

# Compliance and Fiduciary Spirit

Message

## Message from the Chief Compliance Officer (CCO)



**Yuki Takada**  
Managing Executive Officer CCO  
SuMi TRUST Group

We sincerely apologize for any inconvenience and concern caused to our clients and other stakeholders due to the violation of the Financial Instruments and Exchange Act (specifically, insider trading regulations) by a former employee of SuMi TRUST Bank, a subsidiary of SuMi TRUST Group. As a trust group committed to upholding high ethical and self-disciplinary standards, we recognize that rebuilding trust is a critical undertaking. In response to this incident, we provided training for directors, executive officers, and employees to raise compliance awareness. In addition to the previously announced measures to prevent recurrence, we also plan to further strengthen our compliance framework and information management systems. Since its founding, the Group has remained true to its fiduciary spirit, ensuring a thorough client-oriented approach and establishing a sophisticated conflict of interest management system. Our mission is to safeguard our clients' assets while pursuing their best interests.

We remain committed to delivering services that prioritize our clients' perspectives, with strong emphasis on restoring trust.

### Topics

#### Pursuing the Best Interests of Our Clients Throughout the Entire Investment Chain

##### Legislation aimed at pursuing clients' best interests

The Act on Provision of Financial Services and the Development of the Accessible Environment Thereto newly stipulates the obligation of financial service providers to conduct their business operations in good faith and fairness, taking into consideration the best interests of clients, etc. (duty of good faith and fair dealing). As a result of this amendment, the scope of the obligation now extends beyond financial instruments business operators and similar entities to include a broad range of business operators. SuMi TRUST Group will pursue the best interests of its clients by further enhancing its systems to ensure the suitability of products and services, while addressing clients' feedback.

##### Announcement of supplementary principles on product governance

Supplementary principles on product governance have been added to the Principles for Customer-Oriented Business Conduct. This has enhanced the client-oriented focus on the structuring of financial products and strengthened the framework for pursuing the best interests of clients throughout the investment chain, from creation to distribution. SuMi TRUST Group has also established a framework for close cooperation between the originator and distributor. Concurrently, we will continuously evaluate and strengthen our systems for managing conflicts of interest and information to prevent any inappropriate practices such as improper information sharing.

## Compliance

### (i) Basic policy and compliance framework

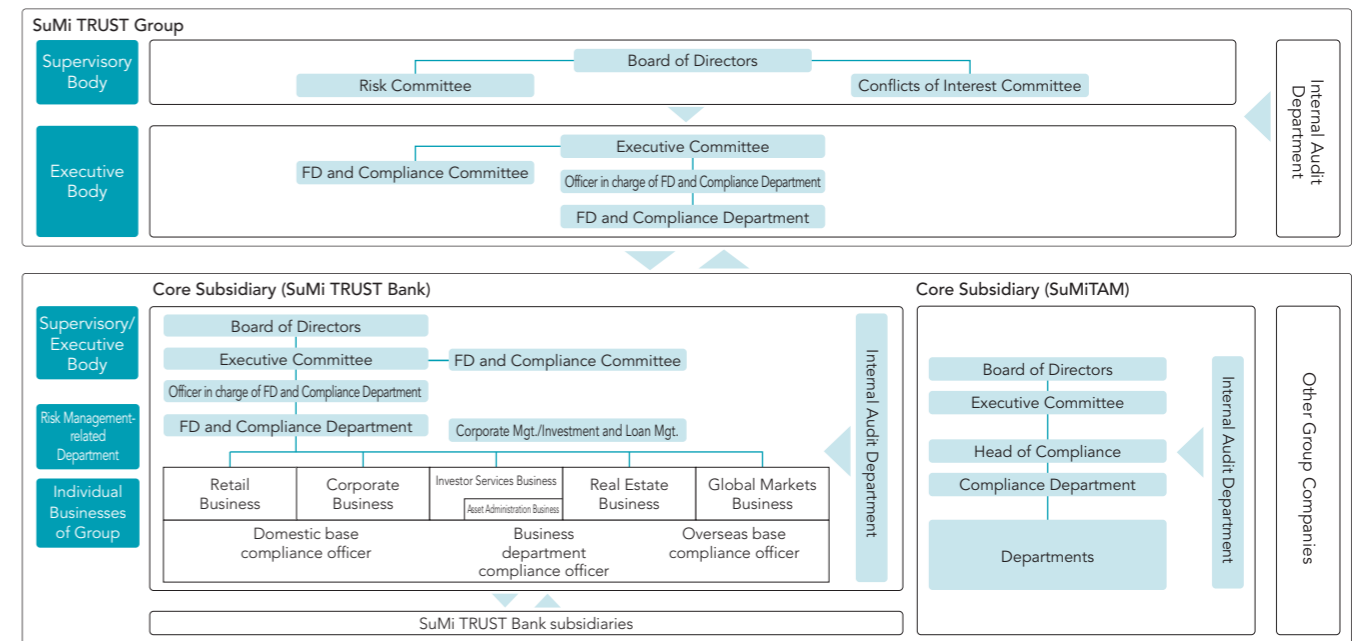
Based on its Reason for Existence ("Purpose") of "Trust for a flourishing future," the Group sets out strict compliance with applicable laws and regulations in the Codes of Conduct ("Value"). Additionally, the Compliance Rules formulated by the Board of Directors define the Group's overall basic policy, the standards that directors, executive officers, and employees must follow, and the Group's organization structure for realizing compliance. The Group also formulates the Compliance Program, which consists of specific operational plans, with the approval of the Board of Directors, and the Board of Directors periodically evaluates the progress.

To manage the compliance framework across the entire

Group and to create an appropriate framework tailored to the operational characteristics of each Group company, SuMi TRUST Group formulates the Compliance Programs for each company and provides guidance and oversight to monitor the progress and achievement of these programs. The CCO oversees compliance within the Group and reports regularly to the Board of Directors.

In April 2025, we integrated the central compliance department with the special office focused on client-oriented business operations to further enhance compliance with laws and regulations and to deepen our commitment to the fiduciary spirit.

### Compliance system of SuMi Trust Group



### (ii) Initiatives for through compliance awareness

#### (1) Initiatives for ensuring compliance awareness

Contents of the Compliance Manual, including explanations of laws and regulations that must be followed and actions to be taken in the event of the discovery of illegal or inappropriate behavior, are thoroughly informed throughout the Group. We are also improving compliance training to maintain a high level of compliance awareness throughout the Group. More specifically, in addition to sharing training materials for e-Learning and discussion-based study sessions, the Group companies provide training and study sessions tailored to their respective businesses and products, as well as e-Learning on specific themes, to foster awareness.

#### (2) Response to compliance violations

To take appropriate action in the event of a compliance violation by directors, executive officers, or employees, SuMi TRUST Group has specified in its Compliance Manual the measures to be implemented upon discovering any ille-

gal activities and mandates that directors, executive officers, and employees report such incidents to the FD and Compliance Department through the person in charge of compliance. When a violation is reported from the department in which the violation occurred, the FD and Compliance Department, along with the relevant department, investigate the situation, address clients' concerns to resolve the issue, and report findings to internal and regulatory authorities. The department also provides guidance and advice on measures necessary for resolution, including determining whether external disclosure is needed. It assesses whether the actions taken by the affected department and the central business management department are suitable to prevent recurrences (future occurrences). Additionally, the department establishes a reporting and management system designed to prevent and reduce incidents, while also enhancing the quality of administrative work.

#### Hotline System

The Group has established the Compliance Hotline to enable directors, executive officers, and employees to directly report violations of laws and regulations to the FD and Compliance Department and external law firms. The system ensures protection of whistleblowers, and a simple means of reporting (telephone and web system) has been established. We have also set up an accounting hotline to receive reports of inappropriate accounting practices.

Furthermore, the Global Compliance Hotline was

launched in FY2025 to enhance fraud prevention at overseas offices and foster a culture that encourages everyone to speak up. Employees at our overseas offices can report directly to the Tokyo headquarters of SuMi TRUST Group in multiple languages.

**Number of whistle-blowing incidents (Japanese text only)**  
[https://www.smtg.jp/-/media/tg/sustainability/report/2023/esg\\_databook.pdf](https://www.smtg.jp/-/media/tg/sustainability/report/2023/esg_databook.pdf)

### (iii) Initiatives to prevent financial crime and other unlawful acts

The Group has published an Anti-Money Laundering\* Compliance Policy, and continuously works to improve the framework to prevent unauthorized use of the financial services. The efforts include conducting periodic risk assessment of Group companies, including overseas offices, overseeing the development status of the framework, such as risk-based control measures, and providing guidance on improvement.

To prevent transactions that involve anti-social forces, we have introduced an anti-social forces exclusion clause for our

various products and services, and we work closely with the police and other external expert organizations to terminate any transactions if anti-social forces are found to be involved after the commencement of a transaction.

In addition, we have established a system designed to decisively combat financial crimes that exploit the financial services provided by the Group and ensure the successful implementation of increasingly complex economic sanctions.

\* Anti-money laundering is defined by the Group as the prevention of unauthorized use of financial services as detailed in the points (i)-(iii) below.

(i) Money laundering: The act of attempting to prevent the discovery or seizure by investigative authorities of funds obtained through fraudulent/illegal means  
 (ii) Terrorist financing: The act of providing support by collecting or providing funds or real estate that will be used to fund terrorist acts or otherwise fund the activities of terrorist organizations  
 (iii) Proliferation finance: An act of providing funds or financial services to persons who are subject to measures such as freezing of assets due to their involvement in the development, possession, or export of weapons of mass destruction (nuclear, chemical, or biological weapons). Please refer to the "Sustainability Report," published separately, for more detailed information on the initiatives aimed at preventing money laundering and excluding anti-social forces.

### (iv) Conduct risk management initiatives

SuMi TRUST Group recognizes risk that could have a negative impact on the Group, clients, markets, financial infrastructure, society, or the workplace environment due to directors, executive officers, and employees of a Group company engaging in behavior that violates professional ethics or that otherwise fails to meet the expectations and trust of stakeholders as conduct risk.

We are currently improving our conduct risk management by, for example, verifying certain transactions related to conduct risk according to predefined operational flows.

Our Standards of Conduct consist of 25 items based on the four pillars: our standards for our clients, our standards for our people, our standards for our society, and our stan-

dards for our shareholders. The standards outline the concepts necessary for directors, executive officers, and employees of the Group companies to help them take appropriate action when they are unsure of their decisions in their daily work. In particular, we believe that appropriate behavior extends beyond following rules; it requires a strong commitment to honesty and integrity. We regularly update our standards in a timely and proper manner. Moreover, SuMi TRUST Group is promoting and implementing the "3up" initiative (Listen up, Follow up, Speak up)\* to foster a better workplace environment.

\* Listen up: managers and colleagues should proactively listen up  
 Follow up: follow up on any necessary improvements together  
 Speak up: speak up on any issues and concerns

**SUMITOMO MITSUI TRUST GROUP**  
 Our Standards of Conduct

You can find them on the website of SuMi TRUST Group.  
[https://www.smtg.jp/english/about\\_us/management/standard](https://www.smtg.jp/english/about_us/management/standard)

### (v) Future initiatives in light of the misconduct incident

Following the discovery that a former employee of SuMi TRUST Bank, was suspected of insider trading, we established an Investigation Committee comprising independent external directors and external counsel. The Investigation Committee conducted an investigation into similar transactions, identified and analyzed the underlying causes of such trading activities, and compiled an investigative report that included recommendations on recurrence prevention measures. The report was published in May 2025.

In response to the findings of the investigation report, SuMi TRUST Bank is committed to enhancing its internal

control system. The efforts include reinforcing education for directors, executive officers, and employees, strengthening checks and balances to prevent misconduct, and improving the management of insider information. The bank is committed to rebuilding trust with its clients, shareholders, and all the other stakeholders, as well as the broader society.

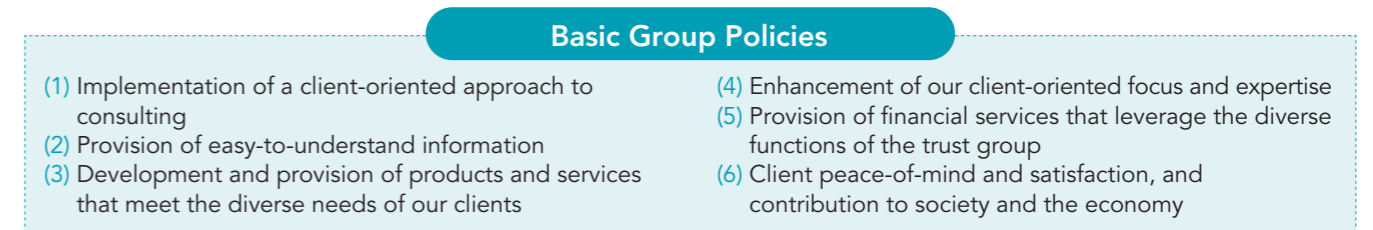
For further details of this issue, please refer to the release below:  
<https://www.smtg.jp/english/-/media/tg/english/news2/2025/E250501.pdf>

## Fiduciary Spirit (Client-Oriented Initiatives)

### (i) Client-oriented business operations

Since its founding, SuMi TRUST Group has made every effort to realize client's expectation entrusted to us. "Be a fiduciary that is trusted by stakeholders" is one of our aspirations for 2030, and we strive to be the "Best Partner" that provides the most significant value to our clients by thoroughly implementing client-oriented business operations.

We have also formulated and published the "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" as a standard guideline for the Group, and are working with the Group companies to thoroughly implement a client-oriented approach.



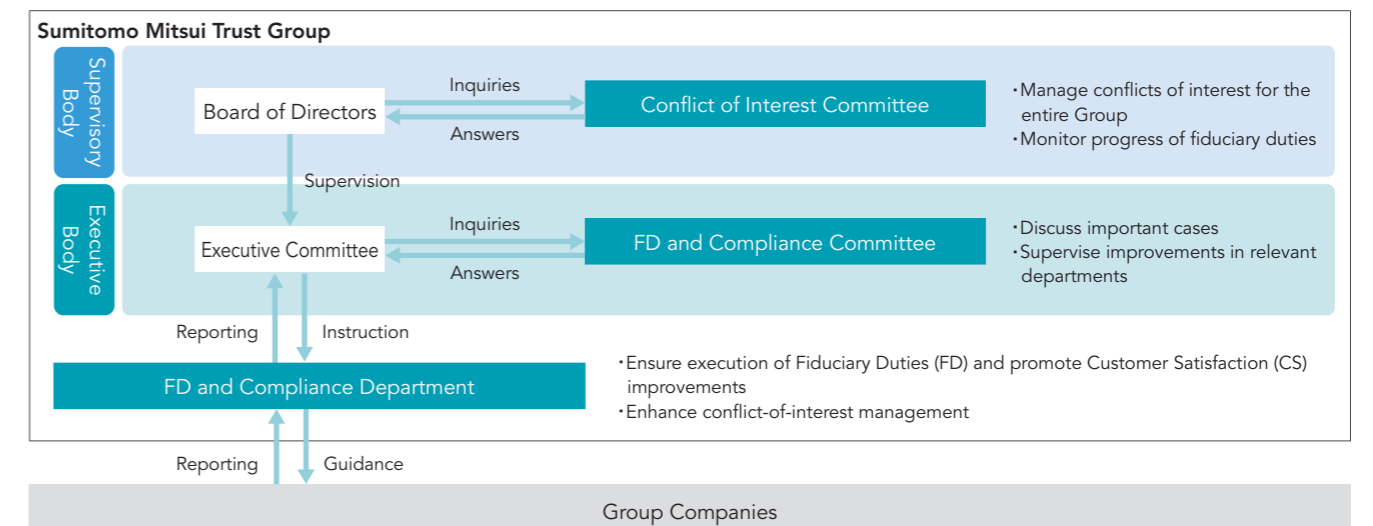
### (ii) Management of conflicts of interest

The Summary of the Management Policy Concerning Conflicts of Interest has been announced, in order to protect the interests of our clients from undue harm caused by the provision of various services by SuMi TRUST Group's companies and their related parties. Our Group identifies and classifies transactions that have possible conflicts of interest in advance and manages such transactions appropriately. Furthermore, we developed a system in which the FD and Compliance Department, which is the department that oversees management of conflicts of interest independently of sales divisions, verifies the effectiveness of management of

conflicts of interest across the Group. The results are regularly reported to the Board of Directors and other relevant parties, and we have a framework to continuously implement the necessary improvements and guidance.

In addition, our Group has established a Conflict of Interest Committee in an effort to enhance the effectiveness of the Group's framework for managing conflicts of interest. The majority of members of the Committee are external experts. It serves as an advisory body to the Board of Directors and verifies the appropriateness of the group's management of conflicts of interest.

#### Client-oriented business operations and conflict-of-interest management framework



### (iii) Instilling and solidifying awareness of a client-oriented mindset and improving customer satisfaction

We at SuMi TRUST Bank are taking various initiatives to create new value by leveraging our extensive expertise in response to the trust of our clients, in order to be a trusted "Best Partner" for our clients.



### (iv) Initiatives that lead to enhanced customer satisfaction

#### (1) Clients' feedback

SuMi TRUST Bank 1) receives many valuable opinions and requests from clients and feedback, such as "voice of clients" via branches throughout Japan and through call centers and the website (in fiscal year 2024, SuMi TRUST Bank received 1,623 complaints, up 69 from the previous year); 2) to analyze this client feedback, we strive to better meet our clients' needs by making client feedback more visible, so that we can better recognize such needs.

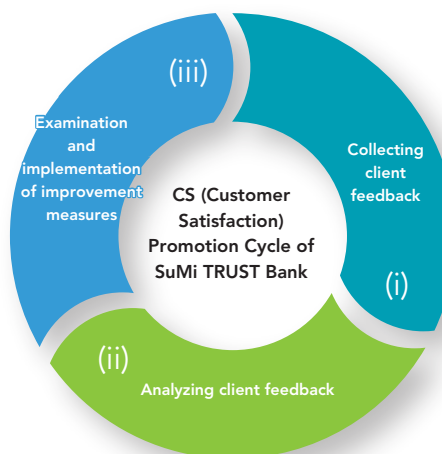
Furthermore, 3) regarding opinions and requests received from clients, branches and head office cooperate to investigate and analyze the reasons and identify problems. Based on the results, we search for necessary improvement measures and strive to provide better products and services.

In addition, the Group has worked in line with the Voluntary Declaration of Consumer-Orientation\*, formulated in June 2019, to ensure that our clients and society can always place their trust in us and that we can grow together. As part of our client-oriented management initiative, we compile and share the results of improvements made based on client

feedback every year.

\*Promoted by the Consumer Affairs Agency, a Voluntary Declaration of Consumer-Oriented is a commitment to adopt a consumer-oriented management—a form of corporate management that seeks to improve social value by collaborating and engaging in co-creation with consumers.

#### ■ Customer Satisfaction Promotion Cycle



#### (2) Voice of employees

SuMi TRUST Bank is committed to enhancing the quality of client service by gathering suggestions for improvement from its employees. As part of our daily efforts to maintain a client-oriented approach and to improve customer satisfac-

tion, our employees are encouraged to speak up about areas that require improvement. We also acknowledge and celebrate those who submit outstanding proposals.

Please visit here for the report entitled "Status of implementation and KPIs for initiatives pursuing to be the 'Best Partner' for our clients" in fiscal 2024. (Japanese text only)  
[https://www.smtg.jp/-/media/tg/about\\_us/management/customer/fiduciaryduty/pdf/fiduciaryduty\\_kpi\\_status.pdf](https://www.smtg.jp/-/media/tg/about_us/management/customer/fiduciaryduty/pdf/fiduciaryduty_kpi_status.pdf)