

Initiatives for Investor Clients

While asset management business is expected to expand in the long term, there is intensifying competition and higher uncertainty driven by tightening regulations. As a result, new products and services are required to match the new era such as the revision of the pension system in line with an extension of the retirement age. In our business to investor clients, we will offer group-wide solutions with significant expertise and know-how in each area, including asset administration, pension consulting with systems and management integration.

Social issues to actively address

Diverse asset management opportunities, development of investment chains

Strengthening investment products by leveraging our Group's characteristics in addition to traditional assets

In a series of investment chains where investee companies' growth and increasing invested assets deliver returns to investors and thus lead to the growth of the society as a whole, our Group utilizes our multiple distinctive asset management companies to proactively play a role, thereby contributing to creating a virtuous circulation.

Our Group's asset management companies offer full lines of asset management services to various clients in Japan and overseas. With a focus on private assets such as unlisted shares (private equity) and tangible assets (e.g., aircraft, real estate), SuMi TRUST Bank contributes to achieving clients' optimal asset management through providing a complete package, from propositions to product development and follow-up services.

Providing efficient and high value-added services in various investment processes

We provide client-oriented and high value-added services to institutional investor clients as a group based on fiduciary spirit. Leveraging expertise and know-how unique to asset management companies, we help clients concentrate on streamlining operations and concentrate in competitive fields through providing securities administration operations backed by outsourcing of back- and middle-office operations.

Catering to expanding alternative products other than traditional assets, we combine our expertise and know-how accumulated in securities administration with the administration businesses for real estate, monetary claims, and other assets, thereby promoting sophisticated asset administration services.

Business environment awareness

Environment awareness and issues

- Expanding global asset management markets
- Downward pressure on fees due to increasing passive management, intensifying competitions, and stricter regulations
- Expanding investment needs on private assets

Opportunities and strengths

- The largest balance of assets under management in Asia
- Diverse sales channels in the domestic investment trust market
- Complete package of services in every area of investment chains

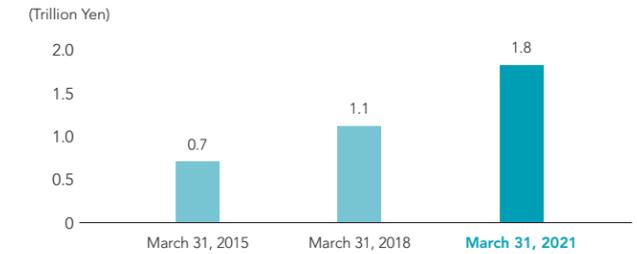
Key measures 1

Offering long-term seller products that serve as the core of asset formation

Sumitomo Mitsui Trust Asset Management has one of the largest assets under management in Asia. We aim to further expand in the growth area of the domestic retail market in addition to bolstering our accumulated presence among domestic institutional investors.

While offering optimal asset management solutions to clients, the company expands product lineups in the defined contribution pension plan market leveraging our robust client base and also bolsters its support system. We will contribute to solving social issues mainly through ESG engagement with investee companies.

DC investment trusts

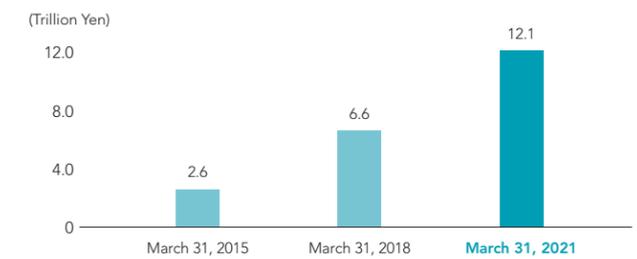


Key measures 2

Providing innovative cutting-edge products

Nikko Asset Management (Nikko AM) will continue to draw on its strengths to provide innovative products and services to its clients. Those strengths include a network of offices (including JVs) spanning 11 countries, unique product development capabilities that take active advantage of this global network, and distributor support services. We shall also bolster overseas distribution capabilities and expand investment areas including illiquid assets to achieve a sustainable growth. Moreover, Nikko AM will lead the ETF business with one of the largest volumes in Japan by promoting global ETF businesses mainly in the Asian markets.

Balance of domestic ETFs

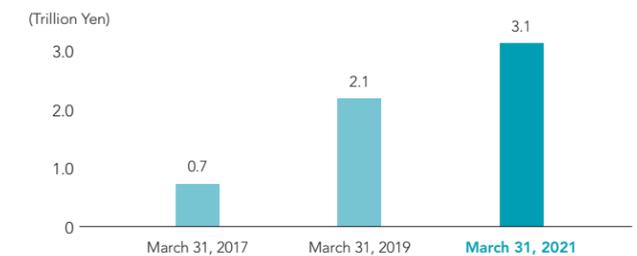


Key measures 3

Providing investment opportunities for diverse private assets

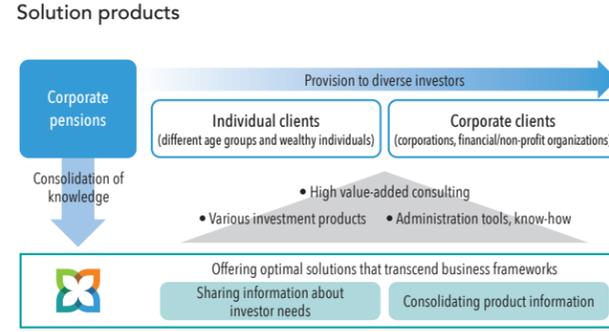
As low interest rates remain firmly in the world, investors have been showing higher interest in private assets that target unlisted stocks and tangible assets such as real estate and renewable energy power generation projects. Leveraging our consulting capabilities as a trust bank, affluent insights in investments and loans, and product development capabilities that utilize trust functions, we will provide investment opportunities for diverse private assets through expansion of product lineups and providing information and other investment support.

Asset under management of private assets



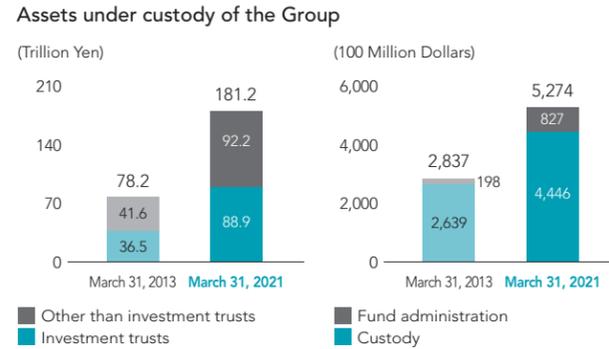
Key measures 4 Combination and expansion of investment management know-how as an institutional investor

By combining asset management know-how of our Group to meet clients' various needs, we promote the sophistication of each consulting service and the strengthen our offering of high-quality products within and outside our Group. Towards the achievement of a sustainable society, we also create economic value and social value through expanding ESG-related investment products and visualization of social returns.



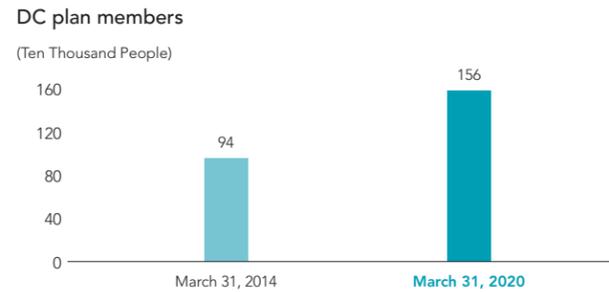
Key measures 5 Asset administration operations that underpin investment chains

We promote the group-wide sophistication of our services both in Japan and overseas to meet various needs of asset management companies and investors. We combine our expertise and know-how accumulated in securities administration with the administration business on real estate, monetary claims, and other assets, thereby pursuing higher quality of asset administration services and enhancement of added value.



Key measures 6 Supporting clients' well-being

We proactively support the enhancement of clients' well-being through provision of corporate pension plans and the whole welfare services to clients' employees, who are essential to realize a sustainable improvement of corporate value. While interest in human capital management is increasing against the backdrop of a global trend of SDGs and ESG, an extension of the retirement age, and the revision to CGC, we provide life plan management services unique to our Group by supporting one-stop asset formation activities for employees of corporate clients, in addition to offering system consulting on defined benefit pensions (DB) and DC in which we administer the number one client base in the industry.

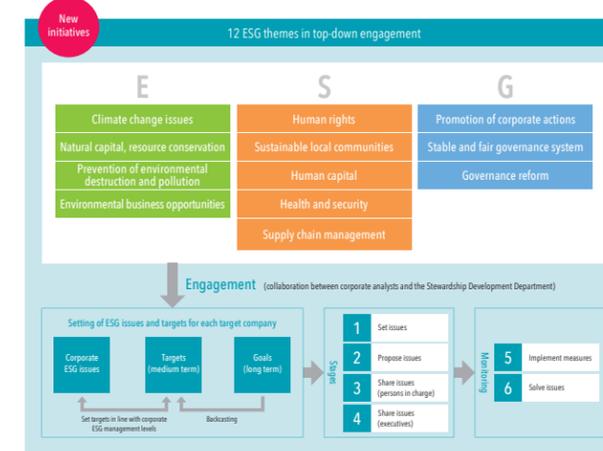


Initiatives in social issue-solving businesses

We will make efforts to solve social issues and enhance corporate value through engagement activities with various investee companies in Japan and overseas.

Top-down engagement activities of Sumitomo Mitsui Trust Asset Management

In September 2019, Sumitomo Mitsui Trust Asset Management established ESG investment policy and specified ESG materiality. The company set 12 ESG themes based on this policy, and has been promoting sophisticated top-down engagement activities.



* For more information, refer to our STEWARDSHIP REPORT 2020/2021. https://www.sumitrust-am.com/file/02/ss_report.pdf

ESG investment approach of Nikko Asset Management

As an asset management company, Nikko Asset Management stipulates the Fiduciary and ESG Principles as its most essential guidelines. To make its group-wide commitment clear, Nikko AM set out a Code of Conduct for Fiduciary and ESG principles and established its ESG Global Steering Committee in 2016.

The ESG Global Steering Committee oversees the fulfillment of ESG commitments and is chaired by the Global Head of Investment, who is also a member of the Global Executive Committee (GEC). The ESG Global Steering Committee is mandated by the GEC and reports to the Board of Directors at least once every quarter.

The ESG Global Steering Committee comprises of leaders from Nikko AM's investment teams worldwide, who are in charge of ESG implementation in their individual investment processes. The steering committee is responsible for evaluating the effectiveness of this implementation and improving our approach to ESG. It also drives the implementation of the six principles of the United Nations-supported Principles for Responsible Investment (PRI).

At its Japan operations, both governance systems of the stewardship and exercising voting rights complement ESG frameworks. These consist of the Stewardship and Proxy Voting Committee (Voting Committee) and the Stewardship and Voting Rights Policy Oversight Committee (Oversight Committee). The Voting Committee is responsible for creating the guidance necessary for implementing stewardship activities, including formulating its stewardship policy, as well as amendments to the proxy voting instruction guidelines.

* For more information, refer to our Sustainability Report 2020. <https://en.nikkoam.com/files/pdf/esg/sustainability2020-en.pdf>

