

Management Structure: Corporate Governance

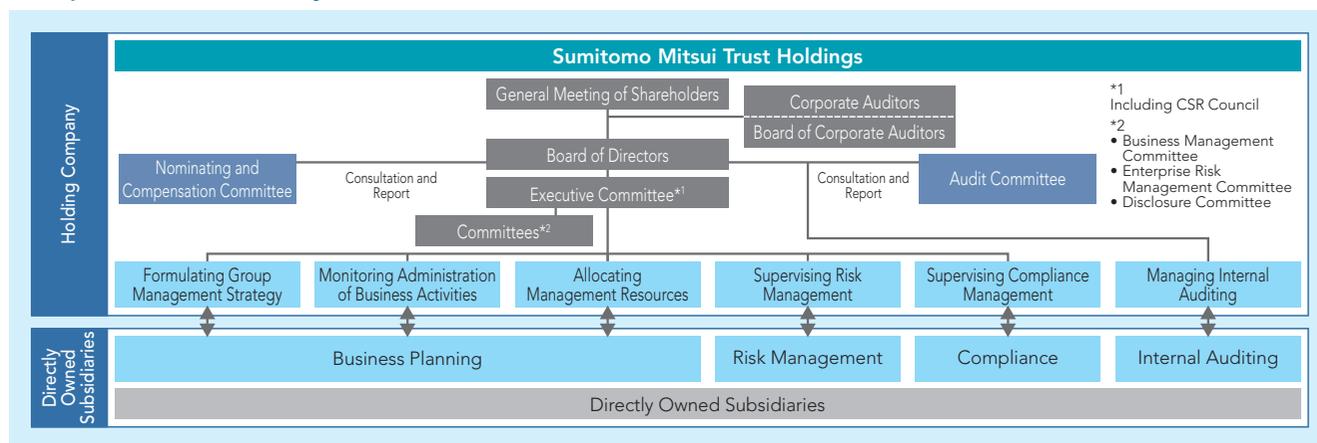
1. Basic Policy

In order to adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society, Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”) shall commit itself to enhancing its corporate governance system in line with the following fundamental perspectives, with the objective of supporting sustainable growth and medium- to long-term enhancement of the corporate value of Sumitomo Mitsui Trust Group (the “SuMi TRUST Group”). Also, the SuMi TRUST Group has established SuMi TRUST Group’s management principles (mission), ideal model (vision), and codes of conduct (value) as the general principle for its management, which shall be shared by all the officers and employees of the SuMi TRUST Group and relied upon in all activities.

—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 a corporate culture 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 execution of the SuMi TRUST Group, SuMi TRUST Holdings shall endeavor to ensure the Board of Directors’ role of effective oversight of the business execution.
- 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.

• Corporate Governance System



2. Outline of Corporate Governance System

(1) Role of SuMi TRUST Holdings in the SuMi TRUST Group

In the SuMi TRUST Group, there is a management structure which allows Sumitomo Mitsui Trust Bank (“SuMi TRUST Bank”), Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Research Institute to pursue their respective business activities in an independent manner. As a holding company, SuMi TRUST Holdings focuses on the management of business operations, taking responsibility for the following functions:

- Formulating group management strategy;
- Monitoring administration of business activities;
- Allocating management resources;
- Supervising risk management;
- Supervising compliance management; and
- Managing internal auditing.

(2) Perspectives on Corporate Governance System

The SuMi TRUST Group is a trust bank group, which is formed around SuMi Trust Bank, a core subsidiary with significant expertise developed over the years and with wide business fields and capable of providing a one-stop total solution service. With the objectives of meeting its stakeholders’ expectations, the Group shall further ensure the transparency of its management, and shall develop a system necessary to enhance the corporate governance system.

(3) Organizational Structure for Corporate Governance

SuMi TRUST Holdings has adopted the system of a company with the Board of Corporate Auditors in which directors who are thoroughly familiar with businesses determine the execution of important business and established a Board of Corporate Auditors with at least half of corporate auditors being external corporate auditors. SuMi TRUST Holdings has also voluntarily established the Nominating and Compensation Committee and the Audit Committee as advisory bodies to the Board of Directors.

(4) Roles of the Board of Directors

The Board of Directors shall oversee overall management and ensure fairness and transparency of SuMi TRUST Holdings' corporate management. In addition, the Board of Directors shall make decisions for the SuMi TRUST Group by, among other things, deciding important business-execution matters, which are required by law to be decided by the Board of Directors. Except for the important business-execution matters, the Board of Directors shall delegate business execution and decision-making thereon to subordinate meetings, such as the Executive Committee, and officers in charge of relevant business, etc., and the Board of Directors shall oversee the execution of those duties.

External directors shall oversee the execution of business by the Board of Directors and the top management, and any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc., from the standpoint of stakeholders, in order to support sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group.

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

(5) Composition of the Board of Directors

The Board of Directors of SuMi TRUST Holdings has no more than 15 directors, which is the number of directors prescribed in the Articles of Incorporation, and it basically comprises such number of directors as shall be necessary and appropriate to secure an effective management system of the SuMi TRUST Group and substantive discussion at the Board of Directors. However, due consideration is also given to securing diversity and professionalism at the Board of Directors in deciding such number. In addition, in light of the importance of external directors' functions in the corporate governance, SuMi TRUST Holdings operates the Board of Directors with at least one-third of directors being independent external directors, in principle.

(6) Qualification of Directors and Nomination Procedures

SuMi TRUST Holdings' candidates for directors are decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) a person with abundant knowledge and experience regarding the management administration and business operation of a trust bank group; and (ii) a person who fully understands

the social responsibility and mission of banking business and fiduciary spirit of trust business, and who is able to fairly and appropriately implement the management administration and business operation based on a high degree of self-discipline.

Candidates for external directors shall be decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) a person who satisfies the Independence Standards of SuMi TRUST Holdings, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) a person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; and (iii) 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 experience in fields such as corporate management, economy, legal affairs, accounting, tax accounting, and auditing.

Reason for appointing as external director

Soichi Shinohara: President of Kyoto Gakuen University and Emeritus Professor of Doshisha University. Mr. Shinohara was appointed external director, as he was expected to offer his wealth of knowledge about, and sophisticated insight into, economic issues both at home and abroad to further enhance the quality of SuMi TRUST Holdings' management. He developed his knowledge and insight in his capacity as an economist specializing in international economics and macroeconomics.

Takeshi Suzuki: External Director of AICHI CORPORATION, and formerly an executive at Toyota Motor Corporation and Aioi Nissay Dowa Insurance Co., Ltd. Mr. Suzuki was appointed as an external director as he was expected to offer his wealth of experience and extensive insight developed in his capacity as a senior executive of a company to further enhance the quality of the management of SuMi TRUST Holdings.

Mikio Araki: President of The Japan Economic Research Institute, External Director of Kintetsu Group Holdings Co., Ltd. and External Auditor of Japan Freight Railway Company and formerly Deputy President (Representative Director) of Development Bank of Japan Inc. Mr. Araki was appointed as an external director as he was expected to offer his extensive experience in such fields as the management of banks and policy-based finance and abundant knowledge regarding about domestic and overseas finance and economic conditions to further enhance the quality of the management of SuMi TRUST Holdings.

(7) Composition of the Board of Corporate Auditors

SuMi TRUST Holdings has adopted the corporate auditor system, with a board of corporate auditors comprised of two fulltime corporate auditors and three part-time corporate auditors (external corporate auditors), a total of five corporate auditors. In order to ensure the independence of the auditing function, three of the corporate auditors are external auditors. Furthermore, the three external corporate auditors meet the Independence Standards of SuMi TRUST Holdings and thus have been designated as independent officers.

The corporate auditors attend important meetings including the Board of Directors' meetings and receive reports from directors and general managers of headquarters regarding the status of the execution of duties. They also receive business reports from subsidiaries as necessary.

(8) Qualification of Corporate Auditors and Nomination Procedures

SuMi TRUST Holdings' candidates for corporate auditors shall be decided from among a wide range of diversified individuals pursuant to the following nomination policies, with the approval of the Board of Corporate Auditors: (i) a person with abundant knowledge and experience regarding the management administration and business operation of a trust bank group; and (ii) a person who is able to oversee the execution of duties by directors from a fair and objective standpoint, and contribute to enhancing the soundness and transparency of management.

Candidates for external corporate auditors shall be decided from among a wide range of diversified individuals pursuant to the following nomination policies, with the approval of the Board of Corporate Auditors: (i) a person who satisfies the Independence Standards of SuMi TRUST Holdings, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) a person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; and (iii) a person who fully recognizes the role of external corporate auditor, and who is able to oversee the execution of business by directors from a neutral and objective standpoint, by leveraging the person's knowledge and experience in fields such as corporate management, economics, legal affairs, accounting, tax accounting, and auditing, and who is thereby able to contribute to enhancing the soundness and transparency of SuMi TRUST Holdings' management.

Reason for appointing as external corporate auditor

Tetsuya Yoshimoto: Former judge serving numerous important posts, and Chairman of the National Public Service Ethics Board (after he retired as a judge). Mr. Yoshimoto was appointed as an external corporate auditor as he was expected to offer his wealth of experience in the legal community and high sense of morality to further enhance the quality of audits at SuMi TRUST Holdings.

Shinichi Saito: Representative Director, President and CEO of Japan Industrial Solutions Co., Ltd. Mr. Saito was appointed as an external corporate auditor as he was expected to offer his wealth of experience in, and insight into, areas including financial accounting, overseas business, finance, and corporate reconstruction, drawing on his career at the treasury section of a major general trading company or at the consulting section of a major audit firm to further enhance the quality of audits at SuMi TRUST Holdings.

Takashi Yoshida (newly designated in June, 2016):

Certified Public Accountant, External Corporate Auditor of Nippon Seiro Co., Ltd. and External Director of COSMOS INITIA Co., Ltd. Mr. Yoshida was appointed as an external corporate auditor as he was expected to offer his abundant knowledge and deep insight regarding finance and accounting based on his work experiences such as auditing of financial institutions and industrial companies in a major audit firm, management of an audit firm, and working overseas to further enhance the quality of audits at SuMi TRUST Holdings.

(9) Establishment of Voluntary Committees

In order to further enhance its corporate governance system, SuMi TRUST Holdings has established the Nominating and Compensation Committee and the Audit Committee, in which external directors participate, as advisory bodies to the Board of Directors.

Outline of the Nominating and Compensation Committee (as of June 29, 2016)

Chair: Mikio Araki (External Director)
Member: Soichi Shinohara (External Director)
Member: Takeshi Suzuki (External Director)
Member: Hitoshi Tsunekage (Chairman)
Member: Kunitaro Kitamura (President)

In principle, the majority of the Committee members consists of external directors.

Main consultation matters

- The nomination of candidates for directors and corporate auditors
- The Independence Standards of independent external officers
- The compensation structure for officers
- Other important matters regarding officers

Outline of the Audit Committee (as of June 29, 2016)

Chair: Soichi Shinohara (External Director)
Member: Takeshi Suzuki (External Director)
Member: Mikio Araki (External Director)
Member: Yoshiaki Koshimura
(Officer responsible for SuMi TRUST Holdings' Internal Audit Department)

In principle, the majority of the Committee members consists of external directors.

Main consultation matters

- Internal audit plans
- Other important matters regarding the internal audit

(10) Internal Auditing System

SuMi TRUST Holdings has established an internal audit unit, which is independent from business execution units. The internal audit unit creates policy on the development of the internal auditing system and the internal auditing plans of the SuMi TRUST Group, performs internal auditing* for each business execution unit, and indicates and recommends points to be improved. It also periodically, as appropriate, reports to the Board of Directors on internal auditing results and the status of the progress and achievement of the internal auditing plans.

SuMi TRUST Holdings has also established the Audit Committee, an advisory body to the Board of Directors, where a majority of the Audit Committee members are external directors. The Committee preliminarily examines important matters regarding the internal audit and submits thereon to the Board of Directors.

* For details concerning internal auditing, please refer to page 65.

(11) Human Resource Development for Management Succession

SuMi TRUST Holdings has clarified quality as executive and a pool of candidates for the executives of SuMi TRUST Holdings and the core subsidiary SuMi TRUST Bank as a part of its succession plan, while also establishing various training programs and a council for fostering human resources as potential executives, as well as a system for managerial promotion.

(12) Outline of Results of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors as a Whole

SuMi TRUST Holdings arranges occasions for hearing for all directors and corporate auditors who attend Board of Directors' meetings, and assesses the effectiveness of the Board of Directors. As a result, SuMi TRUST Holdings confirmed that a certain level of effectiveness of operations of the Board of Directors was secured and shared with the hearing attendees priority initiatives from the perspective of further enhancement of operation of the Board of Directors.

3. Compensation of Directors

SuMi TRUST Bank, core subsidiary of the SuMi TRUST Group, has adopted a management style that aims to increase the scale of entrusted assets and the like by expanding the customer base over the medium- to long-term rather than seeking short-term profit. With these features of a trust bank as the background, the systems and structures for compensation of directors have been established, 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.

* For details of disclosure data concerning compensation of directors and others, please refer to pages 280 and 350.

4. Cross-Shareholdings

(1) 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.

(2) 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.

5. Measures for Protection of Stakeholders' Interests

(1) Management System of Related Party Transactions

When 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.

(2) Management System of Transactions Involving Conflict of Interest with Customers in SuMi TRUST Group's Business Operations

The SuMi TRUST Group shall separately prescribe the Management Policy Concerning Conflicts of Interest (the "Management Policy") pursuant to laws, etc., in order to ensure that none of the various services provided by each group company and its related parties unfairly harm the interests of its customers. Pursuant to the Management Policy, SuMi TRUST Group shall appropriately manage transactions that may give rise to a conflict of interest, and shall properly implement its business operations.

(3) Compliance Hotline System

In order to promptly and appropriately respond to any violation of laws, etc., the SuMi TRUST Group has established a compliance hotline system where all officers and employees can directly report to the Compliance Department or external law firms.

6. Internal Control

The internal control system has been designed to prevent the occurrence of misconduct by putting in place various mechanisms and rules for the purpose of conducting sound management in the company. Essentially, there are four objectives of the internal control system: (1) the effectiveness and efficiency of operations, (2) the reliability of financial reporting, (3) the compliance with laws and ordinances concerning business activities, and (4) the safeguarding of assets. A company achieves these objectives by developing and operating its internal control system.

At SuMi TRUST Holdings, in order to accomplish the four above-mentioned objectives, the Board of Directors decides its Basic Policy on Internal Control for the development of the following systems: (1) Compliance structure, (2) Risk management structure, (3) Structure for execution of duties, (4) Structure to ensure transparency of management, (5) Management structure to ensure the appropriateness of operations at the SuMi TRUST Group, (6) Information storage and management structure, (7) Internal audit structure, and (8) Structure for corporate auditors' audits. For the structures that have been developed and operated based on these policies, please refer to pages 54-65.

7. Risk-appetite Framework

A risk appetite framework (RAF) is a group-wide framework comprised of a process that defines the types and levels of risk SuMi TRUST Holdings is willing to accept within its financial strength (risk appetite) in order to achieve its business strategies and financial strategies established based on SuMi TRUST Holdings' social role and management principles, and governance and other systems that support the process.

SuMi TRUST Holdings will strive to optimize risk-return and enhance corporate value over the medium- to long-term through the integrated operation of risk management based on RAF.

8. Constructive Dialogue with Shareholders

SuMi TRUST Holdings has established the Policy for Constructive Dialogue with Shareholders, etc. as provided in 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.

* For more information of corporate governance of SuMi TRUST Holdings, please visit:
http://smth.jp/en/about_us/governance/index.html