

May 12, 2023

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.  
(Securities Code: 8309 TSE, NSE)

### **Notice regarding the Medium-Term Management Plan (FY2023 - FY2025)**

Sumitomo Mitsui Trust Holdings, Inc. (Director, President: Toru Takakura; hereinafter “SuMi TRUST Holdings”) hereby announces the formulation of a Medium-Term Management Plan for the three-year period from FY2023 to FY2025.

#### **1. Outline of the Medium-Term Management Plan (FY2023 - FY2025)**

2022 was a milestone year, marking the 100th anniversary of the enactment of the Trust Act and the Trust Business Act. Next year, 2024, will mark the 100th anniversary of the founding of SuMi TRUST Holdings. Our philosophy of “pioneering” to contribute to the growth and development of Japan remains unchanged throughout the years, ever since our foundation. We have been boldly "taking on the challenge" of creating new value, in response to the needs of clients and the demands of society in each era, with the "power of trust", based on our intrinsic fiduciary spirit. With the environment surrounding us changing rapidly, we have formulated a new Medium-Term Management Plan based on our Purpose, going back to the roots of our founding of creating a sound and prosperous future, and strongly reaffirming our mission as a trust group, as well as the roles and functions we fulfill in society.

#### **Concept: ~Paving the Way for the Next 100 Years, with the “Power of Trust”~**

##### **[The Aspiration]**

- (1) Be a fiduciary that is trusted by stakeholders
- (2) Contribute to enhancing the well-being of all people, including future generations
- (3) Serve as a social infrastructure, creating a virtuous circulation of funds, assets and capital

##### **[Three Themes and Nine Strategies]**

#### **(Theme I) Business growth that is unique to a trust group, and improvement of capital efficiency**

~Creating a virtuous circulation of funds, assets and capital, and enhancing corporate value~

- Strategy ① Engaging in value-creating businesses: The age of 100-year life, ESG/sustainable management, regional ecosystems and the global investment chain (Networking)
- Strategy ② Asset management and asset administration business strategy
- Strategy ③ Digital Transformation strategy (Trust x DX)
- Strategy ④ Financial and capital strategy

#### **(Theme II) Strengthening human capital to be fit for the future ~Creating an organization in which job satisfaction leads to well-being~**

- Strategy ⑤ Human capital strategy

**(Theme III) Sophisticating our management foundation ~Capability to support the business and organizational transformation~**

- Strategy ⑥ Fiduciary strategy
- Strategy ⑦ Operational infrastructure & facility strategy
- Strategy ⑧ Branding strategy
- Strategy ⑨ Multi-stakeholder capital strategy

**2. Initiatives in the previous Medium-Term Management Plan (FY2020-FY2022)**

In the previous medium-term management plan, under our Purpose, SuMi TRUST Holdings placed the notion of "balanced creation of both social value and economic value" at the core of our management. And, we made it our top priority to realize the "virtuous circulation of funds, assets and capital" that brings the fruits of enhanced corporate value to households, and worked diligently to achieve stable and sustainable development of the Japanese economy and companies, foster sound capital markets, and enhance the well-being of our clients and society.

Specifically, we announced our policy of, in principle, not holding any shares as a conventional stable shareholder. At the same time, we announced our plan to use the capital surplus created by the reduction of strategic shareholdings to make a cumulative total of 500 billion yen in impact equity investments through FY2030, to promote solutions to social issues, and to use these funds as a catalyst to stimulate investor demand for funds of 2.0 trillion yen. We have taken the initiative in creating a circulation of funds. We promoted strategic investments for the realization of our own sustainable growth, including the business alliance with the Apollo Group, which has a world-class track record in the management of private assets and other assets.

With regard to business performance, net income for the final year of the Medium-Term Management Plan (FY2022) reached the target of 190 billion yen. This is the highest profit since the management integration in 2011. In addition, the balance of assets under management, mainly asset management and asset administration, has more than doubled since the integration, and we feel that we are achieving growth unique to a trust group.

**3. Management environment**

The change in Japan's social structure is accelerating further, with the super-aging society, initiatives for SDGs and ESG management, together with the progress of digitalization. The current environment surrounding our management is rapidly changing and becoming more uncertain as well as unclear, with the post-pandemic economic recovery, global inflation caused by soaring food and energy prices triggered by the Ukraine crisis, and heightened concerns due to the bankruptcies etc. of U.S. and European financial institutions.

While changes in social structure and diversification of values are accelerating, as well as uncertainty in the economy and markets increasing, we see this current environment as an opportunity for SuMi TRUST Holdings to demonstrate its true potential as the provider of "trust" that can realize a safe and secure society. In order to pass on an enriched society to the next generation, we will take the lead in making investments, and create a strong and virtuous circulation that resonates with clients and society, and enables all stakeholders to reap the fruits of their investments.

#### **4. Conclusion**

We are committed to providing solutions that are more valuable than our clients expect, based on the strength of our long-term relationships of trust with our clients, and further refining our expertise to realize their aspirations. For the next 100 years, we will continue to create new value with the “Power of Trust” to help our clients and society to realize a prosperous future, and contribute to the enhancement of well-being of our clients and society.

On the financial side, we will take steady steps to achieve an ROE of 10% or above, net income of 300 billion yen or above, an AUF(\*) of 800 trillion yen, and a P/B ratio of 1x or above (market capitalization of 3 trillion yen or greater) as soon as possible by addressing social issues, creating new value for clients and society, and promoting a business model unique to a trust group centered on the asset management and asset administration businesses. We will also contribute to the achievement of P/B ratios of 1x or above not only for us but also for many listed companies in Japan.

(\*) AUF (Assets Under Fiduciary): Balance indicating the scale of our efforts to contribute to solving social issues and creating and expanding markets.

(Appendix)

## **Medium-Term Management Plan (FY2023-2025): Three Themes and Nine Strategies**

### **(Theme 1) Business growth that is unique to a trust group, and improvement of capital efficiency**

~Creating a virtuous circulation of funds, assets and capital, and enhancing corporate value~

#### **[SuMi TRUST Holdings' thinking behind the aim to create a virtuous circulation]**

We believe Japan's most significant financial and social issue is that the assets of individuals, which are said to amount to about roughly 3,000 trillion yen (2,000 trillion yen of financial assets, and 1,000 trillion yen of real estate) and the retained earnings of companies, are stagnant and do not move, not being used for investing or consumption. The market is "bipolarizing", with individuals focusing on passive investment, as opposed to funds that provide large long-term funding and are more likely to enjoy high returns. We believe this bipolarization is hindering the capital markets from fully fulfilling its intrinsic role of allowing a wide range of investors to actively select companies, and for companies to grow and meet the expectations of such investors.

The "growth through a virtuous circulation" that we aim to realize means investors will invest in promising businesses, the fruits of which (such as the rise in stock prices or dividends) leads to asset formation for the people of Japan, while companies make new investment and widen their employment as a result of better business performance, thereby achieving sustainable growth of the economy as a whole. The time is ripe for creating a "virtuous circulation", with needs surfacing for long-term asset management for the age of 100-year life, as well as the estimated need for 150 trillion yen in domestic investment over the next 10 years to decarbonize the economy.

SuMi TRUST Holdings is in an excellent position, with our banking, institutional investor, and real estate functions, allowing us to provide solutions that contribute to enhancing corporate value, and to offer the fruits of these solutions to individuals through pensions and investment trusts, thereby creating a virtuous circulation. In terms of markets, we are involved in all markets and investment chains where funds, assets and capital move. As an essential provider of financial and social infrastructure centered on asset management and asset administration, and as an entity entrusted with creating new social value, we can play a role in the social infrastructure that promotes a virtuous circulation by putting our wide-ranging trust functions to use.

With this recognition, and by utilizing the trust function, we will provide investment support to help clients select assets that are suitable for them, thereby creating a "safe and secure" investment environment to address the vague concerns people have about the future, such as pension issues. In order to realize a virtuous circulation, SuMi TRUST Holdings will take the lead in making investments, creating new markets and encouraging clients to change their behavior (customer transformation), thereby democratizing and socializing investments so that everyone has access to valuable investment opportunities, mobilizing funds which had been stagnant, and realizing a virtuous circulation. Focusing on the younger generation as the leaders of a virtuous circulation that opens the door to a prosperous future, we will focus on developing a client base that includes asset formation generation and innovative companies. In addition, we will strongly support corporate transitions toward the realization of a green society and lead the transformation of the industrial structure.

By involving more stakeholders who share our concept of a "virtuous circulation of funds," and by creating a large eco-system that will further arouse the empathy of people in society, we will take on the challenge of enlarging the whole of the economic and social pie, and contribute to the creation of a prosperous and bright future. We believe that if such a virtuous circulation is realized, it will lead to the sustainable growth of the national economy, which in turn will lead to sustainable and stable growth of SuMi TRUST Holdings and enhance the Well-being of more stakeholders in society, including our clients.

➤ **Strategy ① Engaging in value-creating businesses**

(1) The age of 100-year life

- ✓ We will provide one-stop total consulting services (taking a total asset approach) by capturing the entire picture of individual clients' future cash flow, assets and liabilities, and leverage the expertise we have built up in our pension and real estate businesses, which are our strengths.
- ✓ To achieve this, we will further enhance products and services unique to a trust group, to address needs in "asset formation and management", "asset administration" and "asset succession". We will also establish a hybrid consulting channel that combines "in-store", "online" and "non-face-to-face" services, as well as develop digital tools.
- ✓ Through these initiatives, we aim to achieve "No. 1 in corporate recognition in the field of the age of 100-year life" and "the highest level of client satisfaction in the industry", while establishing the "No. 1 model in Japan for supporting the age of 100-year life", and realize the "FINANCIAL WELL-BEING of society and our clients.

(2) ESG/sustainable management

- ✓ In order to address issues in Environment, Social and Governance, we will leverage our strength in providing integrated solutions, and visualize corporate clients' issues using various surveys, and engage in dialogue to provide powerful support in resolving their issues and their transition towards sustainable growth.
- ✓ In the "E" domain, we will aim to establish a position where we are evaluated as the "No.1 GX financial institution" by our clients, through state-of-the-art collaborative decarbonization engagement, as well as by enhancing our solutions for decarbonization. With regard to sustainable finance utilizing not only our own balance sheet but also funds from investors, we aim to achieve approximately 6 trillion yen in FY2025 and 15 trillion yen in FY2030 (vs 2.2 trillion yen in FY2022), including funds from investors.
- ✓ In the "S" domain, we will develop impactful solutions for both corporates and their employees, to strengthen the human capital management by companies, and strive to become the "best partner with corporates and their employees".
- ✓ In the "G" domain, we will strengthen our role in connecting corporate and investor clients, and by providing corporate governance related solutions, we pursue to "support our clients to improve their capital market valuations and to achieve sustainable growth".

(3) Regional ecosystems and the global investment chain (Networking)

- ✓ We will build a network of local and global partners who share the Aspiration, and through collaboration and cooperation, we will jointly create value that would be hard to achieve by us alone.
- ✓ In the “Regional” domain, we will build a sustainable ecosystem through collaboration among industry, government, academia and finance, in order to solve local issues as well as create fund circulation projects that benefit local communities.
- ✓ In the “Global” domain, we will provide high quality investment opportunities to Japanese investors, including individuals, by strengthening our collaboration with global partners, while localizing private asset investments as well as making it possible to invest in smaller lots.
- ✓ We will promote the shift from public asset to private asset as our theme, aiming for private asset AUM of approximately 8 trillion yen in FY2025, and approximately 24 trillion yen in FY2030 (vs 5.4 trillion yen in FY2022).

➤ **Strategy ② Asset management and asset administration business strategy**

- ✓ As the Asian largest asset management group with Sumitomo Mitsui Trust Asset Management, which has a high domestic market share in the DB/DC domain, and Nikko Asset Management, which has global asset management capabilities with a focus on Asia, we will integrate the strengths of each group company to provide unique solutions that combine decision-making support through policy and investment consulting, with diverse investment and management functions, thereby building long-term relationships of trust with clients.
- ✓ We will also work to find investment management companies that contribute to improving the social and economic value of the companies we invest in, as well as to providing attractive investment opportunities.
- ✓ In the business of asset administration services, which serves as a common platform that supports these initiatives, we will use new technologies such as AI to streamline and standardize operations, and seek to scale the business by providing of services with an edge.
- ✓ Furthermore, we will towards building a platform business, and promote the creation of the future of the entire Japanese market, not only within our group, but together with the whole industry.
- ✓ In the asset management and asset administration businesses as a whole, we will extend our coverage and expand the client, as well as the market pie, and aim for group balance of assets under management of 215 trillion yen and assets under custody of 460 trillion yen by FY2030.

➤ **Strategy ③ Digital Transformation strategy (Trust x DX)**

- ✓ The evolution of AI and cloud services has been creating new opportunities to utilize our unique information and data, through the handling of diverse business operations. We will provide more appropriate and advanced services to even more clients by utilizing information and data, while paying attention to information protection management.
- ✓ Through the use of digital technology, we will expand our client base and create new markets, as

well as standardizing and generalizing the knowledge and expertise we have built up as a trust group, thereby providing a wide range of high-quality services, solutions, etc. to our various stakeholders.

- ✓ We will acquire and share capabilities and promote the digitalization of the entire group, by making practical use of technologies, with our digital strategy subsidiary Trust Base and other partners.

➤ **Strategy ④ Financial and capital strategy**

- ✓ We will promote a business model that is unique to a trust group, centered around asset management and asset administration, and aim to achieve an ROE of 10% or above, net income of 300 billion yen or above, and an AUF(\*1) of 800 trillion yen as well as a P/B ratio of 1x or above as soon as possible.

(\*1) AUF (Assets Under Fiduciary): Balance indicating the scale of our efforts to contribute to solving social issues and creating and expanding markets, calculated as the sum total of items not on our own balance sheet (AUM+AUC+AUA), and our balance sheet.

(AUM/AUC/AUA: Assets Under Management/Custody/administration)

	FY2023 (Plan)	FY2025 (Target)	By FY2030 (Aspiration)
ROE	Lower 7% range	8% or above	10% or above
Substantial Gross business profit	¥850.0bn	¥920.0bn	¥1trn or above
Net business profit before credit costs	¥320.0bn	¥355.0bn	¥400.0bn or above
Net income attributable to owners of the parent	¥200.0bn	¥240.0bn	¥300.0bn or above
AUF (balance)	¥500trn	¥600trn	¥800trn
Fee income ratio	Mid-50% range	Mid-50% range	60% or above
Overhead ratio (OHR)	Lower 60% range	Lower 60% range	Upper 50% range
Common equity Tier 1 ratio (*2)	Mid-9% range	Around 9.5% - 10%	Stably maintained above 10%

(\*2)Finalized Basel3 basis

[Main assumptions for the environment]

JGB yield (10 years)	0.50%	0.70%
Nikkei stock average	¥28,000	¥28,000
Currency (USD/JPY)	¥130	¥120

(Reference) Breakdown of AUF(\*1)

not on our own balance sheet (*3)	¥445trn	¥545trn	¥745trn
Assets Under Fiduciary (*4)	¥123trn	¥140trn	¥215trn
Assets Under Custody (*5)	¥261trn	¥326trn	¥460trn
our balance sheet (*6)	¥55trn	¥55trn	¥55trn
<b>Total AUF</b>	<b>¥500trn</b>	<b>¥600trn</b>	<b>¥800trn</b>

(\*3) Balance of entrusted real estate-related, investment management consulting, total assets of clients we keep wills etc.

(\*4) Include private asset AUM (\*5)Include BPO services (\*6)Balance of individual loans, corporate lending, equity investment etc.

- ✓ Dividend per share will be progressive, while aiming for an increase through profit growth. Consolidated dividend payout ratio will be determined using 40% or above as a metric (benchmark). Share repurchase will be implemented flexibly on the premise of securing sufficient capital, while balancing the use of capital for medium-to-long term profit growth, as well as the effects of better capital efficiency.

## **【Theme 2】 Strengthening human capital to be fit for the future**

### **~Creating an organization in which job satisfaction leads to well-being~**

- Strategy ⑤ Human capital strategy
  - ✓ We will strengthen our human capital, mainly through the well-being of our employees. We will aim to create an environment that encourages proactive career development and brings out the best performance of each individual, as well as feel strongly motivated about their work.
  - ✓ We will develop the group employees with high value-add that are sought after both internally and externally and will build a human resource portfolio that accelerates a virtuous circulation of diversity and expertise as the collective strength of the organization.
  - ✓ We will revise our human resource policy and process to support the realization of an organization that is fit for the future, as well as making possible diverse work styles in accordance with each individual career plan and life event.
  - ✓ We will foster a corporate culture that acknowledges the differences among a diverse range of talent, respects the unique quality of each individual with consideration for minorities, and promotes inclusion in a fair and equitable (equity) manner (DE&I).

## **【Theme 3】 Sophisticating our management platform**

### **~Capability to support the business and organizational transformation~**

- Strategy ⑥ Fiduciary strategy
  - ✓ We will pursue the best interests of our clients, as a fiduciary that is trusted and entrusted by clients to make their wishes a reality. We will foster an organizational culture that engages in client-centric business operations with a fiduciary spirit. We aim to be a company where employees who demonstrate ownership on a principle-basis can be active in every aspect of the company.
  - ✓ We will pursue and sophisticate robust business operations based on relationships of trust with clients and a thorough management system that exceeds the expectation of our clients.
  - ✓ We will strengthen our autonomous management structure for new risk areas, such as international financial regulations or sustainability-related issues, and respond to changes in the environment in a forward-looking manner.
  
- Strategy ⑦ Operational infrastructure & facility strategy
  - ✓ We will provide a fair and equitable work infrastructure for employees with a diverse range of characteristics and backgrounds, regardless of location, and update to a "new workstyle" that brings out their best performance.
  - ✓ We will pursue a better environment in our workspace from the perspective of safety and security

and create spaces that increase employees' motivation to work. We will improve the well-being of our employees.

- ✓ In addition to working to further improve operational efficiency through the use of digital technologies etc., we will improve productivity by autonomously innovating our business execution system, improving productivity and speeding up our decision-making.
- ✓ We will enhance resilience by advancing BCP and strengthening security controls in anticipation of widespread disasters and cyber attacks. To ensure resilience in the event of a contingency, we will promote the decentralization of locations and operations to enhance resilience.

➤ Strategy ⑧ Branding strategy

- ✓ As we approach the 100th anniversary of our founding, we will return to our founding principles of creating a sound and prosperous future, and work to communicate and hold events for all stakeholders so that each and every employee can make the 100th anniversary a personal experience and feel a sense of fulfillment in their work as professionals.

➤ Strategy ⑨ Multi-stakeholder capital strategy

- ✓ We will make disciplined investments and distributions to each of our stakeholders, such as growth investments, shareholder return, human capital investment etc., based on the principles of appropriate capital management in accordance with our CET1 ratio (Finalized Basel 3 base).
- ✓ Through disciplined capital management, we will further enhance our ability to cross and integrate our diverse businesses, which are the source of our innovation, and strengthen our business portfolio.



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Medium- Term Management Plan (FY2023- FY2025)

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

May 12, 2023

# Purpose / Aspiration

## Purpose



Creating new value with the power of trusts and let prosperous future for our clients and society bloom

## Aspiration

- ① Be a fiduciary that is trusted by stakeholders
- ② Contribute to enhancing the well-being of all people, including future generations
- ③ Serve as a social infrastructure, creating a virtuous circulation of funds, assets and capital

## Medium-Term Management Plan

FY2020 - 2022

Balanced creation of both social and economic value

- Not holding any strategic shareholdings as a conventional stable shareholder
- Promoted strategic investment

FY2023 - FY2025

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

Opportunity to show our real ability

Increase economic and market uncertainty

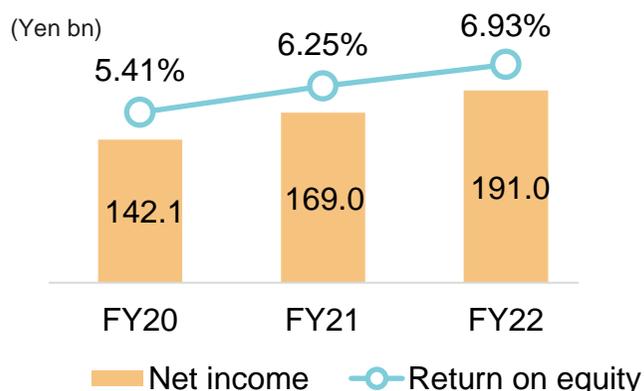
# Review previous Medium-Term Management Plan ~KPI

- Achieve ROE and profit targets. Recorded highest net income of ¥191.0bn since integration
- CET1 ratio was 9.5%(\*) as of Mar. 2023. Continue to invest in growth and repurchase shares considering capital buffer and timeline
- Dividend per share increased by ¥60 in three years. Achieved 40% of dividend payout ratio

(\*): Finalized Basel III

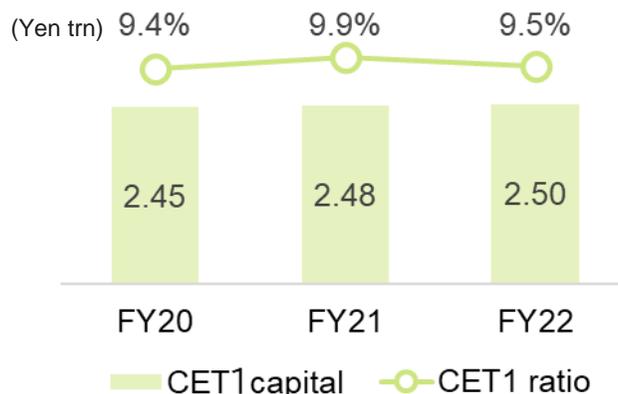
Target in 2023	KPI	Return on equity	Net business profit before credit cost	Net income	CET1 ratio*	Dividend payout ratio
	Target	Around 7%	¥310bn	¥190bn	Lower 10% range	Around 40%
	Actual	6.93%	¥324.6bn	¥191bn	9.5%	40.2%
	Assessment	○	○	○	△	○

Return on equity / Net income



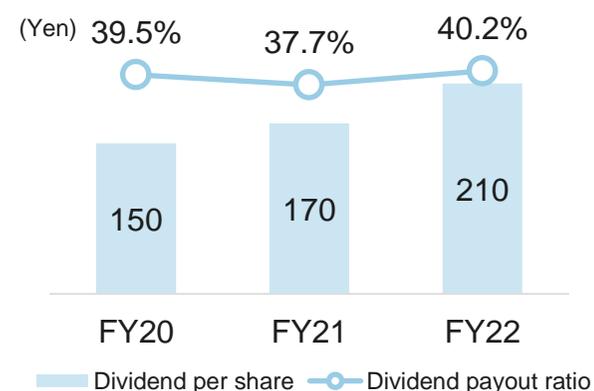
Earning power steadily improved

CET1 ratio\* / CET1 capital



Capital accumulated to utilized phase

DPS / Dividend payout ratio



Increased shareholder return

# Summary of Medium-Term Management Plan



# Key Performance Indicators (KPI)

		FY2022 (Actual)	FY2023 (Plan)(*1)	FY2025 (Target) (*1)	By FY2030 (Aspiration)
<b>Profitability Efficiency</b>	<b>Return on equity</b>	6.9%	<b>Lower 7% range</b>	<b>8% or above</b>	10% or above
<b>Source of investment/distribution</b>	<b>Substantial gross business profit</b>	¥814.1bn	<b>¥850.0bn</b>	<b>¥920.0bn</b>	¥1trn or above
<b>Earning power/Growth</b>	<b>Net business profit before credit cost</b>	¥324.6bn	<b>¥320.0bn</b>	<b>¥355.0bn</b>	¥400.0bn or above
	<b>Net income</b>	¥191.0bn	<b>¥200.0bn</b>	<b>¥240.0bn</b>	¥300.0bn or above
<b>Business model</b>	<b>AUF(outstanding) (*2)</b>	¥480trn	<b>¥500trn</b>	<b>¥600trn</b>	¥800trn
	<b>Fee income ratio</b>	55%	<b>Mid-50% range</b>	<b>Mid-50% range</b>	60% or above
<b>Cost effectiveness</b>	<b>OHR</b>	60%	<b>Lower 60% range</b>	<b>Lower 60% range</b>	Upper 50% range
<b>Capital adequacy</b>	<b>CET1 ratio (Finalized Basel3 base)</b>	9.5%	<b>Mid-9% range</b>	<b>Around 9.5% ~10%</b>	Stably maintained above 10%

(\*1) Market environment assumption (FY23/FY25) : 10YJGB yield 0.50%/0.70%, Nikkei225 ¥28,000/¥28,000, USD/JPY ¥130/¥120 (\*2): AUF: Assets Under Fiduciary

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