

Providing Value to Clients

Innovative Products and Services

(1) Basic Approach to New Product and Service Development

When the Group established the Medium-Term Management Plan for fiscal 2020 to 2022, we articulated our Reason for Existence ("Purpose") as "to create new value with the power of trusts and let a prosperous future for our clients and society bloom." Historically, trusts have been developed and offered to address the unique challenges of their respective eras. We will continue to bear our Purpose in mind and pour our energy into the development of products that can make a positive contribution for our clients and society.

(2) Structure for New Product and Service Development

The SuMi TRUST Group continues to further the development of new products and services by drawing on its expertise and comprehensive capabilities as a trust banking group. SuMi TRUST Bank possesses the ability to develop new products and services in each of its businesses and continues to engage in development by leveraging its expert knowledge and taking into account client needs and market trends, among other factors.

Also, for the field of business management, we have established dedicated units such as the Business Research and Development Department, Regional Revitalization Planning and Promotion Department, Digital Transformation Department, and Sustainability Management Department. These departments conduct research studies in their respective fields of trusts and related areas, regional revitalization, digital transformation, and sustainability. A system has also been built to facilitate and support the development of new products and services across business lines.

Moreover, we have set up a Product & Services Committee as a meeting body for mainly directors and executive officers to discuss the development of new products and services. The committee meets regularly to share information about issues that ought to be resolved during the development process and measures for further propelling development from a medium- to long-term management strategy

perspective that extends beyond the boundaries of on-site product development.

(3) The Future Creation Festival: A Platform for New Product and Service Proposals from Employees

Starting in fiscal 2018, the Group has been organizing the "Future Creation Festival."

This is an internal business plan competition designed to shape the Group's future through ideas originating from our employees. It's open to all Group employees, inviting a wide range of innovative and unexpected ideas across various business domains. During the final round, applicants get the opportunity to directly present their ideas to a panel of judges comprising executives and external experts. Those selected in this final round can then attempt to commercialize their proposed product or service.

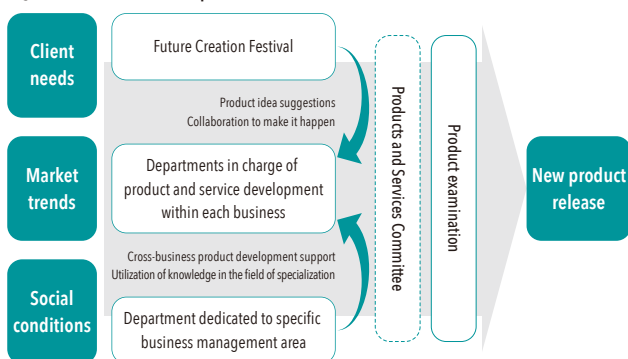
The fifth iteration of the Future Festival, which took place in fiscal 2022, has become a major event for the Group, with participation from many Group employees ranging from young staff to members of management. To date, the Future Festival has given birth to five products and services, including the Solo Trust, the inaugural version of which was launched in December 2019.

(4) New Product and Service Introduction Screening System

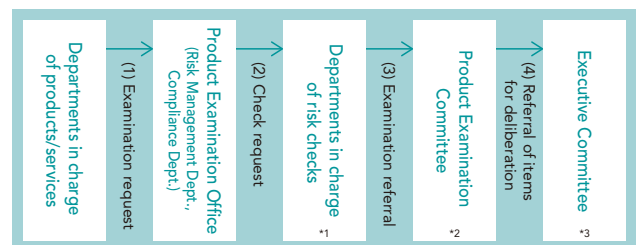
When introducing a new product or service, it is necessary to develop various systems in order to continue offering the product or running the operation, including making an advance determination regarding the existence of any inherent risks and identifying their types, evaluating and managing such risks, and providing explanatory materials and methods to clients. To that end, we have developed a new product and service examination system.

In the examination process, multiple departments carry out verification from various angles, with an emphasis on introducing products and services that will earn the trust of clients.

System for Development of New Products and Services



Product Examination Process (SuMi TRUST Bank)



*1 Risk Management Dept., Compliance Dept., Legal Dept., Planning and Coordination Dept., Fiduciary Duties & Customer Satisfaction Planning and Promotion Dept., Financial Planning Dept., Business Process Management Dept., etc.

*2 Held jointly with the Conflicts of Interest Management Enhancement Committee as necessary to consider merchantability and the perspective of conflicts of interest.

*3 When new products and services that may have a significant impact on the Group's management are referred to SuMi TRUST Bank's Executive Committee, discussions are held with SuMi TRUST Holdings, and a framework is provided for bringing up matters at the Executive Committee and reporting to the Board of Directors.

Client-Oriented Initiatives

In recent years, financial institutions have been urged to be even more client-oriented. In the SuMi TRUST Group too, as a financial institution underpinned by our fiduciary spirit, we consider our client-oriented approach and fiduciary duties to be one of its materiality items. Here we provide some information about the client-oriented initiatives and client protection management practices we undertake with the aim of being our clients' "Best Partner."

1. Providing Value to Clients

In these extremely turbulent times, the asset formation, management, reexamination, and succession needs of both individual and corporate clients are growing increasingly complex, while the need for trustworthy financial institutions is also growing stronger. The SuMi TRUST Group aims to be the "Best Partner" for providing maximum value to both individual and corporate clients by accurately ascertaining their needs and offering total solutions in the form of various, highly specialized products and services best suited to solving client issues. Thus, in an effort to make effective use of our comprehensive capabilities

derived from merging trust and banking functions, as well as the diverse trust functions within the Group, we are striving to be completely client-oriented and to build a robust conflict of interest management framework.

Furthermore, the Group, which positions our Reason for Existence ("Purpose") as our shared vision, aims to continually grow alongside our clients and society. To make this a reality, our executives and employees commit to abiding by our Codes of Conduct ("Value"), which emphasizes the importance of being completely client-oriented, and we shall strive to uphold our fiduciary duties.

Group Initiatives in Recent Times

2016	September	Development of Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group
	October	Establishment of Fiduciary Duties Planning and Promotion Department (also established at SuMi TRUST Bank)
		Establishment of Fiduciary Duties Discussion Panel
2017	January	Development of Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations at SuMi TRUST Bank
	April	Establishment of Conflicts of Interest Management Enhancement Committee (executive side and at SuMi TRUST Bank)
	May	Amendments to Management Policy Concerning Conflicts of Interest (enhancement of conflict of interest management framework)
	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's March 2017 publication of Principles for Customer-Oriented Business Conduct
		First announcement of KPIs for initiatives aimed at becoming our clients' "Best Partner" (announced every year thereafter)
July	Establishment of Conflicts of Interest Committee as an advisory body to the Board of Directors	
2018	September	Announcement of Shared KPIs on Investment Trusts and Initiatives of Sumitomo Mitsui Trust Bank
2019	June	Announcement of Voluntary Declaration of Consumer-Orientation
2020	April	Addition of CS promotion function to Fiduciary Duties Planning and Promotion Department and establishment of Fiduciary Duties and Customer Satisfaction Planning and Promotion Department (FD & CS Planning and Promotion Department) (the FD & CS Planning and Promotion Department at SuMi TRUST Bank was established through a merger of the Fiduciary Duties Planning and Promotion Department and the Customer Satisfaction Promotion Department)
	September	First announcement of results of initiatives based on Voluntary Declaration of Consumer-Orientation (announced every year thereafter)
2021	June	Amendments to Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group in light of the FSA's January 2021 revisions to Principles for Customer-Oriented Business Conduct
2022	June	Announced Common KPIs for Foreign Currency Insurance Sales Companies
		Following the update to the concept of consumer-oriented management by the Consumer Affairs Agency in March 2022, we revised our Voluntary Declaration of Consumer-Orientation.

Our "Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group" are reviewed and, if necessary, modified each year.

2. Implementing a Client-Oriented Approach

So that we can provide our clients with the products and services best suited to meet their genuine interests as their “Best Partner” and in order to carry out and instill fiduciary duties across all our business operations, in September 2016 we formulated and released our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group (“Policies”) and since then we have continued to further strengthen our initiatives by revising them whenever necessary. The SuMi TRUST Group has put in place an extensive organizational structure from the management level

to the working level, and strives constantly to enhance its initiatives in this area (please see page 143 for enhancement of the conflict of interest management framework).

In order to clearly communicate to our clients the results of these initiatives, we periodically publish a report entitled KPIs for Initiatives Aimed at Becoming Our Clients’ “Best Partner” (see page 140). These performance indicators include “Comparable Common KPIs for Sales Companies” pertaining to investment trusts and foreign currency insurance.

Basic Group Policies (Principles for Action)

- Sumitomo Mitsui Trust Holdings will develop and publish the “Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group” (hereinafter the “Policies”), in order to give thorough effect to our fiduciary duties across the entire business of the Sumitomo Mitsui Trust Group.
- At the Sumitomo Mitsui Trust Group, we are driven by client comfort and satisfaction, with the reliance placed in us as a creditor and trustee as a foundation for action. In providing appropriate products and services suited to the true benefit of our clients, we will, together with establishing the following Group principles for action, proceed to develop a Group framework so as to give effect to our fiduciary duties.
- Based on the Policies, each Sumitomo Mitsui Trust Group company will implement initiatives to provide products and services that are further “client-oriented”, and will periodically disclose the implementation status of such 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.

1. Implementation of a client-oriented approach to consulting
2. Easily understandable provision of information
3. Development and provision of products and services that meet the diverse needs of our clients
4. Enhancement of our client-oriented focus and expertise

5. Provision of financial services that leverage the diverse functions of the trust bank group
6. Client comfort and satisfaction, and contribution to the economy and society

Group Companies Implementing Initiatives Based on the “Policies”

Abiding by the Group’s Basic Policy (Principles of Conduct) and implementing efforts based on Policy Initiatives (function-specific policies) tailored to the nature of their business operations

Adopted the Principles for Customer-Oriented Business Conduct

- SuMi TRUST Bank **S M A O**
- Sumitomo Mitsui Trust Asset Management Co., Ltd. **M**
- Nikko Asset Management Co., Ltd. **M**
- Sumitomo Mitsui Trust Life Partners, Limited **S**

- Mutual Fund & Insurance Research Institute **S**
- Sumitomo Mitsui Trust Wealth Partners Co., Ltd. **S**
- Sumitomo Mitsui Trust Realty Co., Ltd. **O**
- Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd. **M**
- SUMITOMO MITSUI TRUST RESEARCH INSTITUTE CO., LTD. **M**
- Sumitomo Mitsui Trust Investment Co., Ltd. **M**

*Undertakes initiatives corresponding to relevant items within the Policies.

S : Sales **M** : Asset management and product development **A** : Asset administration **O** : Other trust business, etc.

Establishment of Group Company Action Plans

The Group companies subject to the application of the Policies examine and implement initiatives according to the nature of their business operations.

Of the Group companies, SuMi TRUST Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, and Sumitomo Mitsui Trust Life Partners are engaged in the asset management, product development, sales, and asset administration businesses that form the core of fiduciary duties. These Group companies have adopted the Principles for Customer-Oriented Business Conduct and have established and made public specific initiatives relating to fiduciary duties ("action plans"). Progress updates are reported regularly to their respective Board of Directors, whilst the action plans are revised whenever necessary. Reviews of actions plans and a summary of the KPIs are also made public on a regular basis. Furthermore, Sumitomo Mitsui Trust Asset Management and Nikko Asset Management, as asset managers, regularly publish their respective KPIs.

Fiduciary Duties Discussion Panel

In order to further enhance the initiatives at Group companies engaged in the business of asset management, product development, sales, and asset administration, we have established a Fiduciary Duties Discussion Panel together with Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Sumitomo Mitsui Trust Life Partners, and the Mutual Fund & Insurance Research Institute.

The Discussion Panel comprises directors and executive officers, as well as general managers responsible for promoting fiduciary duties at each of the aforementioned Group companies, with the FD & CS Planning and Promotion Department serving as secretariat. Each company reports on the matters listed below, shares successful case examples, and discusses how to ensure practices that reflect fiduciary duties take root at each Group company.

- Improvements in expertise
- Appropriate collaboration on product development and sales at each company
- Enhancement of risk management

Promoting/Supervising Structure of the Group

	Organization	Initiatives	
SuMi TRUST Holdings	Board of Directors	Conflicts of Interest Committee	<ul style="list-style-type: none"> • Manage conflicts of interest throughout the Group • Monitor progress on fiduciary duties
	Executive Committee	Conflict of Interest Management Enhancement Committee	<ul style="list-style-type: none"> • Discuss important cases • Provide guidance on making improvements to relevant departments
	Department in charge	FD/CS Planning and Promotion Dept.	<ul style="list-style-type: none"> • Raise awareness about, and ensure implementation of, fiduciary duties, and drive improvements in CS
Compliance Dept.		<ul style="list-style-type: none"> • Enhance conflict of interest management 	
Group Companies*	Group-wide	Fiduciary Duties Discussion Panel	<ul style="list-style-type: none"> • Supervise and guide fiduciary duty initiatives at each Group company and reflect in initiatives at each company

*Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, Mutual Fund & Insurance Research Institute, and Sumitomo Mitsui Trust Life Partners

Establishment of Specialist Organization

In order to raise awareness about, and implement, the Group's fiduciary duties, we established the FD & CS Planning and Promotion Department as a specialist organization. It not only provides advice, guidance, and training to Group companies, but also collects

information and engages in planning and development concerning the improvement of conflict of interest management. This department regularly compiles reports for the Board of Directors based on its monitoring of specific initiatives implemented at each Group company in line with the Policies.

3. Status of Initiatives Aimed at Becoming Our Clients' "Best Partner," and Key Performance Indicators (KPIs)

Through the formation, asset management and asset administration, SuMi TRUST Group seeks both to provide its clients with satisfaction and peace of mind, and to contribute to society and the economy. In addition, we aim to achieve sustainable and stable growth for the Group by improving our

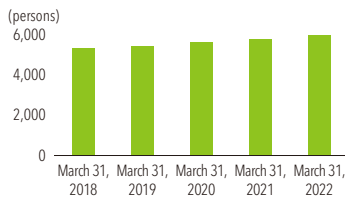
estimation in the eyes of our clients and of society, and by becoming our clients' "Best Partner." We regularly disclose indicators to check the status of our efforts to become our clients' "Best Partner." As we work to promote and enhance these activities, these indicators are revised as necessary.

Client-oriented initiatives aimed at becoming our clients' "Best Partner" [our own actions]

We strive to develop employees with high levels of expertise so that our clients can trust and consult with us with confidence.

(Asset Formation Assistance)

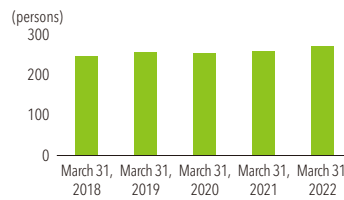
Number of Holders of FP-Related Certifications



* Shows the number of course employees of SuMi TRUST Bank who hold FP Specialist (Level 1, Level 2), CFP, AFP, or Kinzai Financial Skills Examination (Level 1, Level 2) certifications.

(Assistance regarding Inheritance, Wills, Estate Planning)

Number of Financial Consultants and Trust Consultants

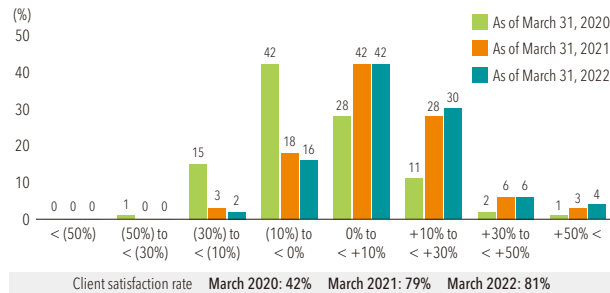


* SuMi TRUST Bank has financial consultants and trust consultants who are in-house experts in inheritance, wills, estate planning, etc. at all of its branches.

Client Comfort and Satisfaction, Contribution to Society and Economy [Evaluation by Clients and Society]

Improving Investment Returns for Clients

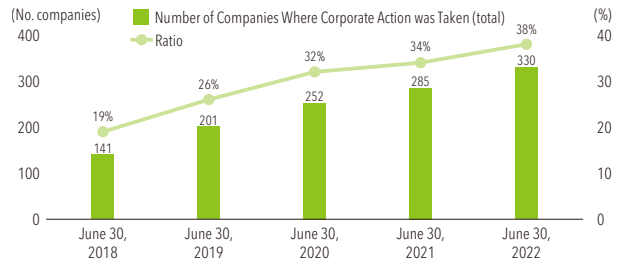
■ Distribution of Clients with Investment Trust Gains/losses, Including Realized Profit and Loss



When proposing investment products to our clients, SuMi TRUST Bank emphasizes the importance of carefully following up on their intentions in light of major life events and changes in the market environment. In this way, we make every effort to improve returns and realized profits/losses for our clients.

Enhancing Asset Management

■ Number of Companies Where Corporate Action was Taken* and Ratio of Companies Where Corporate Action was Taken to Companies Participating in Engagement Activities (total)



As a responsible institutional investor, Sumitomo Mitsui Trust Asset Management pursues engagement and stewardship activities, including the exercise of voting rights, aimed at medium- to long-term growth in corporate value. Through these activities, we are working to increase our clients' medium- to long-term investment returns.

*The number of companies that took action corresponding to opinions expressed in their engagement activities



SuMi TRUST Bank earns R&I Customer-oriented Investment Trust Sales Company Rating of "S+" for a second year in succession

The rating is based on R&I's neutral third-party evaluation of banks, securities companies, and other financial enterprises engaged in the sale of investment trusts. The rating assesses their "customer-oriented business operations" and their policies and initiatives in this area. SuMi TRUST Group will continue to pursue client-oriented initiatives and promote their adherence as we strive to be a "Best Partner," whom our clients entrust with their business for many years to come.

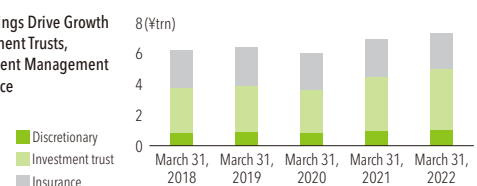
*The "R&I Customer-oriented Investment Trust Sales Company Rating" ("the rating") is not a statement of fact. Rather, it represents R&I's opinions regarding the "customer-oriented business operation" initiatives of companies engaged in the trust investment sales business. Though R&I uses information that it deems to be reliable when carrying out the rating, it does not independently verify the accuracy of this information. Furthermore, R&I does not guarantee the accuracy or integrity of this information, nor does it endorse the purchase, sale or holding of any specific product nor guarantee the future performance of any such product. All intellectual property rights (copyrights, etc.) and any other rights pertaining to the rating belong to R&I, and any reproduction or republication without permission is prohibited.

Sustainable and Stable Growth of the Group [Objective Parameters]

Offering a Wide Range of Products and Services to Fulfill the Diverse Needs of Clients

SuMi TRUST Bank provides a wide range of high-quality products and services, including investment trusts for clients' diverse needs, discretionary investment management products, and insurance products, which continue to be highly popular with clients.

Comprehensive Offerings Drive Growth in Balances of Investment Trusts, Discretionary Investment Management Products, and Insurance



4. Shaping Corporate Culture to Become Our Clients' "Best Partner"

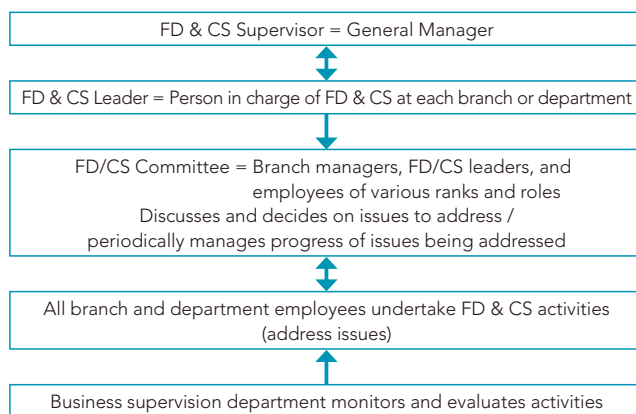
With the objective of entrenching a corporate culture geared towards becoming our clients' "Best Partner," each FD & CS Committee in each branch or department of SuMi

Establishment of FD & CS Committees

FD & CS Committees have been established for the purpose of enhancing FD and improving CS in each branch office and department. The FD & CS Committees are actively undertaking a whole host of activities according to the characteristics of each branch office or department.

Examples of FD & CS Committee Activities

- Discussions relating to client-oriented business operations and improving CS
- Improvement activities based on client opinions
- Sharing of successful examples and improvement activities based on issues identified in cases subject to review



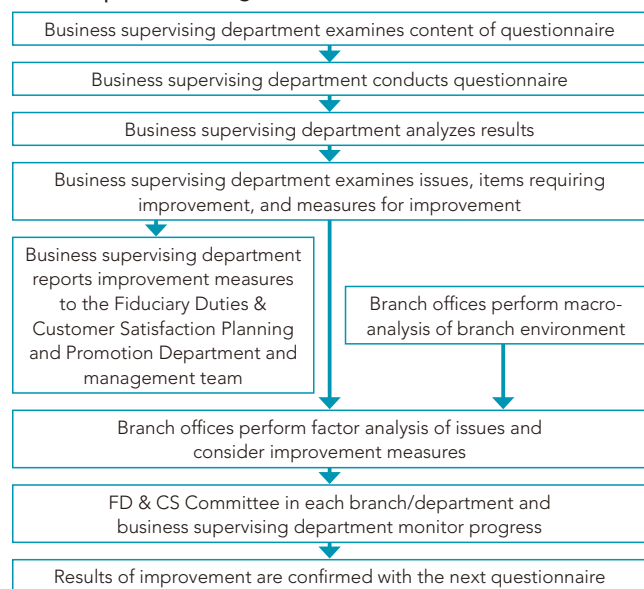
*Example of FD & CS Committee in the Retail Total Solution Services Business at SuMi TRUST Bank

TRUST Bank discusses and takes action to make improvements based on feedback from client questionnaires and organizes various training sessions.

Use of Client Questionnaires

For each of our businesses, we survey both corporate and individual clients with a questionnaire so that we can better manage and improve the quality of our services. We utilize the questionnaire results to identify issues in our business undertakings and subsequently implement initiatives that reflect measures for improving those issues.

Example of Utilizing CS Questionnaire in Each Business



Examples of Initiatives Aimed at Becoming Our Clients' "Best Partner"

No	Item	Description
1	Study sessions for improving CS awareness	Training sessions focused on upholding FD, improving CS awareness, sharing complaints and VOC items, and business manners are held for newly appointed branch managers, new recruits, and other employee ranks.
2	e-Learning	e-Learning-based FD & CS training for all employees aimed at upholding FD and improving awareness of CS and client support management training for employees to learn about the client support management system and people with disabilities/elderly citizens.
3	Improving complaint management	Analyzing causes of complaints, understanding trends, and strengthening prevention and improvement activities by being aware beforehand of the type of events that give rise to complaints.
4	Improving client questionnaires	Strengthening the improved PDCA cycle based on client evaluations by endeavoring to standardize the evaluation items in each questionnaire, enhancing our analyses, and sharing measures for improvement.
5	Collecting and making better use of daily client feedback	Promoting collection and analysis of VOC items and improvement and development of products and services.
6	Holding a lecture related to FD/CS	Lecture on FD/CS-related topics conducted for Group employees
7	Voluntary Declaration of Consumer-Oriented	Publicly announced commitment to FD implementation and enhancement of CS awareness through promotion of consumer-oriented management

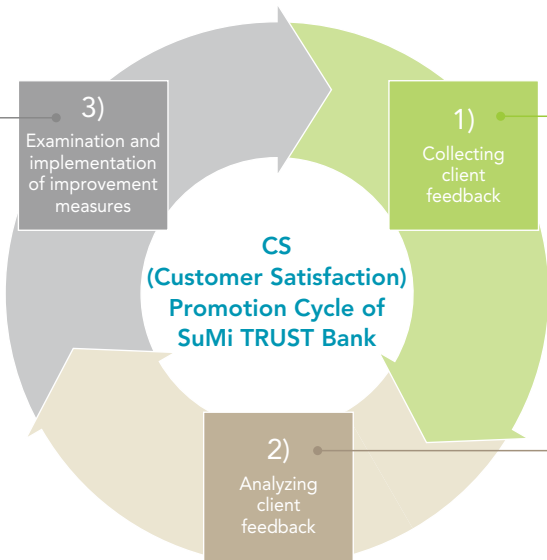
Initiatives Based on the Voluntary Declaration of Consumer-Oriented

The Voluntary Declaration of Consumer-Oriented is a declaration concerning efforts towards consumer-oriented management to improve social value in co-creation and collaboration with consumers. The Group, believing that consumer-oriented management entails initiatives to improve customer satisfaction and being completely client-oriented,

established and announced the Voluntary Declaration of Consumer-Oriented in June 2019. Since then, we have publicly released the Results of efforts based on the 2021 Voluntary Declaration of Consumer-Oriented, which summarizes the achievements and improvements of our efforts each fiscal year.

5. Initiatives to Link “Voice of Customers” to Enhanced Customer Satisfaction

The Retail Business of SuMi TRUST Bank collects feedback from clients at its branches and departments nationwide. Opinions and requests are also received from many clients via the Customer Services Promotion Office, in Voice of Customers Questionnaires, and through Sumitomo Mitsui Trust Direct. This feedback and information is used improve client satisfaction.



(1) Collecting Client Feedback

At SuMi TRUST Bank, in addition to the client feedback received at branches nationwide, call centers, and websites, we receive a variety of valuable opinions and requests through various media, such as the Voice of Customers Questionnaires placed in each branch.

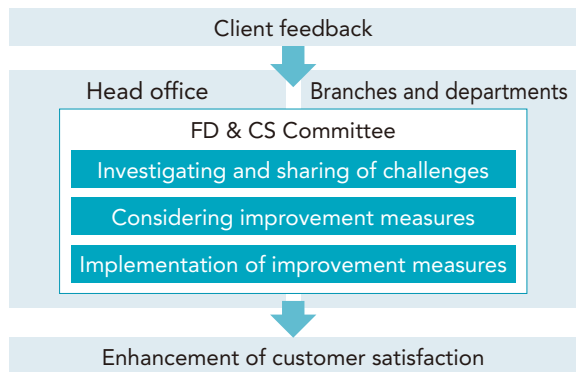
In addition, to further promote client-oriented activities and improve customer satisfaction, we conduct Client Questionnaires targeting clients who have contracted with us for fixed deposits, investment trusts, and so on, and we investigate the satisfaction ratings of clients with regard to SuMi TRUST Bank.

[Main Ways Hear from the Voice of Customers]

- Record comments from customers we receive in branches and over the phone in a dedicated system
- Share inquiries, requests, complaints, and opinions we receive from customers over the phone with relevant departments
- Collect information from the “Voice of the Customers Questionnaires”
- Collect information via our letter and home page

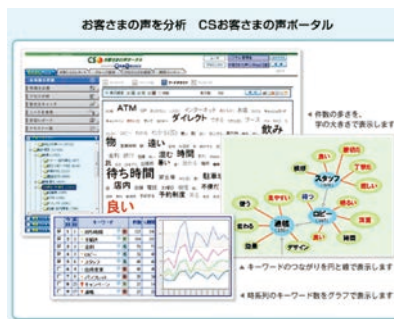
3) Examination and Implementation of Improvement Measures

The branch offices and the head office work together to examine and analyze the reasons behind client opinions and requests with the aim of understanding problem areas. The results of this process are used to come up with improvement measures in an effort to provide better products and services.



2) Analyzing Client Feedback

In order to link numerous customer comments to customer satisfaction, we utilize the “CS Voice of Customers Portal,” a system for analyzing customer feedback. We are striving to meet clients’ needs by making client feedback “visible” so that we can better “recognize” client needs.



6. Enhancement of Conflict of Interest Management Framework for the Entire Group

The Group makes publicly available a summary of the Management Policy of the Sumitomo Mitsui Trust Group Concerning Conflicts of Interest*¹ and engages in appropriate management by identifying and categorizing in advance transactions that could lead to conflicts of interest so that the interests of our clients are not harmed unfairly when our Group companies or authorized parties offer their various services.

In April 2022, in conjunction with the business reorganization of our banking subsidiaries, we enhanced our conflict of interest management system related to business operations after the reorganization, and we revised and publicly announced the Sumitomo Mitsui Trust Group's management policy concerning conflicts of interest (overview; see website for details*¹).

Also, the Compliance Department, which is independent from the Business Department, as the conflicts of interest management control department, regularly verifies the effectiveness of the Group's conflict of interest management and reports the results to the Conflicts of Interest Management Enhancement Committee, Executive Committee, and Board of Directors, ensuring that necessary improvements and instructions are implemented on an ongoing basis.

Moreover, to improve the effectiveness of the conflict of interest management framework, we established the

Conflicts of Interest Committee, primarily composed of external members, as an advisory body to the Board of Directors in 2017, and have been verifying the appropriateness of the Group's conflict of interest management framework. The Conflicts of Interest Committee not only considers the conflict of interest management framework required by laws and regulations, but also holds discussions on the conflict of interest management framework as a best practice, the status of fiduciary duty initiatives, and so on, thus acting as clients' "Best Partner" by providing reassurance and trust. The total 31 of sessions (usually four a year) have been held as of the end of January 2023. The proceedings of the committee are made public on an ongoing basis*².

In addition to the above, under the Conflicts of Interest Committee, we have established the Stewardship Subcommittee*³ as a part of the conflict of interest management system for stewardship activities, enhancing the coordination of information on the Group's overall stewardship activities and the supervision of stewardship activities at Group asset management companies.

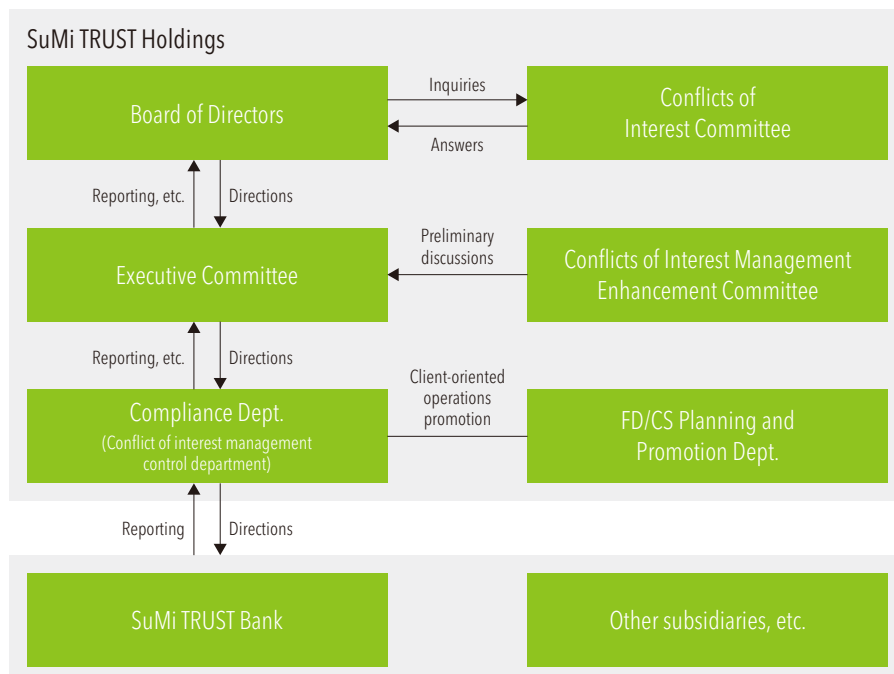
*1 [WEB](https://www.smth.jp/english/coi) <https://www.smth.jp/english/coi>

*2 Regarding the publication of meeting minutes

[WEB](https://www.smth.jp/english/about_us/management/customer) https://www.smth.jp/english/about_us/management/customer

*3 The subcommittee is composed of all members of the Conflicts of Interest Committee, as well as members of the committee overseeing stewardship activities of the Group's operating companies.

Conflict of Interest Management System*¹



*1 For roles and responsibilities of each management structure and main departments, please see page 139.

*2 External Director, SuMi TRUST Bank

Conflicts of Interest Committee Members

Chairperson: Hideki Kanda*²

Professor, Law School at Gakushuin University
Emeritus Professor, University of Tokyo

Committee Member: Nobuaki Kato

SuMi TRUST Holdings
External Director

Member: Akiko Hosokawa

Baker & Mckenzie
Partner

Member: Yasuyuki Suzuki

SuMi TRUST Holdings
Managing Executive Officer

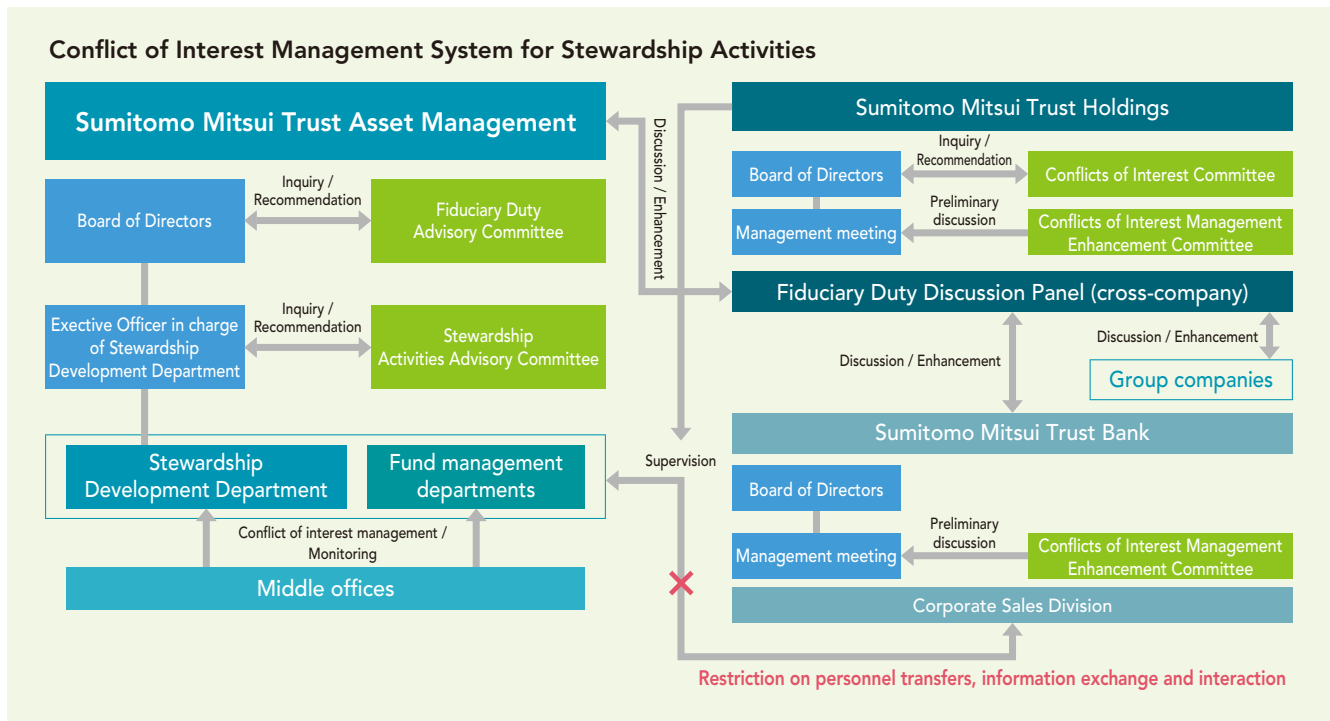
Committee Member: Yuki Takada

SuMi TRUST Holdings
Executive Officer

7. Conflict of Interest Management Structure for Stewardship Activities

Sumitomo Mitsui Trust Asset Management (SMTAM) integrated the investment management function of SuMi TRUST Bank on October 1, 2018. It also added more independent external directors, shifted to a company with an audit and supervisory committee system, and beefed up its middle office operations. The integration means SMTAM has more independence from the Group’s corporate divisions (lending, etc.), while its conflict of interest management is much more transparent. Given that

the management of conflicts of interest is particularly important to the exercise of voting rights, SMTAM has established a Stewardship Activities Advisory Committee comprised mostly of external experts. The officer in charge of the Stewardship Development Department—the person responsible for the exercise of voting rights—exercises voting rights in a highly transparent manner by giving the fullest possible consideration to the recommendations of the Advisory Committee.



Nikko AM (NAM) has established appropriate risk management and compliance frameworks to ensure that the interests of clients and beneficiaries are the top priority and that such conflicts of interest are appropriately managed if they arise. Fund managers and analysts aim to avoid the occurrence of any conflicts of interest in compliance with NAM’s internal regulations. If there is a heightened risk of conflicts of interest arising, all known facts are immediately reported and steps are taken quickly to resolve any issues.

NAM also established its Stewardship and Voting Rights Policy Oversight Committee in June 2016 in order to increase transparency in its stewardship activities and strengthen its governance. From its perspective as a body composed of a majority of external members with

no special interests in NAM, the Stewardship and Voting Rights Policy Oversight Committee monitors and oversees whether NAM’s exercising of voting rights and other stewardship activities are in line with its objectives and whether it is making the proper efforts to fulfill its fiduciary duties consistently. The committee also provides necessary advice from a fair and neutral standpoint.

NAM envisages that conflicts of interest may arise when it exercises voting rights in regard to its parent company, distributors, and client companies. In order to avoid conflicts of interest and enable objective decision making in its exercise of voting rights, it has established a control framework to maintain appropriate voting decisions pursuant to its Guidelines on Exercising Voting Rights.

Client Protection Management

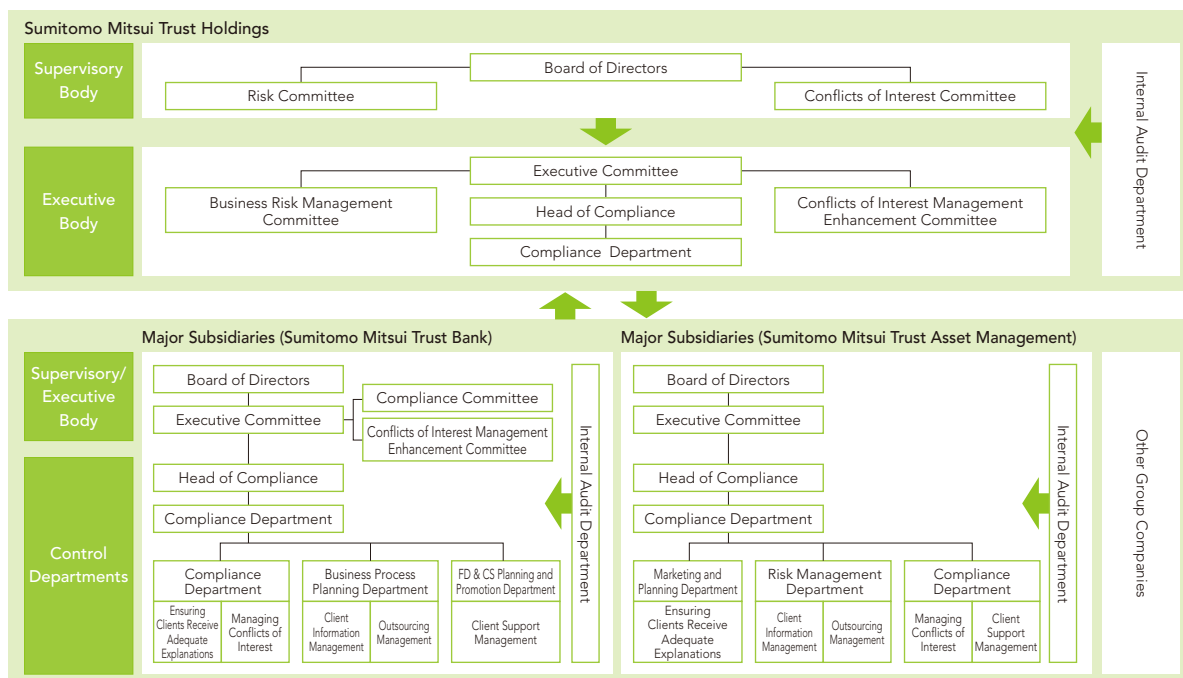
Basic Initiative Policy

The Group considers client protection to be a top management priority. We have put in place a basic policy aimed at enhancing client protection and convenience in the Group's regulations* concerning policies for acting in the best interests of clients (approved by the Board of Directors) in order to develop an appropriate client protection management framework that reflects the business attributes of each Group company.

At each Group company, a supervising department to oversee client protection management and function-specific control departments have been established in accordance with the Group's basic policy. The supervising department

manages overall client protection management by primarily drawing up annual plans concerning client protection, periodically reporting to the Board of Directors, and maintaining internal regulations. The control departments are tasked with establishing a system through the development of internal rules for their respective functions. They also endeavor to ensure appropriateness and sufficiency for each function by providing guidance to relevant departments and improving the content of employee training.

*Principle-based guidelines designed to meet the expectations and trust our clients place in each SuMi TRUST Group company. With the aim of earning the long-term trust of clients and enhancing sustained corporate value by having Group directors, officers, and employees pursue the best interests of clients, these guidelines set out a management framework for that very purpose and so client protection and convenience can be improved.



Client Explanation Management

When offering financial products and services to our clients, we make sure to provide appropriate and sufficient explanations and easy-to-understand information based on the client's knowledge, experience, assets, and purpose of transactions so that we gain their understanding and consent.

Specifically, we have made our policy on the solicitation and sale of financial products and services publicly available, we properly enforce the suitability rule*¹ and maintain a manual on providing explanations to our clients about matters such as appropriate information disclosure, and we have a system in place for improving employee training. On top of this, in an effort to ensure the fair solicitation and sales of financial products from the standpoint of our clients based on the basic group policies (principles for action) outlined in our Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group*², we implement client-oriented consulting*³, provide easy-to-understand information*⁴, and take steps to expand the content of training sessions with the aim of increasing the knowledge and expertise of officers and employees regarding financial markets, products, and services.

Particularly in the case of transactions that include risk-involving financial products such as investment trusts and life insurance, we implement measures to monitor whether explanations are conducted effectively enough to ensure that clients understand. This is in addition to providing relevant information through the use of Key Information Sheets. Based on the effectiveness of the above initiatives, we are also developing a system that allows us to evaluate and enhance our consulting services and the explanations provided to clients. If necessary, we are also ready to review our solicitation rules.

*¹ The suitability rule prohibits financial institutions from soliciting clients in ways that are inappropriate in light of the client's knowledge, experience, assets, and transaction purpose.

*² [WEB https://www.smth.jp/en/about_us/management/customer/fiduciaryduty/index.html](https://www.smth.jp/en/about_us/management/customer/fiduciaryduty/index.html)

*³ This involves client proposals in line with their needs by utilizing (1) easy-to-understand materials describing case examples of life planning that reflect life events and asset management methods based on investment objectives and duration, and (2) simulation tools incorporating the client's assets, family structure, and life events.

*⁴ We are dedicated to providing easy-to-understand information through efforts like enhancing explanatory materials related to risks and costs, diligently practicing after-sales follow-ups in light of market trends, and expanding the frequency and variety of our seminars.

Providing Value to Clients

Conflict of Interest* Management

The Group makes publicly available an overview of its Management Policy Concerning Conflicts of Interest (following approval of the Board of Directors) and engages in appropriate management by identifying and categorizing in advance transactions that could lead to conflicts of interest so that the interests of our clients are not harmed unfairly when our Group companies or authorized parties offer their various services.

Notably, each Group company identifies in advance transactions that have the potential to cause conflicts of interest in their business operations and establishes management methods for such transactions. The Group attempts to prevent the harmful effects of conflicts of interest in the event those transactions are carried out by following predetermined methods for conflict of interest management or developing business execution systems. If new transactions with the potential for conflicts of interest are anticipated, they shall be identified as such and managed before they are executed with the established conflict of interest management methods.

In order for the Group to appropriately manage conflicts of interest, the Compliance Department—which functions as a conflict of interest management control department—maintains the framework for the entire Group and periodically examines its effectiveness. It then reports the results on a regular basis to the Conflicts of Interest Management Enhancement Committee, the Executive Committee, and the Board of Directors, before adopting necessary steps for improvement.

Moreover, from the perspective of upholding our fiduciary duties, we constantly strive to enhance our conflict of interest management framework based on the idea of maintaining a “best practice” system for managing conflicts of interest as outlined in our Policies regarding the

Fiduciary Duties of the Sumitomo Mitsui Trust Group. Please refer to page 143 for enhancement of our conflict of interest management framework.

*A conflict of interest refers to a situation where there are conflicting interests between the Group and its clients, or between clients of the Group.

Outsourcing Management

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently. From the viewpoint of preventing the intervention of and transactions with anti-social forces, before concluding new contracts and on an ongoing basis, we check that our contractors are not classified as anti-social forces.

At our core subsidiary SuMi TRUST Bank, the IT & Business Process Planning Department—which functions as the outsourcing management department—screens and monitors appropriate contractors within the Group pursuant to our outsourcing management regulations and periodically reports on how outsourcing is being managed to the Board of Directors. Moreover, each business designates a department to oversee operations outsourced to contractors and evaluates whether they are performing their assignments properly in accordance with relevant rules and their consignment contracts through confirmation of the status of consigned operations both on an ongoing periodic basis and in response to emerging situations. These departments also monitor contractors when necessary.

Solicitation Policy (Sumitomo Mitsui Trust Bank)

1. Explain the basic policy

Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST Bank) practices its Codes of Conduct (“Value”) that calls for “completely client-oriented” service and “strict compliance with applicable laws and regulations,” and recommends financial products and services based on this solicitation policy so that clients can decide for themselves what is most appropriate for them.

2. Recommend financial instruments suited to clients

SuMi TRUST Bank recommends financial products and services suited to clients according to their “knowledge,” “experiences,” “asset situation” and “the purpose of their transactions.”

3. Explain the contents of financial products and services in an easy-to-understand manner

SuMi TRUST Bank explains not only the contents and merits of financial products and services we provide but also risks and fees in an appropriate, easy-to-understand manner so that they can be fully understood.

4. Offer appropriate explanations and conduct appropriate solicitations

SuMi TRUST Bank does not make explanations or conduct solicitation activity that may mislead clients, such as communicating false information or providing definitive explanations concerning uncertain matters.

5. Strive to conduct solicitation activity convenient for clients

SuMi TRUST Bank strives to conduct solicitation activity via telephone or visit at a time, place and means convenient for clients.

6. Strive to improve in-house systems

SuMi TRUST Bank strives to improve in-house systems so that we can provide financial products and services suited to clients. SuMi TRUST Bank also strives to acquire accurate knowledge and master ways of providing easy-to-understand explanations.

7. Created a consultation contact point for clients

Client Information Management

In the SuMi TRUST Group we have established a Declaration for the Protection of Personal Information to make doubly sure we protect the personal information of clients. We make sure that client information is managed appropriately, but if it is shared within the Group, we only do so in accordance with privacy laws, finance sector guidelines on personal information protection, and other related laws and regulations.

As the department tasked with information security risk management, the IT & Business Process Planning Department oversees all operations concerning client information management pursuant to our Information Security Risk Management Rules formulated for the purpose of appropriately managing the Group's information assets. The IT & Business Process Planning Department periodically assesses the circumstances and effectiveness of information security risk management and reports its findings to the Board of Directors. Also, in addition to appointing general managers as supervisors of information management and administration at branch offices and in each head office department, all employees must submit a signed pledge concerning information management and attend two training sessions every year to

ensure they have a clear understanding of matters relating to confidentiality information management, particularly with regard to sensitive information containing personal data obtained through the course of their duties.

Client Support Management

So that we can properly respond to client inquiries, requests, complaints or disputes, we have established a basic policy in the Group's client support management regulations in an effort to improve operations and provide better services.

In addition, our Compliance Department and the Fiduciary Duties & Customer Satisfaction Planning and Promotion Department work together to sincerely and quickly respond to complaints and inquiries from clients, aiming to reach outcomes with as much understanding and satisfaction as possible. These departments also work to improve operations by collecting and managing information under a complaints reporting system, regularly reporting to management, and analyzing the root causes of complaints with the use of our CS Voice of Customers Portal (see page 142).

In fiscal year 2021, SuMi TRUST Bank received a total of 8,903 complaints and inquiries.

Sumitomo Mitsui Trust Group Privacy Policy

We at Sumitomo Mitsui Trust Group in the utmost effort to protect the personal information and the specific personal information (means the personal information that includes the Individual Number; the same shall apply hereinafter) of our clients and shareholders have established the following policies, and we declare that all our employees shall abide by this policy.

1. Compliance with all Applicable Laws and Regulations, etc.

The companies in our group shall comply with the laws pertaining to the protection of personal information, the specific personal information and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

The companies in our Group shall obtain personal information and the specific personal information from clients only to the extent necessary for our operations and only through proper and legal means.

3. Purpose of Use

The companies in our Group shall notify or announce how the personal information and the specific personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by law, and shall not use it for any other purpose. The companies in our Group shall only use the specific personal information within the confines of the purpose stipulated by law.

4. Consignment

If the companies in our Group consign the handling of the personal information and the specific personal information then the consignee (including the consignees in two or more stages) shall be properly supervised to promote the safe management of the personal information.

5. Offering to Third Parties

The companies in our Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client except in cases specified by law.

However, if the companies in our Group provide your personal information consequent to the succession of business in a merger or otherwise and it is shared with a specified party set forth separately then the personal information held for the client may be provided to the third party without obtaining the client's consent.

The companies in our Group shall not provide the specific personal information held for clients to any third party with or without obtaining consent from the client except in cases specified by law.

6. Responding to Inquiries from Clients, etc.

The companies in our Group shall establish the procedures for correcting and disclosing personal information, and any inquiries concerning questions, suggestions or inquiries and corrections of content, etc. related to personal information and the specific personal information shall be handled quickly and accurately.

7. Safety Measures

The companies in our Group take appropriate safety measures in terms of their organizational, personnel, and systems to manage personal information and the specific personal information, and we have developed the governance framework necessary to protect personal information.

8. Continuous Improvement

The companies in our Group continuously review and strive to improve the compliance program for protecting personal information. We also understand that it is important that all employees protect personal information and that they are trained in how to appropriately handle personal information and the specific personal information.