

Sumitomo Mitsui Trust Holdings, Inc.

IR DAY

July 7, 2023
Sumitomo Mitsui Trust Holdings, Inc.

Today's theme

Corporate business strategy at Medium-Term Management Plan

Sumitomo Mitsui Trust Holdings, Inc. executive officer

Sumitomo Mitsui Trust Bank Limited Deputy President

Shigeki Tanaka

1. SuMi TRUST Group's corporate business
2. Initiatives to improving ROE for each corporate clients
3. Growth strategy of corporate businesses(five key strategies)
4. KPI of corporate businesses

◆ Thank you for joining us today.

I am Shigeki Tanaka, Executive Officer of Sumitomo Mitsui Trust Holdings, Inc. and Deputy President of Sumitomo Mitsui Trust Bank, Limited.

◆ Today I would like to talk about the corporate business strategy in the new Medium-Term Management Plan.

◆ Please turn to page 2.

1. SuMi TRUST Group's corporate business

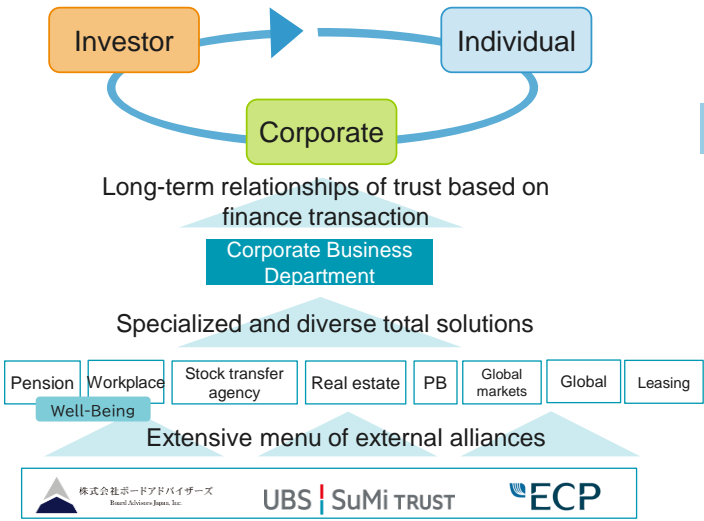
Goal of corporate business (Aspiration by FY2030)

“Best partner for clients and society”

<Clients>Contribution to enhance clients' corporate value through support for transition toward ESG/Sustainable management

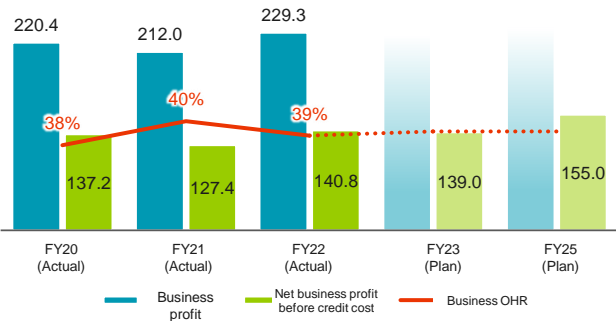
<Society>Contribution to create social value through virtuous circulation of funds, assets and capital, and sound development of capital markets

Business model of corporate business



Develop business as a **nexus** that leverages contacts with diverse economic entities and stakeholders

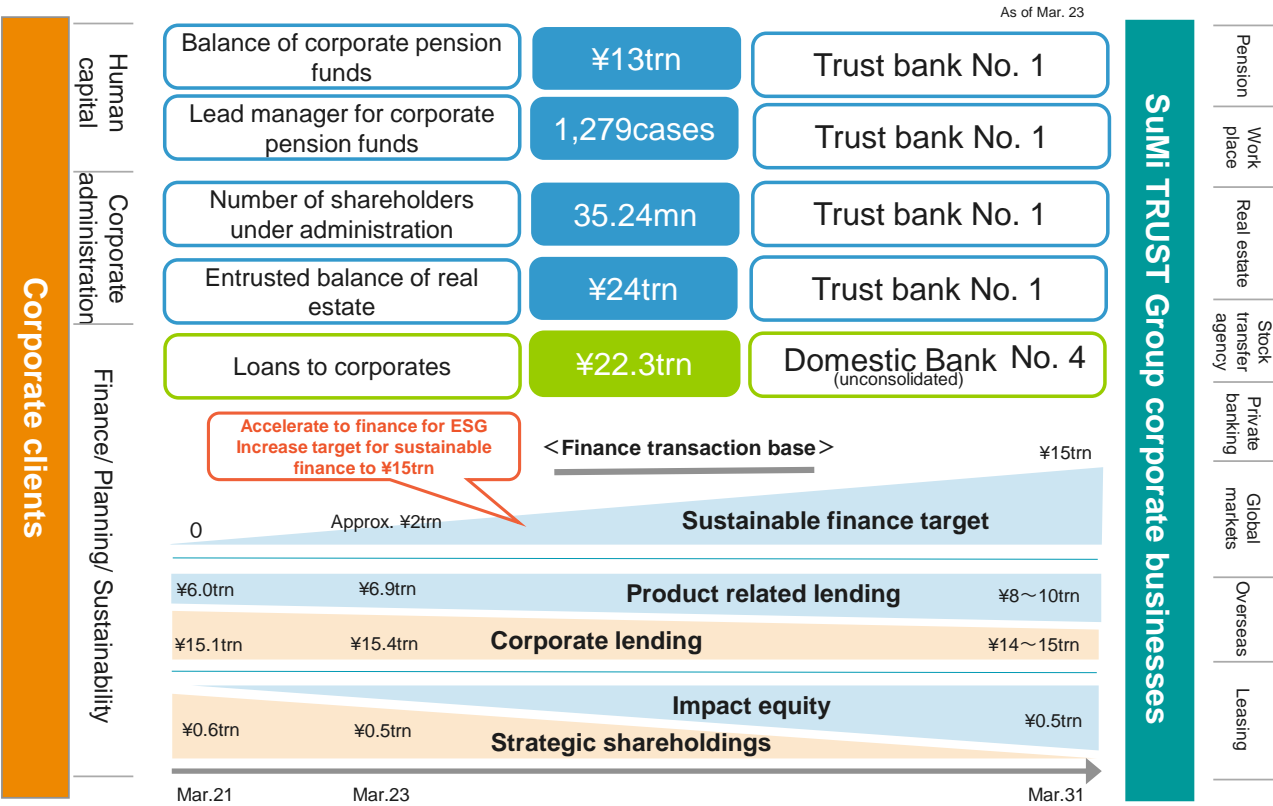
Business profit (Consolidated, JPY bn)



(*1) Change the scope of aggregation due to the reorganization of business on Apr.1,2022, recalculating figures for FY20 based on new scope (unaudited)

- ◆ First of all, our Group's corporate business aims to be "the best partner of our clients and society" by contributing to the enhancement of our clients' corporate value and the creation of social value, taking into account the purpose of SuMi TRUST Group.
- ◆ Next, I will explain about the business model of the corporate business. Our greatest strength is that we can provide specialized and diverse total solutions such as pensions, stock transfer agency, and real estate businesses as a single entity, based on long-term relationships of trust with corporate clients based on credit transactions.
- ◆ Another feature of our Group is our strategy of forming alliances with partners that complement our Group's strengths, both domestically and globally, thereby broadening the expertise and breadth of our solutions.
- ◆ Aside from corporations, which are our clients in the corporate business, our contacts with various stakeholders, including shareholders, institutional investors, and employees, as well as our know-how and product lineup unique to a trust group, form the foundation of our ability to provide a wide variety of total solutions.
- ◆ In this way, we hope to realize growth together with our clients and society by leveraging our various nodal points and developing wide range of businesses.
- ◆ Please turn to page 3.

(Ref.) Status of SuMi TRUST Group



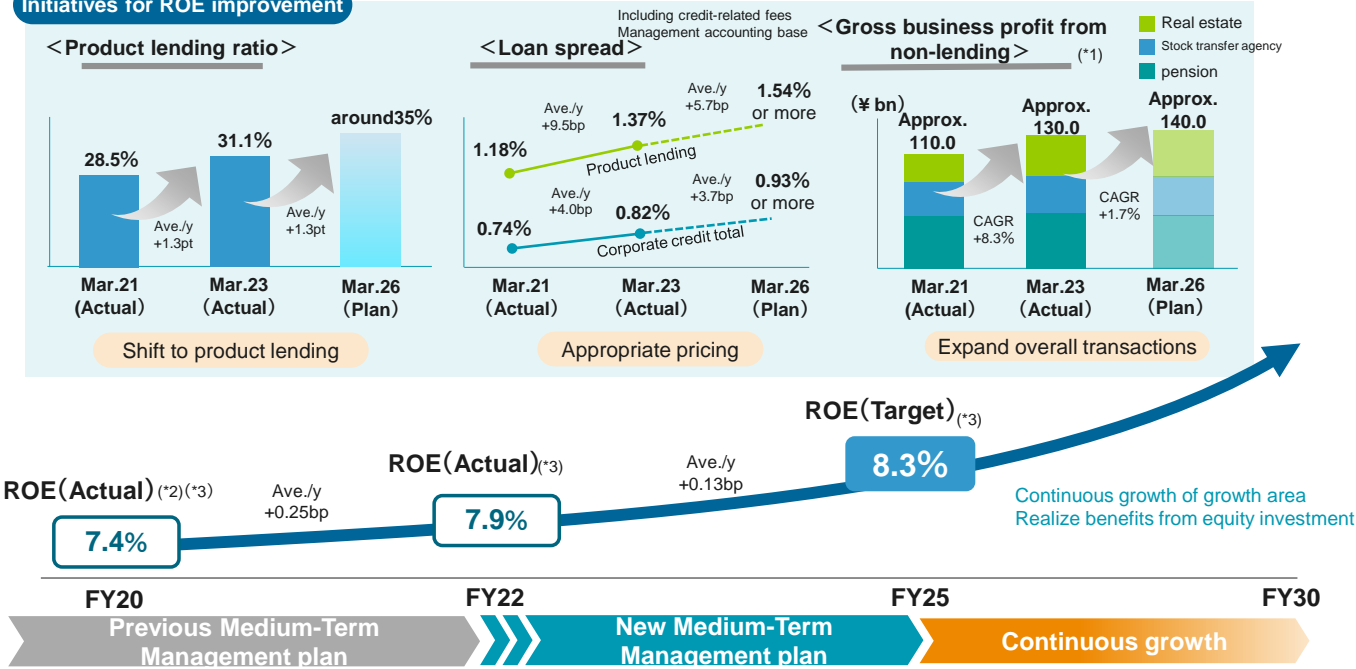
Copyright © 2023 SUMITOMO MITSUI TRUST HOLDINGS, INC. All rights reserved.

- ◆ As I was just explaining to you about our Group's strengths, we are proud of our top-class status in the fields of pensions, stock transfer agency, real estate businesses, etc.
- ◆ This is not only due to the strength of individual products such as pensions, stock transfer agency, and real estate, but is also a result of the relationships of trust based on finance transactions with corporate clients, which allows the corporate business to serve as a hub and provide total solutions as a single entity to the finance, planning, sustainability, human resources, and corporate administration departments of corporate clients.
- ◆ As for the balance of loans to corporate clients, we are only the fourth largest bank in Japan on a non-consolidated basis in terms of size, but we consider this to be one of our "bonds" with corporate clients and a source of strength for SuMi TRUST Group.
- ◆ In addition, as I will explain later in this presentation, we are also working to rebalance to improve ROE, through measures such as strengthening financing to the ESG domain, shifting from corporate lending to product lending, as well as shifting from strategic shareholdings to impact equity.
- ◆ Please turn to page 4.

2. Initiatives to improving segment ROE(corporate clients)

- Unchanged medium- to long-term policy to improve ROE, and achieve to improve ROE by shifting to ESG and other growth areas

Initiatives for ROE improvement



(*1) Management accounting base. Includes gross business profit in investor services business and retail business from corporate clients.
(*2) Change the scope of aggregation due to reorganization of business on Apr.1 22. Recalculate the figures for FY20 based on the new scope (unaudited). (*3) Includes profit for pension related business.

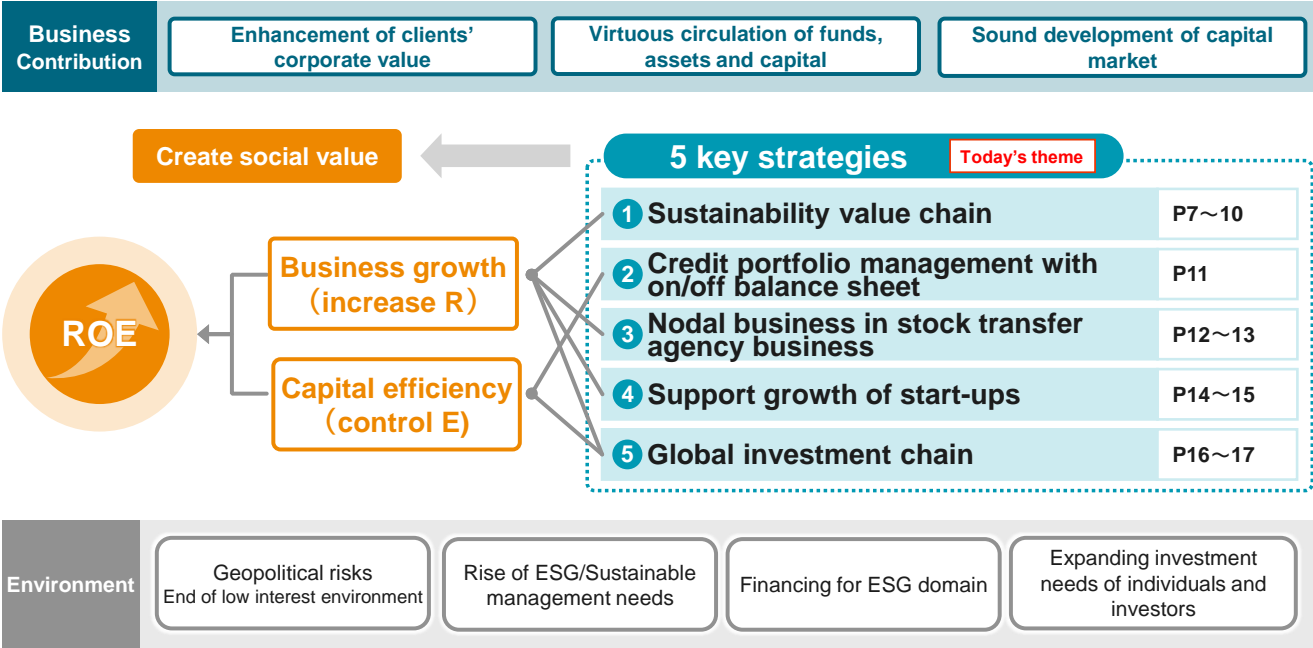
- ◆ Since the previous Medium-Term Management Plan, we continued to promote financing for ESG fields and increased the ratio of product lending, such as project finance and real estate non-recourse loans, by an annual average of +1.3 ppt from FY20 to FY22.
- ◆ In addition, through appropriate pricing strategies commensurate with capital and risk, the credit portfolio has become more profitable, with the loan spread on product lending improving by an average of +9.5 bp per year from FY20 to FY22, and an average of +4.0 bp per year for overall corporate credits.
- ◆ Furthermore, by sharing management issues with clients through various surveys, we have been able to win ESG consulting contracts and new real estate projects, leading to an increase in property management gross profit.
- ◆ As a result, ROE for each client improved by 0.5 ppt over the past two years, from 7.4% in FY20 to 7.9% in FY22.
- ◆ Since our clients are mainly large companies, corporate lending itself is a business for which ROE is relatively low, but many of our clients have substantial non-lending transactions such as pensions, stock transfer agency, and real estate, and we are able to secure a reasonable ROE for the entire transaction.
- ◆ In the new Medium-Term Management Plan, our policy of shifting to product lending, focusing on ESG fields in Japan and overseas, setting the appropriate pricing, expansion of comprehensive transactions, and rebalancing from strategic shareholdings to impact equity will be continued, with the aim of further improving ROE.
- ◆ In the current fiscal year, we have been steadily providing solution to solve our clients' management issues, especially in the ESG field, and we feel that we are continuously making progress our strategy to improve ROE.
- ◆ Please turn to page 5.

3. Summary of corporate business strategy at Medium-Term Management Plan



Aspiration by FY2030

“Best partner” for clients and society



- ◆ Next, this slide provides an overview of the strategies in the new Medium-Term Management Plan for the corporate business.
- ◆ Under the current environment, we are seeing heightened geopolitical risks, widely fluctuating financial environment, and the rise of ESG/sustainable management among corporate clients.
- ◆ Through our five key strategies, we will contribute to improving our Group's ROE by achieving business growth and capital efficiency, and we will also contribute to enhancing our clients' corporate value and the creation of social value, aiming to be the best partner for our clients and society.
- ◆ Please turn to page 7.

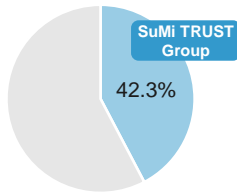
(Ref.)Key strategy of SuMi TRUST Group/ contribution to circulation (Corporate business)

Contribution to creation of social value

Sound development of capital market through nodal point of stock transfer agency business

No.1

In domestic markets
Stock transfer agency(*)



Promote engagement for individuals, corporates and investors



Consulting based on accumulated data

3 Nodal point in stock transfer agency business

Enhance corporate value by providing specialized and diverse solutions

Stay close over the long-term to each of the growth phase of corporates

1 initial

2 growth

3 maturity

specialized and diverse total solutions

1 Sustainability value chain

4 Support for start-ups

Corporates

Nodal point of circulation

Individual

Investor

Virtuous circulation of funds, assets and capital by utilizing domestic and overseas investors' funds

Develop and provide financing opportunities for ESG domain



Funds from overseas investors and financial institutions

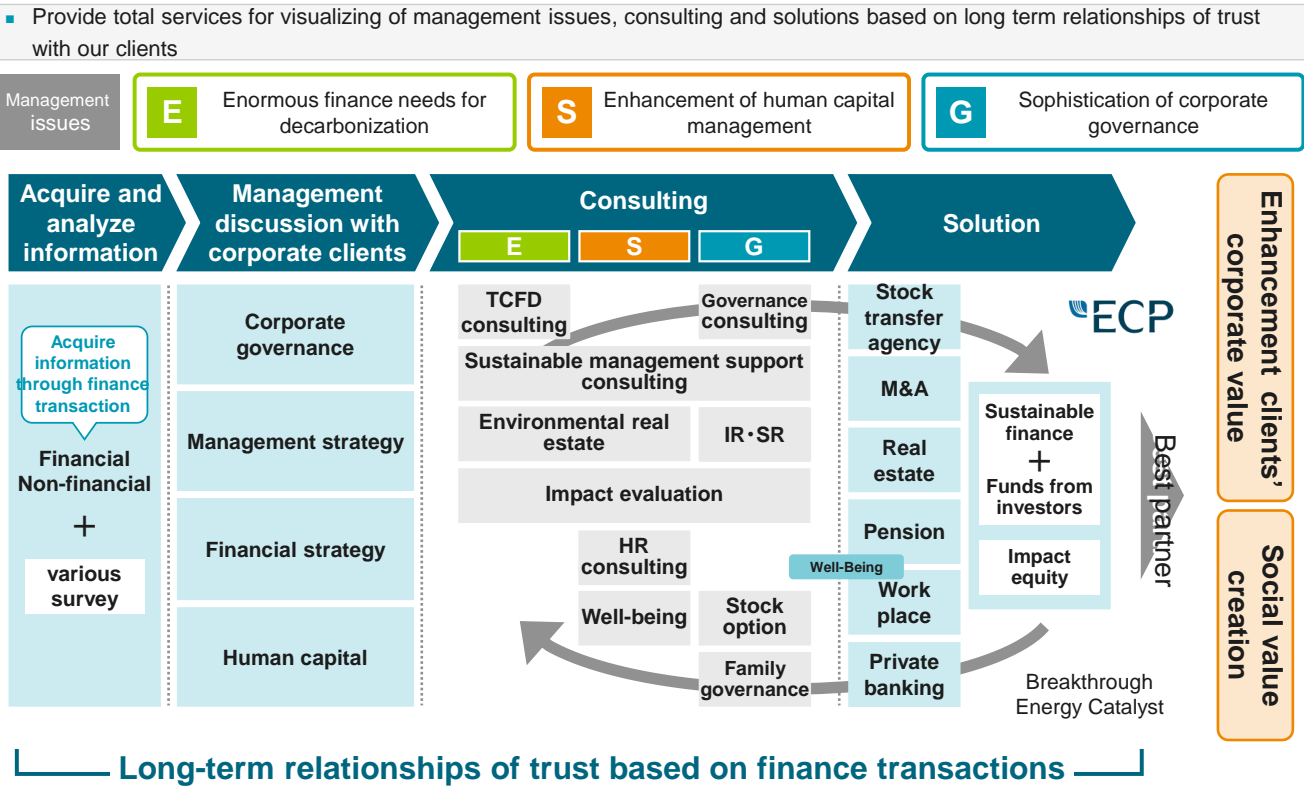
ECP APOLLO

2 Credit portfolio management with on/off balance sheet

5 Global investment chain

(*)Combined total of SuMi TRUST Bank, Tokyo Securities Transfer Agent and Japan securities Agent
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3. Growth strategy ~sustainability value chain

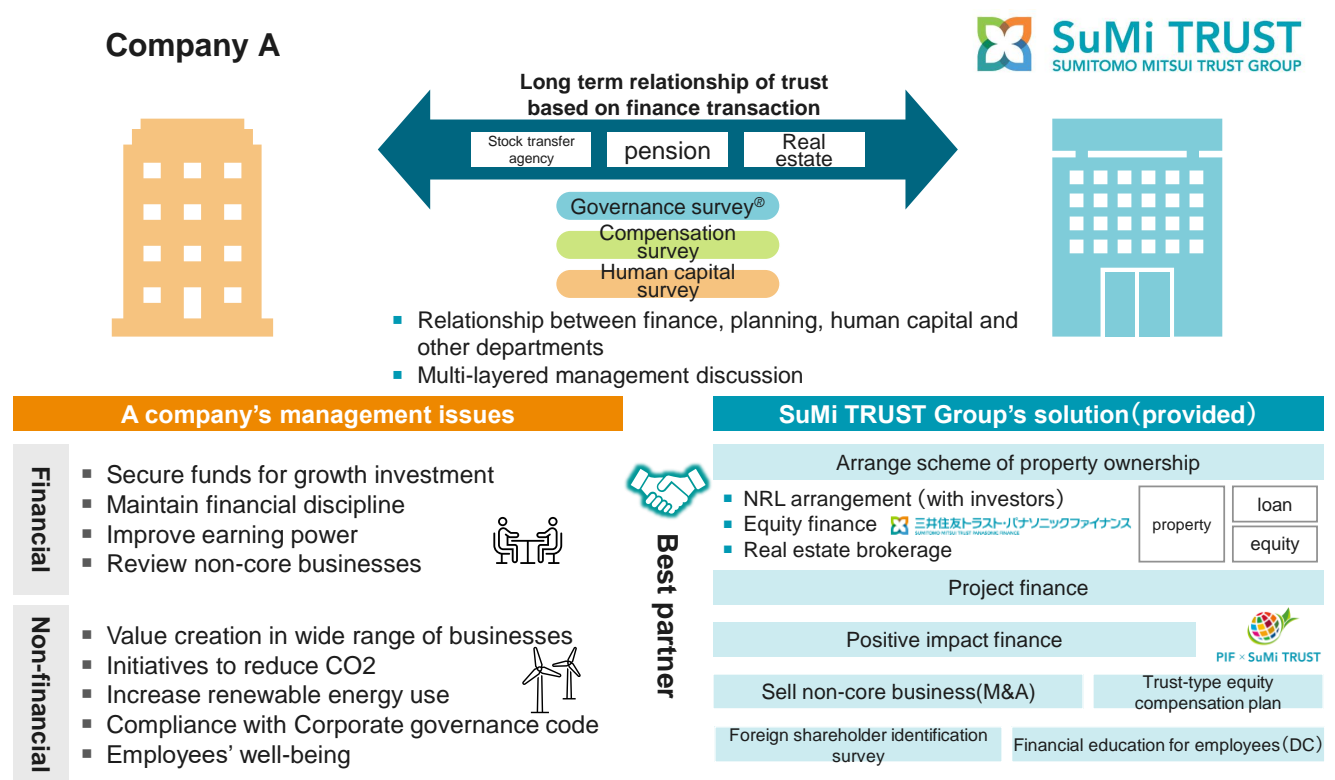


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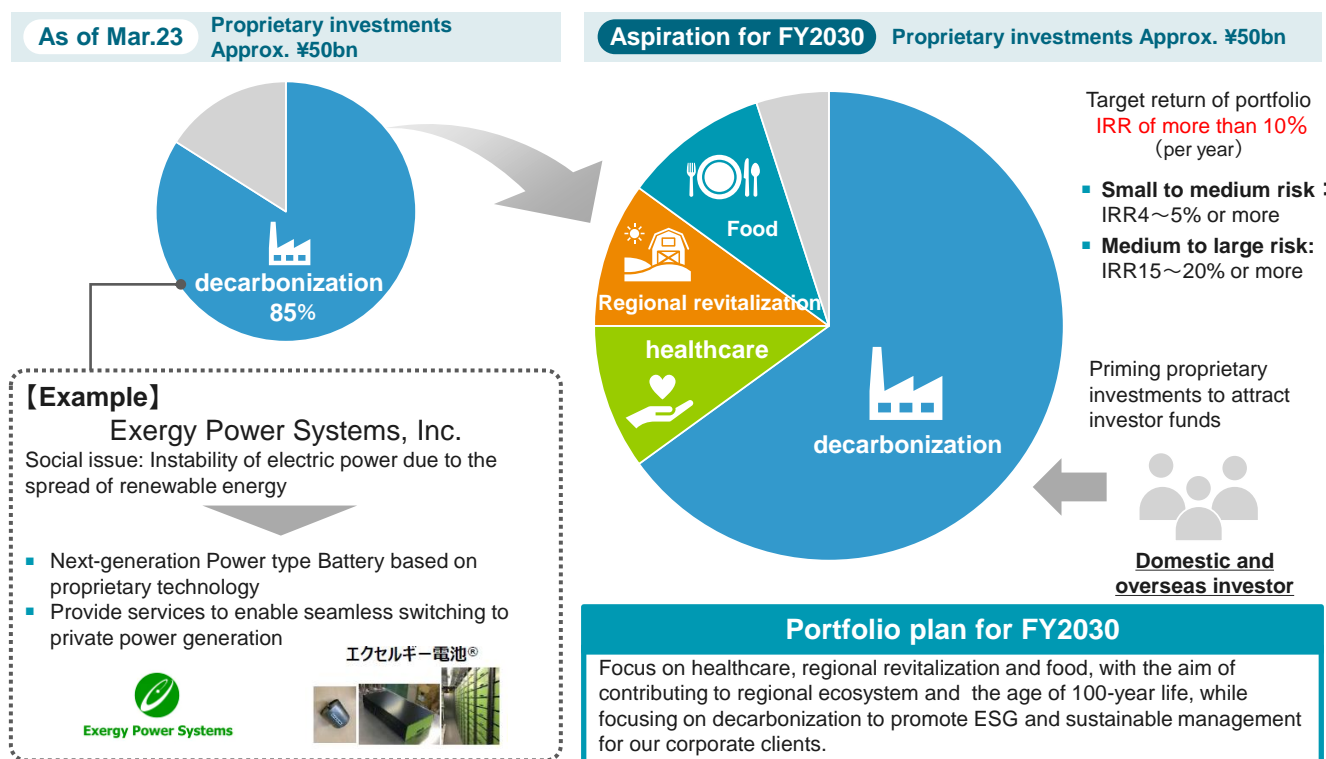
- ◆ This slide explains the Sustainability Value Chain, which is the most important of the five key strategies.
- ◆ In recent years, corporate clients are facing many management challenges in the ESG fields, such as the transitions to decarbonization, strengthening human capital management and sophisticating corporate governance.
- ◆ We will leverage our long-term relationships of trust with our clients to "make visible" their current management issues by acquiring financial and non-financial information through various survey results and share them with our clients.
- ◆ We will provide a variety of ESG consulting services for ESG issues, utilizing our advanced expertise in pension, stock transfer agency, and real estate businesses.
- ◆ Furthermore, in order to solve issues faced by clients, provide real estate brokerage services, financing to address clients' financing needs, particularly in the decarbonization sector, through sustainable finance and impact equity, while also utilizing investor funds.
- ◆ This is the overview of the sustainability value chain.
- ◆ We are promoting further expansion of ESG consulting services because of our strength in the uniqueness of providing ESG consulting services within the bank itself.
- ◆ Corporate Relationship Managers, who are the salespeople in the corporate business, utilize their multi-layered relationships with clients to provide everything from "making visible" management issues and sharing them to various ESG consulting solutions in a single integrated manner, also in cooperation with each business.
- ◆ Please turn to page 8.

(Ref.) Example of sustainability value chain



- ◆ The slide contains examples of sustainability value chains.
- ◆ I will not mention specific company names, but our Group has a long-term relationships of trust with Company A based on credit transactions.
- ◆ We are also engaging multi-layered management discussions by utilizing a variety of survey results.
- ◆ The corporate RM acted as a liaison between Company A and SuMi TRUST Group, involving numerous parties including the investor business, the real estate business, and affiliated companies, and provided an arrangement of property ownership scheme for Company A, while also utilizing investor funds.
- ◆ We have also developed various sustainability value chains, including KPIs for medium- and long-term policies in non-financials and positive impact finance.
- ◆ In this way, we contribute to enhancing our clients' corporate value and creating social value by making visible and sharing Company A's management issues using various surveys as a starting point, and providing various consulting and solutions in cooperation with each of our businesses.
- ◆ Please turn to page 9.

(Ref.) Portfolio plan of impact equity investment



- ◆ This page is about impact equity.
- ◆ We started impact equity investments last fiscal year based on the concept of creating social value and economic value in collaboration with our clients.
- ◆ As of the end of FY 22, we have made investment decisions for a total of 27 investments totaling approximately 50 billion yen.
- ◆ Of the portfolio at the first year of the program, FY22, about 85% is in the decarbonization sector.
- ◆ Toward FY2030, while continuing to focus on "decarbonization," we will also focus on investments in the areas of "healthcare," "regional revitalization," and "food," aiming to contribute to the age of 100-year life and regional ecosystems, and to contribute to the creation of social value and pursue high returns over the medium to long term.
- ◆ Please turn to page 10.

(Ref.) Positive Impact Evaluation Framework

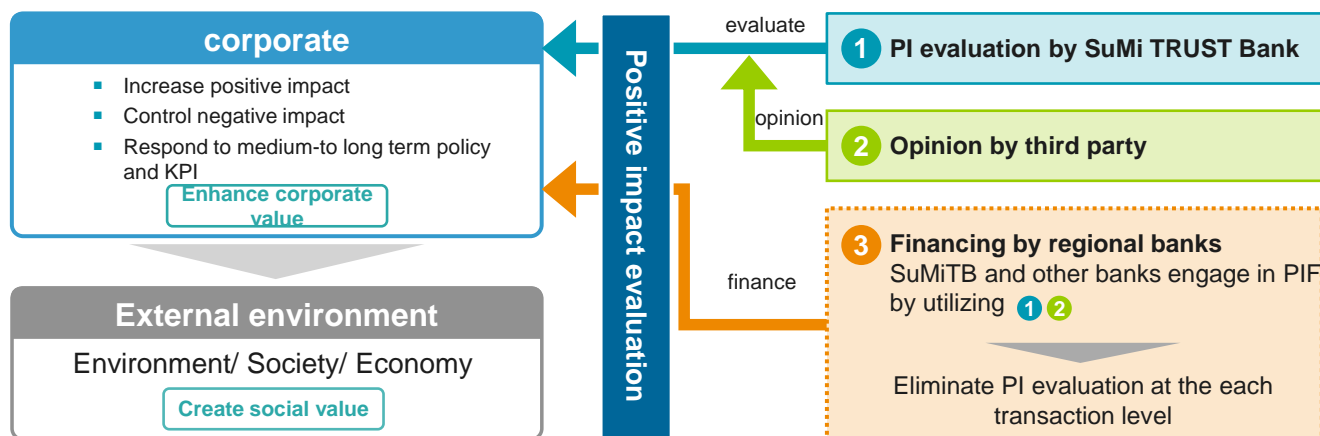
Selected as a model case of e "Green Finance Model Creation Project for FY2022" by the Ministry of Environment

Positive Impact evaluation framework



Features	Other financial institutions can use SuMi TRUST Bank's Positive Impact evaluation as a reference for their own PIF initiatives Promote the further spread and development of impact finance	Arranged by SuMi TRUST Bank Increase in number of cases and volume	<ul style="list-style-type: none"> Before introduction (Mar.19-Jul.22) : 31 cases (approx.¥240.0bn) After introduction (Aug. 22-May.23) : 23 cases (approx.¥220.0bn)
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Positive Impact (PI) evaluation scheme



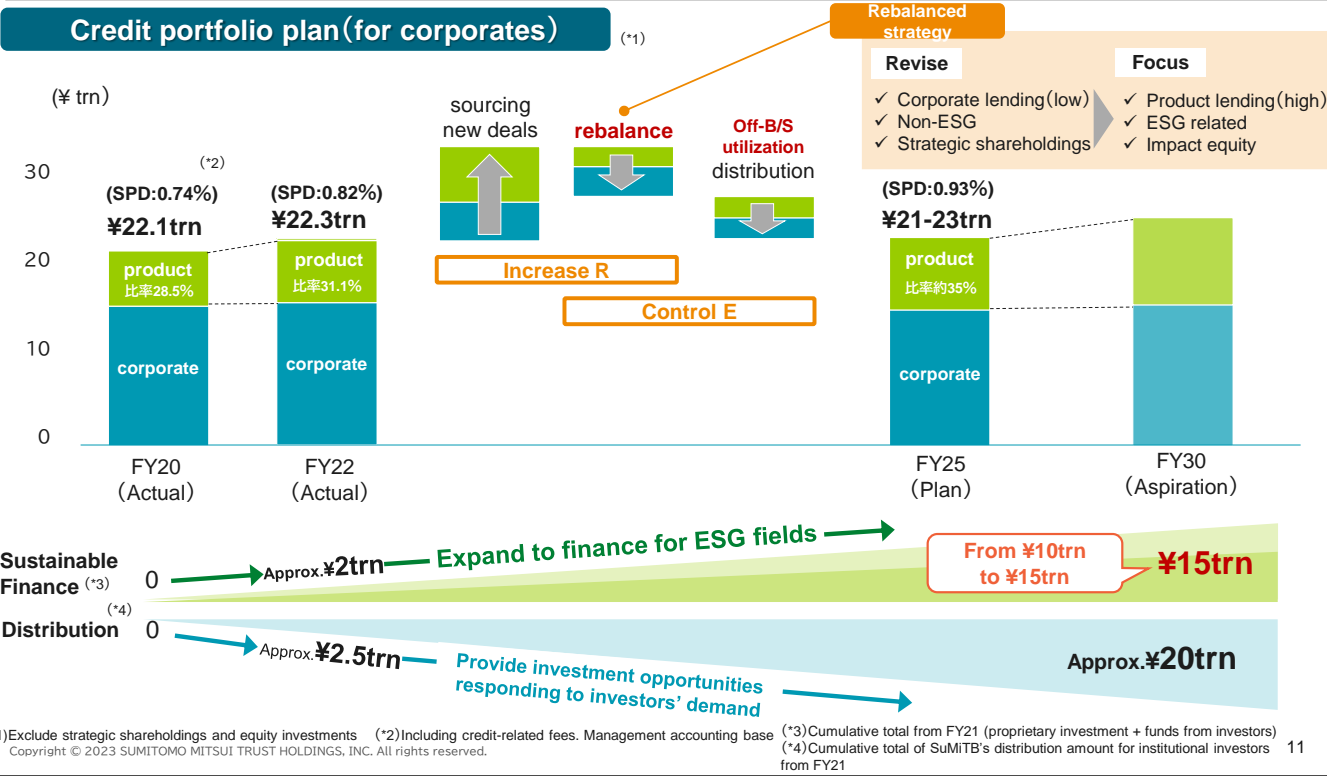
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- ◆ This slide describes the Positive Impact Evaluation Framework.
- ◆ This framework is unique in that it changes the scope of positive impact evaluation from the level of individual loans to corporates , thereby enabling multiple positive impact financing initiatives based on a single evaluation in a flexible manner.
- ◆ Furthermore, other financial institutions can also work on PIFs by referring to our positive impact evaluation.
- ◆ We believe that we will be able to promote the further spread and development of impact finance.
- ◆ Since introducing this framework last August, it has been well received by our corporate clients and both the number and amount of positive impact finance arrangements have increased. It contributes to increasing funding in the ESG domain.
- ◆ Please turn to page 11.

3. Growth strategy ~credit portfolio management with on/off balance sheet

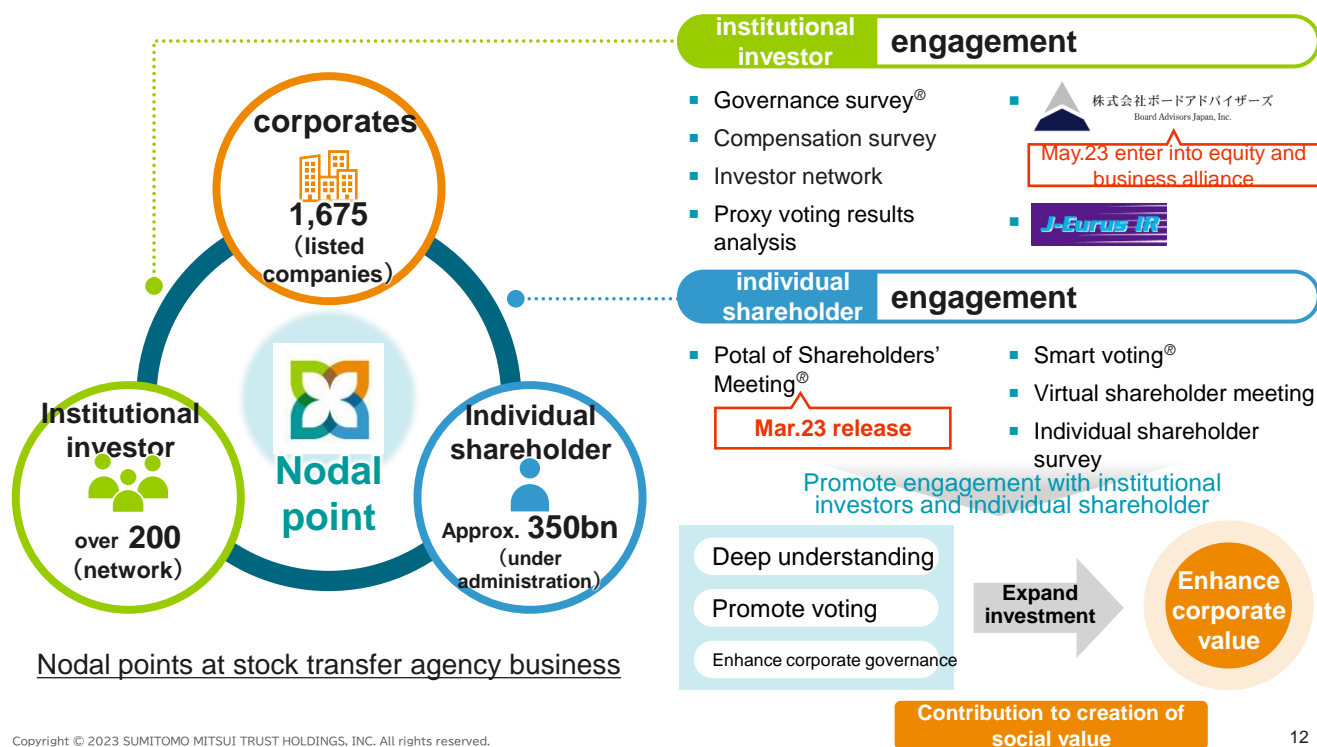
- Improved capital efficiency through rebalancing and off-balance sheet utilization while expanding sourcing of new deals centered on sustainable finance



- ◆ This is about on/off integrated credit portfolio management.
- ◆ As explained earlier, due to the shift to product lending, which is mainly in the ESG domain, 30% over of our total credit portfolio was product lending at the end of FY22.
- ◆ We will continue to expand the sourcing of new projects with a focus on sustainable finance, including impact equity and positive impact finance, and in the future transition finance, project finance for renewable energy, and non-recourse loans for environmental real estate, which are expected to generate huge financing demand for decarbonization in the future.
- ◆ On the other hand, efficient capital utilization and profitability improvement are necessary to improve ROE, and we will continue to make improvements in low profitability corporate lending, where returns are not commensurate with risk, and non-ESG related credit, through engagement with clients.
- ◆ In addition, we intend to maintain the pace of reducing strategic shareholdings by 50 billion yen per year, and to allocate the capital surplus created by the reduction to impact equity and other growth areas, thereby improving medium- and long-term returns.
- ◆ Furthermore, by sourcing investment and financing opportunities that meet investors' needs and arranging joint investment and financing projects with investors, we will both supply funds to the ESG sector and provide investment opportunities to investors, as well as effectively utilize our capital and improve ROE.
- ◆ We intend to review our credit portfolio in a flexible manner, taking into account changes in the external environment and the status of our capital, and we manage the balance at the end of FY25, the final year of the new Medium-Term Management Plan, to be roughly flat from the balance at the end of FY22.
- ◆ Please turn to page 12.

3. Growth strategy of corporate business~ Nodal business in stock transfer agency business

- Contribute to sound development of capital markets by promoting engagement with corporates, individuals and investors through the nodal point of stock transfer agency



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- ◆ I would like to discuss the nodal business in stock transfer agency.
- ◆ The stock transfer agency business is unique in that it serves as the nexus of three economic entities: corporates, institutional investors and individual shareholders. We will promote engagement with corporates and individual shareholders and institutional investors.
- ◆ Regarding the advancement of corporate governance, in May of this year we entered into a capital and business alliance with Board Advisers, a company that provides comprehensive consulting services related to management human resources, including corporate governance and succession planning for the top management.
- ◆ This alliance will enable us to provide services, which is the missing part of ESG consulting, utilizing its advanced expertise in nomination and succession planning.
- ◆ In addition, as a measure to further promote the exercising of voting rights by individual shareholders, we began offering the "Shareholders' Meeting Portal" starting from the shareholders' meetings to be held in May of this year.
- ◆ This service seamlessly provides various services related to shareholders' meetings, such as access to corporate information, exercising of voting rights, and access to the virtual shareholders' meeting website, in addition to functions for viewing convocation notices, including the date, time, and location of shareholders' meetings and details of agenda items.
- ◆ Through these initiatives, we will contribute to the sound development of capital markets by sophisticating corporate governance and encouraging investment in domestic equities by providing information and functions that are attractive to investors.
- ◆ Please turn to page 14.

(Ref.) Example of engagement with corporate, individual and investors

Support sophistication of corporate governance

Governance survey®

1,879 companies^(*)

Biggest survey in corporate governance
Participants: approx.50% of listed company

Compensation survey

1,123 companies^(*)

Analyze compensation levels and composition by position
Target: 20,000 executives

Expand solution

- Support global IR/SR of Japanese corporates

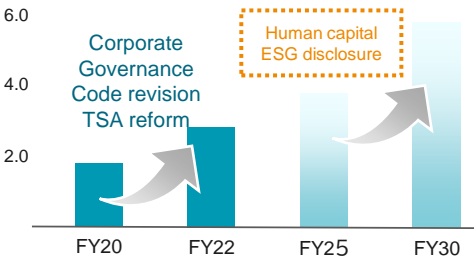


- Support nomination and succession at large corporates

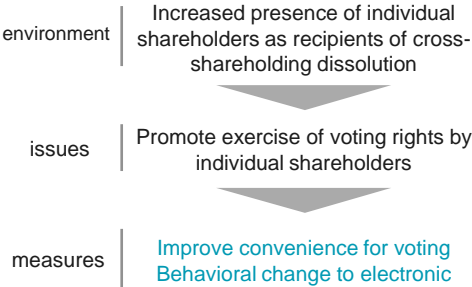


Our strength is consulting based on overwhelming data

< Governance consulting fee (¥bn)>



Promote exercise of voting rights by individual shareholders



Smart voting®

1,226 companies^(*)

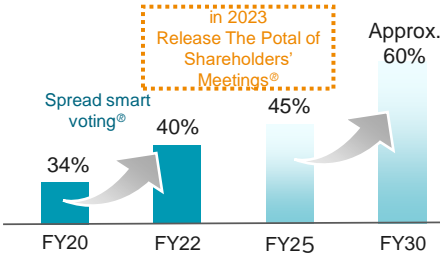
Easily exercise voting rights by smartphone

The Potal of Shareholders' Meeting®

86 companies^(*)

One stop service from convocation notice to exercising of voting rights

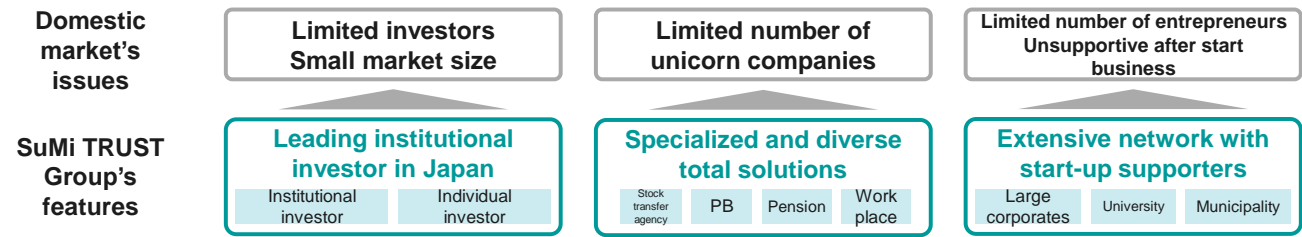
< Individual shareholder voting ratio >



(*)1) Participated in FY22 (*)2) Aggregated until Jun. 23

3. Growth strategy of corporate business~ Support growth of start-ups

- Contribute to the expansion and development of the startup market by leveraging our characteristics



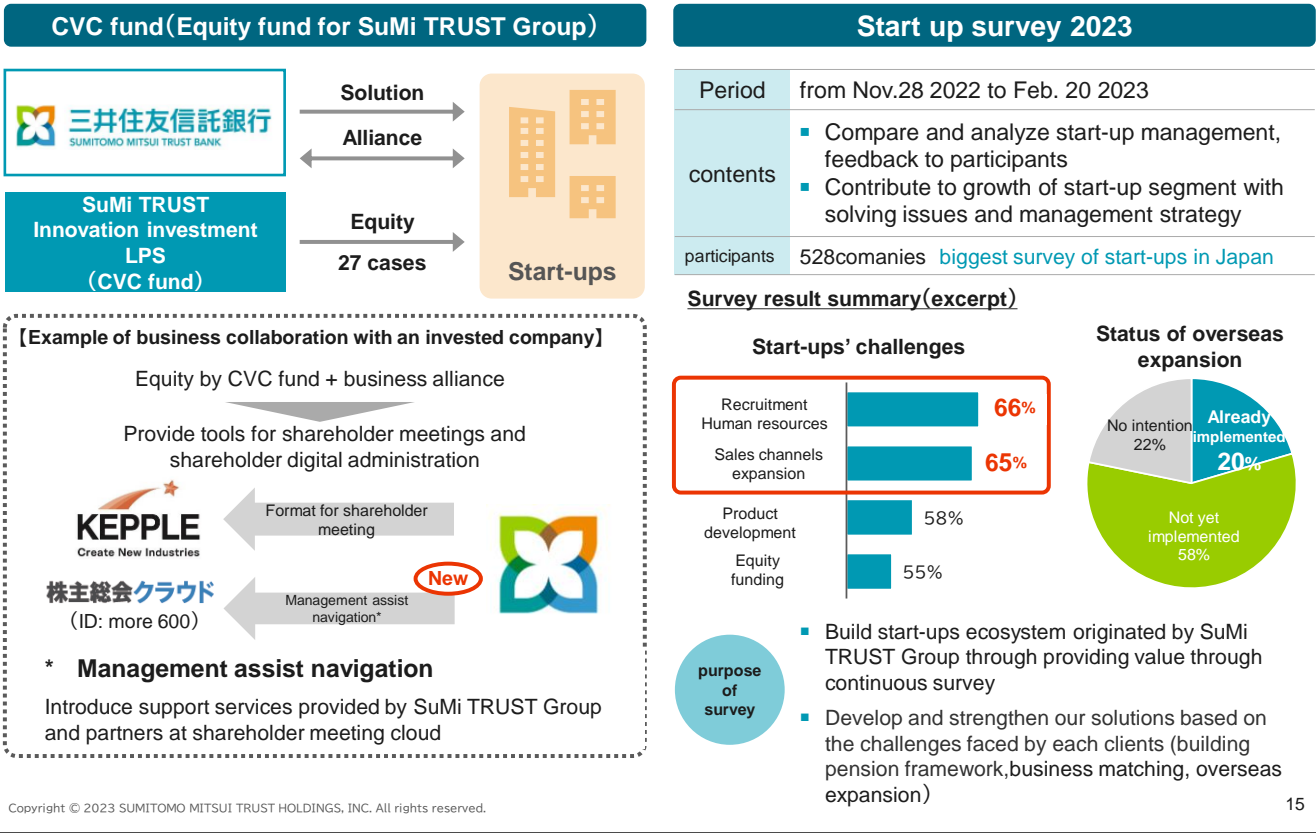
Support for start-up growth by SuMi TRUST Group

Previous Medium-Term Management Plan	New Medium-Term Management Plan						
<div>Establish support system<ul style="list-style-type: none">Establish a dedicated start-up headquarters organizationStrengthen support for around IPO start-ups</div> <div>Strengthen solution<ul style="list-style-type: none">Establish and manage CVC fundConduct a start-up survey</div> <div>Achievement<div>"NEXT unicorn"(*1)<div><div>FY20 22 Total 189</div><div>FY22 45 Total 172</div></div><div>Status of progress<table border="1"><tbody><tr><td>CVC investment</td><td>27 companies (cumulative)</td></tr><tr><td>Survey participants</td><td>528 companies (in FY22)</td></tr><tr><td>Pitch event</td><td>12 events (in three years)</td></tr></tbody></table></div></div></div>	CVC investment	27 companies (cumulative)	Survey participants	528 companies (in FY22)	Pitch event	12 events (in three years)	<div>① Creation of circulation of funds in capital market<p>Funds from institutional and individual investors into start-up segment through providing finance to growth capital</p></div> <div>② Support for unicorn candidate companies<p>Establish new organization that supports for start-ups around IPO and provide support menu for listed companies (corporate governance, IR)</p></div> <div>③ Contribution to expand start-up ecosystem<p>Contribute to expand start-up ecosystem in Japan by providing contents and tools utilizing our group's network</p></div>
CVC investment	27 companies (cumulative)						
Survey participants	528 companies (in FY22)						
Pitch event	12 events (in three years)						

(*1) Nikkei "Next unicorn survey" target companies that has relationships with our group
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- ◆ Next is about supporting the growth of startup companies.
- ◆ The startup market in Japan is still in its infancy, and our Group is working to solve issues in the domestic market by leveraging our characteristics of "institutional investor," "total solution," and "broad network".
- ◆ We launched a CVC fund to establish our structure and strengthen our solutions. As a result, transactions with promising startup companies are expanding.
- ◆ Under the new Medium-Term Management Plan, we will contribute to the expansion and development of the market by launching three measures, "creating a circulation of funds in capital markets," "growth support for potential unicorns," and "expansion of the startup ecosystem.
- ◆ Please see to page 15.

(Ref.) Example of initiatives for start-ups



3. Growth strategy of corporate business~ Global investment chain

- Globalize and add value to the functions offered through collaboration and cooperation (networking) with global financial institutions and other partners

What is the Global investment chain?

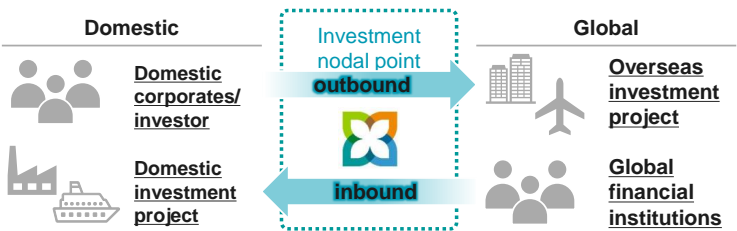
SuMi TRUST Group's core competence as a social infrastructure

- Taking the lead in making investments
- Provider of investment opportunities, asset management and asset administration function
- Platformer connecting corporates and investors etc.

Global Investment chain

Expansion of functions that support investments

- Increase investment opportunities in private assets by domestic investors
- Funds from global investors into domestic markets related to social issues



Example



APOLLO

- Asset manager with a world-class track record in the private assets
- AUM \$597.7bn (As of Mar. 23)

- \$1.5bn Investment in private assets
- Collaboration for creation of domestic private assets market

ECP

- Private equity manager specializing in power energy and environmental infrastructure
- Total power generation capacity 2.9GW

- Investment in ECP and ECP's flagship fund
- Contribution to solve corporate clients' issues related to decarbonization transition

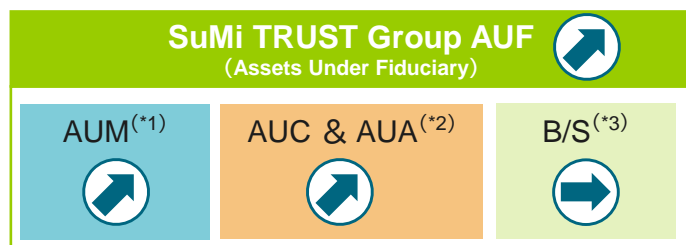
- ◆ This is about the Global Investment Chain.
- ◆ There has long been a trend for "savings to investment," but while huge amounts of individual funds still languish and investors face challenges of investment sophistication, companies need huge amounts of money to decarbonize and innovate.
- ◆ Creating a "virtuous circulation of funds, assets and capital" is crucial to enhancing the corporate value of our clients and creating social value, and the "investment chain," which is the functional and social infrastructure that supports the act of "investment," is essential for this objective.
- ◆ Our Group, in various ways, plays a role in the social infrastructure that provides this investment chain.
- ◆ We use the term "global investment chain" to express our intention to expand our investment support functions even further through collaboration with leading foreign financial institutions and other partners.
- ◆ We, corporate business, will contribute to virtuous circulation by providing investment opportunities such as sustainable finance, impact equity, and private assets that is sourced domestically and internationally.
- ◆ Please turn to page 17.

(Ref.) Global investment chain (role of corporate business)

Corporate business promotes collaboration and cooperation (networking) with overseas financial institutions

Expansion of global investment chain

Realize a virtuous circulation of funds, assets, and capital



Business growth
(increase R)

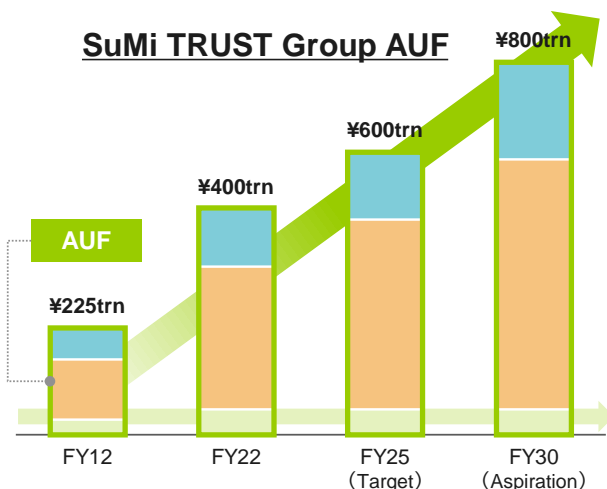
Capital efficiency
(control E)

(*1) Assets Under Management (*2) Assets Under Custody / Administration (*3) Balance Sheet

Contribute to expand profit and AUF

- Capture investment and asset administration needs of investors
- Accelerate inflow of risk money into domestic assets (real estate etc.)

SuMi TRUST Group AUF



- ◆ By extending the global investment chain, we will be able to meet the investment and asset management needs of investors in Japan and globally, including individuals, and contribute to the transitions of corporate clients and society by accelerating the flow of risk money into domestic assets.
- ◆ As a result, the amount of funds our Group is involved with will increase in the form of AUF, which we believe will also contribute to our Group's ROE.
- ◆ The corporate business will promote collaborations with overseas financial institutions and others to achieve these goals.
- ◆ Every day I am reminded that the great swell toward the realization of a sustainable society.
- ◆ Corporate business executives and employees have the desire and the ability to do what we can to contribute to the promotion of ESG/sustainable management by corporate clients and to the promotion of sustainability in local communities.
- ◆ Therefore, we feel strongly about the response to our current strategy, and we will continue to provide a sustainability value chain and utilize investor funds to help our clients enhance their corporate value and create social value, as well as achieve sustainably improving our Group's ROE through the concerted efforts of our corporate business.
- ◆ Thank you for your attention today.

4. KPI of corporate business

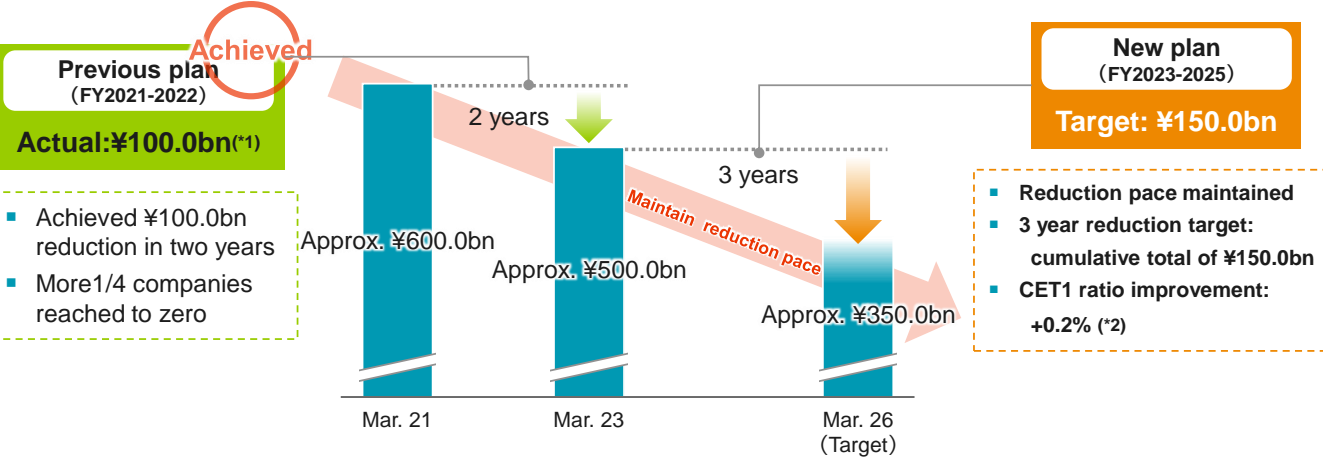
Balanced creation of both social value and economic value (ROE improvement)

		FY22	FY25	FY30	
		Actual	Plan	Aspiration	Concept
on Balance sheet	Corporate lending	¥15.4trn	¥14~15trn	¥14~15trn	From Corporate lending to product lending
	Product lending	¥6.9trn	¥7~8trn	¥8~10trn	
	Strategic shareholdings (at cost)	Approx.¥500bn	Approx.¥350bn	Continue dialogue to zero	From strategic share holdings to impact equity
	Impact investment	Approx.¥50bn	Approx.200bn	Approx.500bn	
off Balance sheet	Distribution(loan) ^(*1)	Approx.¥2.5trn	Approx.¥8trn	Approx.¥20trn	Control risk weighted assets
Non- financial	Sustainable finance	Approx.2trn	Approx.6trn	Approx.15trn	Expand financing to ESG domain
	Individual shareholder voting ratio	40%	45%	Approx. 60%	Sound development of capital markets

Announcement of reduction of strategic shareholdings to zero (May, 2021)
We shall not hold any "strategic shareholding as a conventional stable shareholder."

Cost basis balance of strategic shareholdings

Conduct persistent dialogue to ensure continuation of long- term relationship of trust with clients



- Proxy voting**
- Exercised voting rights according to voting rights guidelines for strategic shareholdings at SuMi TRUST Bank since Jun. 2022
 - Emphasize pre-engagement activities that lead to enhance corporate value for investors

*1: Achieved ¥100.6bn reduction exclude sold and repurchased shares in FY20/4Q
*2: Estimate based on actual results as of the end of Mar. 23 (finalized Basel III basis), incorporating a reduction in RWA equivalent to the reduction target (¥150 bn) for the new plan period.
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