

Please note that “fiduciary duties” as used in this document is a direct translation of the corresponding Japanese term used in Japanese financial regulations. It is intended to refer to the concept of “client-oriented business conduct”, in line with the usage of such term in the regulation of financial institutions in Japan.

Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group

I. Background

- Fiduciary duty is the cornerstone concept of the trust. Since our founding in 1924 we have conducted business with this concept embedded in our management principles of “Truthfulness and Loyalty”, “Dedication and Development”, and “Trust and Creativity”.
- The Sumitomo Mitsui Trust Group (“the Group”) holds to a shared ethos, our reason for existence (Purpose), “to create new value with the power of trusts and let prosperous future for clients and society bloom”, and based on the management principle of “adhering to the principles of sound management based on a high degree of self-discipline with a background of “Fiduciary Spirit”, and establishing strong credibility from society” (Mission), we have established, as our corporate ideal (Vision), that “based on the “Fiduciary Spirit” and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses” and, in order to realize this Vision, we have our executives and employees share in the Codes of Conduct (Values) – which includes the imperative to be “Completely Client-oriented” – and we at the Sumitomo Mitsui Trust Group have striven to put our fiduciary duties into practice.
- We believe that, in order to give effect to the fiduciary duty, i.e., to pursue the best interests of our clients, it is of prime importance that our consulting services are a source of significant expertise that our clients can rely on, presenting our clients with optimal choices suited to their respective needs.
- We are an independent trust group that has a wide range of functions – such as product development, sales and provision, asset management, asset administration, and asset preservation – that must meet our clients’ needs. In this capacity, Sumitomo Mitsui Trust Bank and each Group company will, as our clients’ “Best Partner”, continue to provide products and services that accord with the best interests of our clients. In order to give thorough effect to our fiduciary duties across all operations of each Group company, we have developed and published the “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group” and will proceed with other initiatives toward the provision of products and services that are ever more client-oriented.
- Based on the Policies, each Group company will implement initiatives to provide products and services that are further “client-oriented” and periodically publish the status of the initiatives. Sumitomo Mitsui Trust Holdings itself will monitor the status of the initiatives of each company and review the Policies based on considerations such as the

progress status of the initiatives.

II. **Basic Group Policies** (Principles for Action)

- At the Sumitomo Mitsui Trust Group, with the reliance placed in us as a creditor and trustee as a foundation for action, we will act for the peace-of-mind and satisfaction of our clients and pursue the best interests of our clients. In providing products and services suited to the best interests of our clients, we will, together with establishing the following Group principles for action, proceed to develop a Group governance framework and put our fiduciary duties into practice.

1	Implementation of a client-oriented approach to consulting	4	Enhancement of our client-oriented focus and expertise
2	Provision of easy-to-understand information	5	Provision of financial services that leverage the diverse functions of the trust group
3	Development and provision of products and services that meet the diverse needs of our clients	6	Client peace-of-mind and satisfaction, and contribution to society and the economy

III. **Domestic Companies that will implement initiatives based on the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group**

- Each Group company will implement initiatives on a functional basis, that is, in terms of sales, asset management, product development, asset administration, and other trust-related services within the investment chain.

Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Sumitomo Mitsui Trust Life Partners, Mutual Fund & Insurance Research Institute, Sumitomo Mitsui Trust Wealth Partners, Sumitomo Mitsui Trust Realty, Sumitomo Mitsui Trust Real Estate Investment Management, Sumitomo Mitsui Trust

- The following four companies will, as businesses engaged in operations related to asset management, sales, and asset administration, adopt the "Principles for Concerning Customer-Oriented Business Conduct" and, as well as complying with the "Group Basic Policy (Principles of Action)" described below, proceed with initiatives based on the <Policies by Function> corresponding to their respective areas of operation.

Sumitomo Mitsui Trust Bank	1. Sales; 2. Asset Management and Product Development; 3. Asset
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	Administration; 4. Other Trust Business, etc.
Sumitomo Mitsui Trust Asset Management	2. Asset Management and Product Development
Nikko Asset Management	2. Asset Management and Product Development
Sumitomo Mitsui Trust Life Partners	1. Sales

- The following six companies will, as well as complying with the "Group Basic Policy (Principles of Action)" described below, proceed with initiatives based on the <Policies by Function> corresponding to their respective areas of operation.

Mutual Fund & Insurance Research Institute	1. Sales*
Sumitomo Mitsui Trust Wealth Partners	1. Sales*
Sumitomo Mitsui Trust Realty	4. Other Trust Business, etc.*
Sumitomo Mitsui Trust Real Estate Investment Management	2. Asset Management and Product Development*
Sumitomo Mitsui Trust Research Institute	2. Asset Management and Product Development*
Sumitomo Mitsui Trust Investment	2. Asset Management and Product Development*

*Implementing the initiatives set forth in the applicable items

IV. Governance Framework

(1) Establishment of a dedicated organization

- With the Fiduciary Duties & Customer Satisfaction Planning and Promotion Department established as a dedicated organization at Sumitomo Mitsui Trust Holdings, we are building a framework to promote “client-oriented business operations” and “improvement of client satisfaction” in an integrated manner, and ensure the thorough penetration of fiduciary duties throughout the entire Group.

(2) Development of a conflict of interest management framework as best practice

- So that our clients may enter into transactions with us in confidence and peace-of-mind, we will proceed to build an effective conflict of interest management framework, based on the characteristics of the products and services.
- We have established the “Conflicts of Interest Committee” with external members at its

core, as an advisory body to the Board of Directors, through which we conduct ongoing examination of the sufficiency and efficacy of the Group conflict of interest management framework. Further, we have established the "Conflicts of Interest Management Enhancement Committee", as an advisory body to the Executive Committee, through which we implement constant enhancement of the conflict of interest management framework. Also, in the Conflicts of Interest Committee, we strive for transparency of operations through measures such as publication of meeting summaries and conducting self-assessments.

- In order to properly manage transactions that have potential conflicts of interest, including, for example, the relationship between product providers and sales companies, we are building a framework that ensures efficacy, including internal separation of organizations and authority, restrictions on information and personnel transfers, strengthening of screening when introducing new products and services, and deployment of Conflict of Interest Management Officers to major departments.
- In order to respond to changes in the domestic and overseas environment and develop a value creation process tailored to economic actors, Sumitomo Mitsui Trust Bank aims to resolve issues for each stakeholder in a close manner by sharing information and know-how between businesses, based on an organizational structure that includes the divisions of "Retail Business", "Corporate Business", and "Investor Services Business". We recognize that conducting appropriate conflict of interest management is of paramount importance in these business operations, and so we are developing a conflict of interest management framework.
- We publish information about management of transactions, etc. that have possible conflicts of interest in the Summary of the Management Policy of Sumitomo Mitsui Trust Group Concerning Conflicts of Interest. <https://www.smth.jp/en/coi/index.html>

(3) Ensuring the independence of the management and operation of the asset management business

- Not only Sumitomo Mitsui Trust Holdings, but also certain Group companies that conduct asset management business – namely, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management – have established external committees for stewardship activities, etc. with external experts at their core and, together with this, have appointed independent external directors. In this way, we are proceeding with building a framework for ensuring the independence of the management and operation of the asset management business.

(4) Promotion of enhancement of initiatives through involvement of each company of the Sumitomo Mitsui Trust Group

- A fiduciary duties discussion panel has been established by Sumitomo Mitsui Trust Holdings, and Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Sumitomo Mitsui Trust Life Partners, and M & I Research. These are among the Group companies that engage in business such as asset management, product development, sales, asset management and evaluation operations, which form the core of our fiduciary duties. In addition to promoting penetration of awareness and thorough implementation of fiduciary duties at each of the Group companies, we strive for appropriate mutual checks-and-balances and collaboration between product providers and sales companies and enhancement of initiatives.

(5) Incentives etc. for the thorough implementation and penetration, etc. of our fiduciary duties

(i) A system of performance evaluation and targets for the promotion and penetration of client-oriented business conduct.

- Regarding the sale of financial products such as investment trusts and insurance products, regardless of the amount of the fee or involvement of Group companies, we will develop and continuously improve a performance evaluation system for the evaluation of initiatives that contribute to client-oriented business conduct. Specifically, we will establish a performance evaluation system that promotes client-oriented business conduct by evaluating standards such as the adequacy of consulting services and explanations to clients, evaluation of initiatives to promote our client's medium- to long-term asset building, and evaluation of follow-up initiatives with our clients, etc.

(ii) Optimization of training, etc. for the implementation and penetration of our fiduciary duties.

- In order to thoroughly implement and promote the practice and penetration of our fiduciary duties at each Group company, we will proceed with various initiatives such as training and discussion, etc. that will address not only the relevant fiduciary principles but also their practical content in specific operations.
- Also, in order to further enhance our client-oriented consciousness, and to grasp the degree of penetration of our fiduciary duties, we will regularly conduct various awareness surveys and, based on the results, strive to further and continuously improve our policies.

V. Policies by Function

- The Policies by Function are based on the Basic Group Policies (Principles for Action) and specify the content thereof for each function, etc. in the investment chain. Even if a matter is not specified in the Policies by Function, we will deal with the matter in accordance with its nature, based on the purport of the Basic Group Policies and the Policies by Function.

1. Sales

(1) Implementing a client-oriented approach to consulting

- At the sales branches of Sumitomo Mitsui Trust Bank, we have established a system that enables us to provide consulting services that ensure attentive support for every one of our clients over the long term. Specifically, our client representatives serve as a point of contact with respect to all products and services that we provide, and work in collaboration with specialized departments in areas such as real estate and wills to provide consulting services to clients, aiming to provide a combination of trust and expertise in our consulting services.
- In order to provide products and services suited to the best interests of our clients, we will strive to gain a shared understanding of the asset and liability situation of our clients, which will change with their lifecycle, and their corresponding needs, through high-quality consulting involving active use of consulting tools, etc., during both the proposal and post-transaction stages of products and services.
- When proposing products and services, we will strive to present multiple options suited to the needs of the client, based on the content of the consultation, and in light of the client's knowledge, experience, asset situation and investment objectives.

(2) Provision of easy-to-understand information

- We will provide easy-to-understand information tailored to the understanding of each client, based on the complexity of products and services. Specifically, regarding important information such as the characteristics of products and services, risks, fees, envisioned client attributes, reasons for proposals, potential conflicts of interest, and how fees pertain to services provided, we will provide clear and concise, easy-to-understand explanations, aiming to facilitate the selection of appropriate financial products. For example, in the case of complex products and services such as combinations of multiple products, we will utilize materials that compare them with similar products or services and focus on key points.

- In addition to sharing and reviewing the status of asset management, etc. with our clients, we will also utilize seminars, online content, and other resources, and periodically provide information regarding market movements and the management status of products held. Furthermore, when major market events do occur, we will provide information regarding market movements and market forecasts in a timely and appropriate manner, and will strive to deliver high-quality follow-up services..

(3) Provision and development of a broad range of products and services that meet the diverse needs of our clients

- In order to meet the diverse needs of our clients, based on the various voices and opinions of our clients, we will collaborate with a broad range of asset management companies and insurance companies, etc., and we are developing and providing high-quality products and services that contribute to “long-term – diversified – stable” ongoing investment that accord with the needs of our clients.
- We will provide products that contribute to our clients’ asset building, with a focus on “long-term – diversified – stable” structured investment products, including accumulation-type products suited for ongoing investment. Further, we will adopt a fee system that accords with the long-term asset building of our clients.
- Based on the premise of appropriate management of conflicting interests, we are utilizing the Mutual Fund & Insurance Research Institute (“M&I Research Institute”), which has been established as an external evaluation body to evaluate the quality and sales structure, etc. of products and services relating to investment trusts and insurance products, regardless of whether they are provided by companies within or outside the Group, and we are building a framework to provide high-quality products and services that accord with the best interests of our clients.

(4) Thorough implementation of our client-oriented focus and improvement of expertise

- ① Establishing a corporate culture with the aim of becoming our clients’ “best partner”
 - Through measures such as training and discussions at each Group company, we will aim for thorough penetration of these Policies. As well as this, we will build performance evaluation and target systems that value initiatives that contribute to the implementation and penetration thereof. By so doing, we will give thorough effect to our fiduciary duties, and promote the establishment of a corporate culture in which every one of our executives and employees aims to be our clients’ “Best Partner”.
- ② Improve expertise to support client-oriented consulting, etc.

- Through measures such as training for executives and employees and support for the acquisition of specialist qualifications, we will increase our knowledge and expertise regarding the market environment, products and services.

(5) Provision of financial services that leverage diverse functions

- As a trust group, while remaining thoroughly attentive to conflict of interest management, we will fully mobilize our diverse and flexible functions, such as the banking business, asset management and administration business, real estate business, etc., and swiftly and accurately provide optimal and comprehensive solutions for our clients.

(6) Reflection of client voices and evaluations in our services, etc.

- We will develop and continually improve products and services based on client feedback directly received in the course of service counter procedures, etc., opinions received via questionnaires, and evaluations of products and services, etc.

(7) Client peace-of-mind and satisfaction, and contribution to society and the economy

① Provision of new products and services that are responsive to social and economic changes

- We will contribute to society and the economy by utilizing our trust functions and creating new products and services that respond to structural changes to the economy and society.
- Taking into account the possibility that elderly clients may experience a decline in their cognitive and decision-making abilities, we will promote the creation of an environment in which our clients can continue to use our financial products and services, and the provision of ongoing asset management and other services.

② Proactive initiatives for financial and economic education and investment education

- We will engage in activities in connection with financial and economic education and knowledge enhancement for working-age adults, with the aim of contributing to clients' stable asset building over the medium- to long-term.
- We will work towards providing financial and economic education in collaboration with various organizations, with the aim of contributing to improvement of financial literacy among younger age groups such as junior and senior high school students.

2. Asset Management and Product Development

(1) Enhancement of asset management

- We will strive to maintain an appropriate asset management system by developing a clear and rational investment policy.
- We will encourage the sustainable growth of investee companies based on Japan's Stewardship Code, and by refining investment methods and increasing the sophistication of asset management, we aim to maximize our clients' profits.
- Furthermore, in order to maximize our clients' profits, we will establish a product governance structure that is linked to the formulation and implementation of asset management planning, monitoring of asset management status and risk management, and we will strive for continuous quality improvement.
- Regarding assets entrusted to us, we will strive to execute transactions on the best conditions for our clients.

(2) Provision and development of products and services that meet the diverse needs of our clients

- Sumitomo Mitsui Trust Asset Management is the core trust-based asset management company of our Group with expertise in index investing, and Nikko Asset Management, is a unique asset management company with diverse domestic and overseas network, with strength in discovering and selling advanced global products. By leveraging their respective strengths, we will strive to enhance the added value of investment products.
- We will be receptive to a broad range of clients' needs, including those of institutional investors, such as pension funds, as well as their evaluations and opinions regarding asset management services. Further, we will utilize methods such as evaluation by external bodies where necessary, in order to pursue enhancement of the asset management services and strengthen the relevant frameworks.

(3) Provision of easy-to-understand information

- In addition to providing periodic information regarding market trends and the current status of investment holdings, as well as timely and appropriate information on market trends and outlook, we will strive to provide clear and easy-to-understand information regarding the envisioned client segments, risks, fees, and other important details.
- For individual investors and sales companies, we will provide information useful for improving financial knowledge via training programs, various events, and websites etc., so that they may acquire accurate knowledge about, and deepen their understanding of, asset-formation and products.

(4) Enhancement of our expertise

- We will strive to ensure the continued and stable development of asset management professionals responsible for provision of comprehensive solutions that combine "high-quality investment consulting" and "a rich selection of high-quality products", as well as overall maintenance of personnel and the continuity and replicability of operations.
- In the evaluation of operations personnel, such as fund managers and analysts, etc., we will strive to secure an operational structure that has significant expertise, through evaluation and treatment that is focused on medium- to long-term investment results.

(5) Enhancement of stewardship activities as a “Responsible Institutional Investor”

- The Group’s asset management companies will properly fulfil their roles as “Responsible Institutional Investors” based on Japan’s Stewardship Code. Further, in order to achieve stable economic growth and a sustainable society, we will proceed with action on global ESG issues.
- In relation to engagement activities, we will strive to enhance the effectiveness thereof by, in addition to engaging in dialogue with investee companies, making effective use of collective engagement and the international framework represented by the United Nations’ PRI (Principles for Responsible Investment).
- We have established a Stewardship Committee to oversee the stewardship activities of the entire Group and ensure the effectiveness of the activities.
- Also, at Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, in order to further enhance the transparency of the exercise of voting rights, we publish the results of the exercise of voting rights for each investee company and each agenda item. We also conduct review of the guidelines for exercise of voting rights from time to time as appropriate.

(6) Building and strengthening the governance framework that ensures management independence

- At our Group asset management companies, in order to strengthen the framework that gives top priority to the interests of our clients, we will proceed to build a framework for ensuring the independence of management and operations from the Group's sales companies, by, for example, installing independent outside directors.
- At our Group’s asset management companies, we aim to ensure transparency in management through audits and supervision conducted by Audit and Supervisory Committees, which are majority comprised of independent outside directors.

3. Asset Administration

(1) Ensuring the reliability and speed of our asset administration services as social infrastructure

- We will ensure the reliability and speed of the office operations that form the cornerstone of asset administration services, and strive for improvement thereof.
- To achieve this, we will strive to develop human resources who are equipped with expertise in the legal and tax systems, etc., and IT/digital skills.

(2) Develop and enhance asset management services to meet the diverse and sophisticated needs of our clients

- In order to respond to the increasingly diverse and sophisticated asset management needs of our clients, we will work to expand our services and enhance our administrative processes, and systems, etc.

(3) Enhancing the information-provision and services that contribute to the expansion of our clients' investment activities and the efficiency and rationalization of middle/back-office operations

- As a trust group, we will utilize our banking know-how, striving to provide services that contribute to the increased efficiency and rationalization of our clients' middle and back office operations.
- In addition to various reports, we will make efforts to timely provide high-added-value information (legal, tax, market-related) based on information from overseas Group affiliate companies and custodians, etc.

4. Other Trust Operations, etc.

(1) Thorough execution of our responsibilities as a trustee

- As a trustee of trusts, for our clients who are beneficiaries, we will faithfully discharge our trustee responsibilities, including the duty of care as a good manager, the duty of loyalty, and the duty of segregated management of assets, and conduct the trust operations by giving the top priority to the interests of our clients.

(2) Providing peace-of-mind and safe financial services to all of our clients

- We will implement initiatives towards achieving inclusive finance, where all of our clients can use our products and services with peace-of-mind. This includes creating an environment utilizing digital technologies, etc.
- We will understand the challenges and needs of the '100 Year Life Era', and strive to

collaborate with other businesses, as well as develop and provide services, in order to meet the needs of our elderly clients' needs in terms of asset management, asset preservation and asset succession, as well as with respect to non-financial services.

- In order to research and promote scrupulous information-provision practices and the creation of an environment for user protection, etc. responsive to our client's cognitive and decision-making abilities, etc., we will conduct employee education to improve understanding and sensitivity towards clients requiring particular consideration, including those with conditions such as dementia.

(3) Initiatives for a client-oriented approach in real estate operations

- Real estate may be said to be the largest asset for individual clients, and in real estate brokerage operations, we will strive to provide proper and easy-to-understand explanations that will allow clients to engage in transactions with trust in us.
- We will strive to create an environment that is easy for clients to use such as by providing information and procedures utilizing IT systems.