

December 17, 2020

To whom it may concern:

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

Notice regarding Reforms and Preventative Measures, etc. in Operations for the Tallying of Voting Rights Exercise Forms

Sumitomo Mitsui Trust Holdings, Inc. (Director, President: Tetsuo Ohkubo, hereinafter, “SuMi TRUST Holdings”) and Sumitomo Mitsui Trust Bank, Limited (President: Masaru Hashimoto; hereinafter, “SuMi TRUST Bank”) have conducted an investigation and review by external attorneys into the inappropriate handling (hereinafter, “forward processing”¹) in the operations for the tallying of Voting Rights Exercise Forms of shareholders’ general meetings of client companies that entrusted us with the provision of such operations (hereinafter, “tallying operations”) reported in the press releases dated September 18, 2020 (“Notice regarding Operations concerning Tallying of our Clients’ Voting Rights Exercise Forms”²) and September 24, 2020 (“Notice regarding the Findings of the Investigation into Operations concerning Tallying of our Clients’ Voting Rights Exercise Forms”³) from SuMi TRUST Bank. Based on this investigation and review, in order to fully ensure the appropriateness of future operations, we have now established preventative measures, which include introduction of a new method for tallying; and, therefore, we announce as follows.

1. Recognition of the Inappropriateness of Forward Processing

SuMi TRUST Bank entrusts the tallying operations to Sumitomo Mitsui Trust TA Solution Co., Ltd. (hereinafter, “TA Solution”), its wholly-owned subsidiary, and that company re-entrusts said operations to Japan Stockholders Data Service Company, Limited (hereinafter, “JaSt”). In addition, JaSt also accepts re-entrustment of tallying operations from Tokyo Securities Transfer Agent, Co., Ltd. (hereinafter, “Tokyo Securities Transfer Agent”) and Japan Securities Agents, Ltd. (hereinafter, “Japan Securities Agents”), which are consolidated subsidiaries of SuMi TRUST Bank; these re-entrustments are also made via TA Solution, and the tallying operations conducted thereunder at JaSt employed the same methods as those employed in with the re-entrustments from SuMi TRUST Bank to TA Solution.

JaSt, which is the company entrusted with the tallying operations, had implemented forward processing for the purpose of processing tallying operations within the limited timeframe available in the busy months when a large volume of Voting Rights Exercise Forms is received. The operations for the tallying of Voting Rights Exercise Forms

¹ This refers to the process in which, for the busy months of March, May, and June each year, when there is a concentration of shareholders’ general meetings, Japan Stockholders Data Service Company, Limited (referred to herein as “JaSt”) has been coordinating with the post office in order to secure time to conduct the tallying of the large volume of Voting Rights Exercise Forms, so that JaSt would receive the relevant postal items (i.e. Voting Rights Exercise Forms that are sent by post) on the day prior to the date that the prescribed postal office tasks relating to said items are completed and such items would be delivered in the absence of this special arrangement, and the tallying of the Voting Rights Exercise Forms based on the date of a “certificate of delivery” that bears the date that such items would have been delivered in the absence of this special arrangement. As a result of forward processing, Voting Rights Exercise Forms received on the voting rights exercise deadline were excluded from the scope of the tallying.

² Released on the same date by SuMi TRUST Holdings as “Notice regarding Operations concerning Tallying of Clients’ Voting Rights Exercise Forms by our Subsidiary”

³ Released on the same date by SuMi TRUST Holdings as “Notice regarding the Findings of the Investigation into Operations concerning Tallying of Clients’ Voting Rights Exercise Forms by our Subsidiary”

are, in essence, part of the mechanism for conveying the will of the shareholders to the shareholders' general meeting, and for having it reflected in management, and are operations that support the foundation of corporate governance. However, JaSt, SuMi TRUST Bank, and the other companies mentioned above, had not recognized the inappropriateness of forward processing.

This is a matter that first came to our attention when we received an investigation request from Toshiba Corporation (hereinafter, "Toshiba"). However, due to the fact that forward processing had become a long-standing practice, we had not doubted the appropriateness of the handling of the tallying operations, even after we received the investigation request from Toshiba. As a result, we were unable to report the situation appropriately at first. It was only subsequently, upon receiving request for re-investigation, that we came to recognize the inappropriateness of this aspect of the tallying operations.

2. Reforms, etc. to the Method for Receiving Voting Rights Exercise Forms

We will discontinue forward processing and change to a method for tallying that is based on the actual day on which the Voting Rights Exercise Forms are received from the post office. Also, after ending forward processing, we will continue to work on instituting strict and smooth practices for the tallying of voting rights exercised by reforming the method for receiving Voting Rights Exercise Forms and striving to improve the capacity for processing the tallying tasks, so as not to interfere with the administration of the general meetings of shareholders of the companies that have entrusted the provision of these operations to us.

(1) Reforms to the Method for Receiving Voting Rights Exercise Forms

We will change from the method for receiving the Voting Rights Exercise Forms by delivery from the post office that services the JaSt backoffice center, which has been the method employed to date; and instead, we will set up a post-office box at the Shin-Tokyo Post Office, where JaSt will go to collect the Voting Rights Exercise Forms. This change is scheduled to be implemented starting from the general meetings of shareholders to convene in March 2021.⁴

We have confirmed, through a review by external attorneys, the appropriateness and legality of the new tallying method, including the reformed method of receiving postal mail as described above.

(2) Improvements to the Capacity for Processing the Tallying Tasks

Regarding the tallying tasks that are undertaken following receipt of the Voting Rights Exercise Forms, we will endeavor to improve the processing capacity by increasing and strengthening, etc. the system equipment to provide the same operations as before, including the time that it has been taking to report to the companies that entrust to us the provision of these operations.

3. Measures to Prevent Recurrence

Based on the lessons learned from this matter, the Group will endeavor to prevent its recurrence through the following measures.

⁴ Forward processing had been implemented in the busy months of March, May, and June, which is when there is a concentration of general shareholders' meetings. Since August 2020, when we became aware of this matter, we have not implemented forward processing.

① Framework for Legal Compliance, etc.

In light of the fact that the legal problems with forward processing by JaSt, went undetected for many years, we will further strengthen the involvement of the Legal and Compliance divisions in reviewing the legality of rules regarding operations entrusted to Group companies and external business operators.

② Management of External Parties Entrusted with Operations

With respect to companies that are entrusted with important operations, we will conduct, with exacting detail, management of the status of business operations, in accordance with the degree of legal and other risks involved in the entrusted operations and the degree of impact on stakeholders.

③ Internal Audit System

We will place greater emphasis on the effectiveness of our legal compliance system and enhance the effectiveness of audits, including audits of Group companies.

④ Fiduciary Duties

Our Group will expand and strengthen the education and guidance for employees, including Group company employees, in order to inculcate thorough awareness of the fiduciary duties to clients, shareholders of clients, and other stakeholders in the value chain of the services that we provide.

⑤ Measures for Stock Transfer Agency Services

SuMi TRUST Bank, in collaboration with JaSt, will take further measures to strengthen the framework for the legal compliance, etc. of JaSt, as well as strengthen the monitoring function vis-à-vis JaSt. We will also strengthen our organizational structure to proactively detect legal issues, etc. in the business processes for stock transfer agency services overall.

In addition, with the support of external attorneys and accounting consultants, SuMi TRUST Bank and JaSt are proceeding with review of the related rules and manuals regarding operational processes relating to stock transfer agency services other than the tallying of voting rights, and reviewing the appropriateness of their operations.

4. Promotion of Transition to Electronic Exercise of Voting Rights

Part of the background to this matter is the fact that a large number of voting rights are exercised by postal mail in the busy months when the dates of the shareholders' general meetings are concentrated, which results in a massive expansion of the tallying operations during these periods. Our Group will further step up the promotion of initiatives for the widespread use of electronic voting, which is a more accurate and speedy method, and highly-convenient for shareholders of the companies that entrust these operations to us.

(1) Promotion of the Use of Electronic Voting at our Client Companies

While SuMi TRUST Bank, Tokyo Securities Transfer Agent and Japan Securities Agents have long promoted the widespread use of electronic voting, we will endeavor to step up the promotion of the use of electronic voting by promoting measures to expand the range of companies that employ electronic voting, such as by advocacy of the advantages of electronic voting (such as timely identification of the status of the exercise of voting rights by companies that entrust these operations to us and reduction of cost associated with the return of Voting Rights Exercise Forms) and proposals to promote the introduction of electronic voting.

Furthermore, in order to promote the use of electronic voting by institutional investors, we will, while engaging in exchange of opinions with the Tokyo Stock Exchange, Inc. and ICJ, Inc.,⁵ actively encourage the companies that

⁵ ICJ, Inc. is an affiliate of Tokyo Stock Exchange, Inc. and its main business is the operation of an "Electronic Voting Rights Exercise Platform" which enables electronic exercise of voting rights at shareholders meetings for institutional investors.

entrust these operations to us to adopt electronic voting platforms.

(2) Promoting the Use of Electronic Voting by Individual Shareholders

In promoting transition to electronic exercise of voting rights, we recognize that it is important to encourage this practice among individual shareholders, who account for the majority of voting rights exercised. In terms of the shareholder base of client companies that have entrusted these services to SuMi TRUST Bank, Tokyo Stock Transfer Agency, and Japan Stock Transfer Agency, 81% of individual shareholders are already in an environment in which they can use electronic voting; however, due to low recognition of electronic voting and voting via smartphone (hereinafter “smart voting”), the actual rate of electronic voting remains at 19%.⁶

SuMi TRUST Bank, Tokyo Stock Transfer Agency, and Japan Stock Transfer Agency will, with the cooperation of the companies that entrust these operations to us, endeavor to promote the use of electronic voting by individual shareholders by advocating the convenience of being able to re-exercise voting rights repeatedly up to the exercise deadline, and raise recognition of smart voting, which allows for easy exercise of voting rights using QR codes.

Through these initiatives, we will promote the transition to electronic exercise of voting rights, and contribute to an improvement in the rate of exercise of voting rights in the market as a whole.

5. Clarification of Responsibility in this Matter

We are keenly aware that a wide range of parties, including our client companies, may have been impacted and affected by the matters described herein. These events have given all our officers and employees reason to reflect on and reevaluate our practices. Now, having reviewed the facts, we can clarify as follows regarding the responsibility for these events.

(Sumitomo Mitsui Trust Bank, Limited)

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|---|--------------------|--|
| President | Masaru Hashimoto | 20% reduction of monthly compensation for 3 months |
| Director, Senior Managing Executive Officer | Atsushi Kaibara | 10% reduction of monthly compensation for 3 months |
| Managing Executive Officer | Toshiya Shimobeppu | 10% reduction of monthly compensation for 3 months |
| Executive Officer, General Manager of Stock Transfer Agency Business Department | Masakatsu Sato | 10% reduction of monthly compensation for 3 months |

(Sumitomo Mitsui Trust Holdings, Inc.)

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|---------------------|---------------|--|
| Director, President | Tetsuo Ohkubo | 10% reduction of monthly compensation for 3 months |
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⁶ May and June 2020 results

【Reference】

(Japan Stockholders Data Service Company, Limited)

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|--|----------------|--|
| Representative Director and President | Ken Hyuga | 10% reduction of monthly compensation for 3 months |
| Representative Director and Deputy President | Noriyuki Awano | 10% reduction of monthly compensation for 3 months |

In closing, we wish to once again express our sincere apologies to all companies that have entrusted the provision of stock transfer agency services to our Group, all shareholders of these companies, and all capital market participants in any way impacted or affected by the matters described herein.

Our Group, as a specialized trust banking group that plays a central role in corporate governance and that is expected by society to steadily and reliably execute operations, reaffirms our strong recognition of our concomitant responsibilities, and we will continue to contribute to the sound development of the capital markets.

We note that there is no change to the SuMi TRUST Holdings earnings forecast for the fiscal year ending March 2021 resulting from this matter.

End.

<Overview of Japan Stockholders Data Service Company, Limited (JaSt)>

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|----------------------------|---|-----|
| Company Name: | Japan Stockholders Data Service Company, Limited | |
| Head Office: | 2-8-4 Izumi, Suginami-ku, Tokyo | |
| Established: | April 1, 2008 | |
| Capital Amount: | 2 billion yen | |
| Investors/Ownership Ratio: | Sumitomo Mitsui Trust Bank, Limited | 50% |
| | Mizuho Trust & Banking Co, Ltd. | 50% |
| Business description: | Business relating to acceptance of entrustment of administration of shareholder registry and special account management as part of the stock transfer agency business, and business relating to development and operation of systems relating to administration of shareholder registry and special account management. | |

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