, it is working to ensure the transparency of corporate management through appropriate disclosure of corporate information.

### 2. Outline of Initiatives

In order to ensure timely, accurate, and fair disclosure of management-related information, the SuMi TRUST Group has established the Information Disclosure Committee, which deliberates on the necessity and appropriateness of disclosure of management-related information and information that could be management-related. It also considers the appropriateness of the information disclosure system, particularly its establishment and management.

