April 2026

UK Stewardship Code

Policy and Context Disclosure

SUMITOMO MITSUI TRUST ASSET MANAGEMENT

Contents

A - Organisation, investment beliefs and stewardship approach

Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

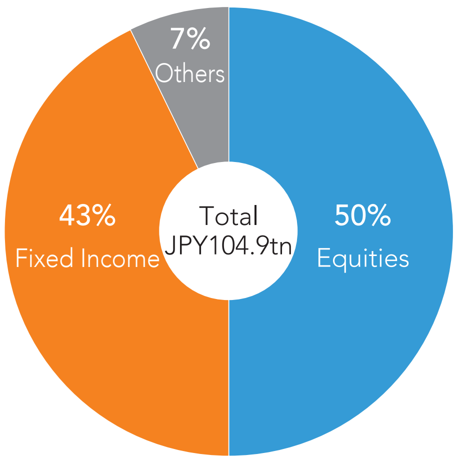
At Sumitomo Mitsui Trust Asset Management (SuMi TRUST AM) helping our clients to prosper in the medium to long term is foundational to the success of our asset management business.

Our clients entrust us with approximately ¥104.9 trillion in assets under management, making us one of the largest asset management companies in Asia. Assets under management include ¥88.3 trillion in the investment advisory business and approximately ¥16.6 trillion in the investment trust business.

We are committed to rewarding the trust our clients place in us and retaining our leading position in key markets. This includes a 19.9% share of the DC investment trust market in Japan. The following is a breakdown of assets under management by asset class and client type.

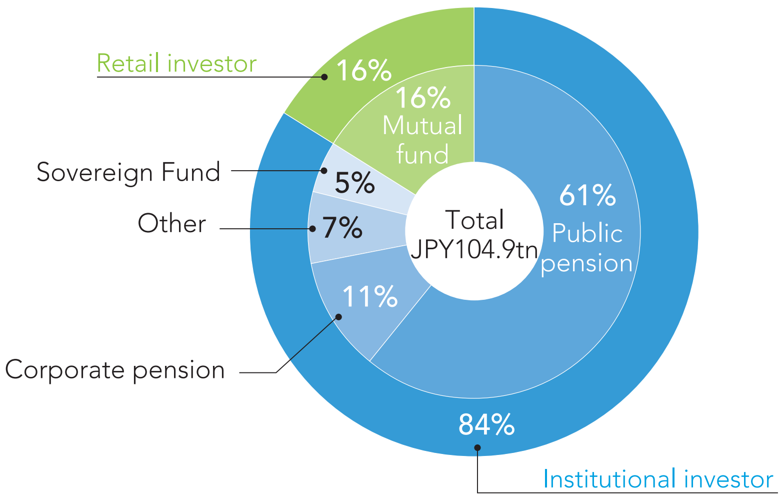
Chart A.1 - Client overview

AUM breakdown by asset class



(Source: SuMi TRUST AM, as of end-June, 2025)

AUM breakdown by client type



(Source: SuMi TRUST AM, as of end-June, 2025)

As a signatory of the UK Stewardship Code, Japan Stewardship Code and UN Principles for Responsible Investment (PRI), we prioritise sustainable investment consistent with our role as a long term institutional investor. We aim to maximise investment returns and to contribute to the sustainable growth of companies and society as a whole. We actively utilise our role as an asset manager in the investment chain to support our investee companies to address ESG issues through engagement, voting and the incorporation of ESG factors into our investment decision-making. We are a subsidiary of the Sumitomo Mitsui Trust Group and aim to create both economic and social value and contribute to the wider group's efforts.

Our purpose

Our purpose is driven by our vision and mission. It is delivered through our core values. See Chart A.2.

Chart A.2 - Vision, mission, and core values

VISION

Realising opportunities today to ensure sustainable prosperity for tomorrow.

MISSION

Your goals are our goals. Your success is our success. We strive to create the new standard of asset management that acknowledges the aspirations of all our investors and stakeholders and work with each of you every step of the way.

Core values

- Stand in the shoes of others and engage in dialogue with empathy.
- Have self-awareness and seek constant self-improvement.
- Expand curiosity and transform awareness into action.
- Create synergies by bringing unique personalities together.
- Pursue quality and value that goes one step ahead.
- Look ahead to the future, continuously challenging ourselves.

(Source: SuMi TRUST AM)

In order to realise our vision, we identify key ESG Materialities which drive investee's value enhancement and sustainable growth for the future. Our ESG Materialities are the basis for the planning and implementation of our stewardship activities. We conducted a review of the Materialities during the reporting period, with some important updates that we cover in more detail in Principle 1.

Company History

Our heritage dates to 1986 with the establishment of Chushin Capital Management Co., Sanshin Capital Management Co. and Sumishin Capital Management Co. The current organisational structure was established in October 2018 by integrating the asset management functions of Sumitomo Mitsui Trust Bank. We are the core asset management firm within the Sumitomo Mitsui Trust Group. Sumitomo Mitsui Trust Group celebrated its 100th anniversary in 2024.

Business Model and Strategy

Our relationship with our clients is characterised by enduring relationships and long-term objectives, which is a foundational principle of our trust bank heritage of asset management and administration. In addition to maintaining and strengthening relationships of trust with clients, we are focused on improving profitability through more efficient operations, providing new investment services, and offering unique investment opportunities.

Client overview - home market

Institutional investor

As the asset management company of Japan's largest trust bank group, our business model is calibrated to deliver both independent asset management services to institutional clients and to offer integrated services with the group's institutional investor clients such as pension funds.

Retail investor

In terms of retail business, our primary focus is on designing and engineering products to meet evolving client needs.
We have a track record for managing innovative funds with an enduring advantage over competitor offerings. Flagship funds include a global technology '5G' fund and J-REIT real estate funds. We have launched a decarbonisation fund that offer benefits for investors with a medium to long-term perspective.

In addition, we are seeking new ways to engage and expand assets under management from our retail customers through digital marketing and services.

We have a track record for managing innovative funds with an enduring advantage over competitor offerings.

Client overview - overseas market

Assets under management for overseas investors exceeded ¥5 trillion. Our clients are primarily institutional investors, public pension or sovereign wealth funds. In terms of geographical dispersion, we target clients in Europe, US, Southeast Asia and the Middle East. We offer solutions including Japanese active equities as well as Japanese and global passive solutions. Although our portfolio management functions are located in Japan, the depth and breadth of our expertise allows us to differentiate our offering and expand our business model from Japan to overseas markets.

Another key competitive advantage stems from our experience and knowledge gained through engagement activities in Japan, both through a top-down approach based on ESG Materialities and a bottom-up approach that leverages detailed interaction with investee companies.

Furthermore, we are harnessing our expertise gained from engagement on ESG issues in the US and Europe and by participating in related global initiatives to share knowledge with institutional investors and investee companies in Asia and Japan, which are seeking to adopt global best practice.

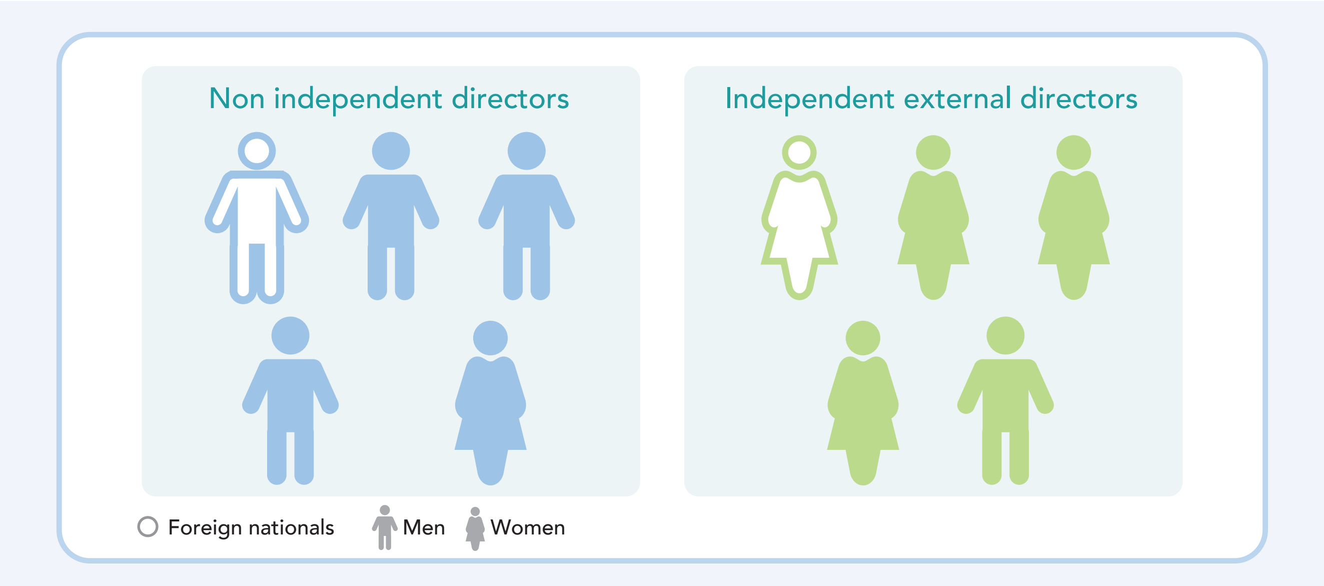
Management

Our company structure is composed of the Board of Directors, who oversee the overall governance, and an Executive Committee, with the role of driving the company's growth, and relevant committees supporting the Executive Committee.

The relevant committees with delegated authority include the Investment and Risk Committee, the Product Committee and the Sustainability Committee. All our executive team have experience, knowledge, and background in the investment management business.

The composition of our Board of Directors is managed to reflect appropriate skillsets and relevant experience. We also place a significant weight on the independence and diversity of the Board with five independent, outside directors, representing more than half of the Board, two foreign nationals, and five women, see Chart A.3.

Chart A.3 – Details of Board of Directors



(Source: SuMi TRUST AM, as of end-October, 2025)

Human Resources

In terms of our workforce, we have 728 employees, including overseas entities, with high retention rates and diverse specialties. Within the investment teams, the average tenure of our analysts is approximately 17.0 years and the average tenure of our fund managers approximately 15.6 years, as of June 2025.

Our investment philosophy and the importance of ESG

Our pursuit of medium and long term investment returns on the assets entrusted to us by our clients has led to a significant emphasis on sustainable investing practices, including stewardship and ESG integration.

This is a reflection of the long term investment horizon of our clients and beneficiaries in Japan, which is our core business base. This includes pension funds, mainly Japanese public pensions, but also increasingly retail investors deploying DC and Nippon Individual Savings Account (NISA). NISA is a tax exemption investment programme introduced by the Japanese Government, as a source of long-term investment funds.

The role our stewardship activities is particularly important given our significant passive fund management client base who are universal asset owners seeking to raise market returns. Our strength in terms of number of fund managers, analysts and other personnel with investment management experience, as well as our leadership in practical stewardship activities, allows us to benefit from the medium and long term business strategies of portfolio companies.

Furthermore, as one of the largest asset management companies in Japan and Asia, we have an important role to play in guiding companies and clients in Japan and Asia regarding global best practice gained from engagement within advanced economies of Europe and the US.

To this end, we have been actively accumulating knowledge through participation in a number of global initiatives, as well as from dedicated stewardship staff assigned to overseas offices. We are a leader in stationing dedicated stewardship staff to overseas offices in the asset management industry in Japan.

Our Stewardship activity

As a 'responsible institutional investor', our stewardship activities are driven by our responsibilities related to engagement, voting, and incorporation of ESG factors into investment decision-making process.

Our engagement activities can be categorised into
1) our independent dialogue with portfolio companies,
2) dialogue with portfolio companies through international and domestic initiatives, and
3) engagement activities outside of our portfolio companies, such as policy engagement with government departments, policymakers and regulatory bodies, more details in Principle 2.

We exercise our voting rights in approximately 1,900 Japanese companies and 2,700 foreign companies, as of June 2025.

By fully utilising our employees advanced expertise and fiduciary spirit, we are able to provide solutions in a timely manner and ensure effective client reporting.

We are proactively promoting initiatives to develop a competitive advantage in the field of ESG and sustainable investment, including product development, while giving due consideration to our stakeholders, see Chart A.4.

Chart A.4 - SuMi TRUST AM Sustainable investment activities

Year	Details
2003	Launched Japanese Equity SRI investment trusts for retail investors.
2004	Launched SRI funds for DC.
2006	Signed UN PRI.
2010	Launched Chinese equity SRI investment trusts.
2014	Japanese Stewardship Code successful application.
2015	MBIS (non-financial information assessment) introduced.
2017	Stewardship Development Department established; Stewardship Activity Advisory Committee established.
2019	Introduced our proprietary ESG score.
2020	Successful application of the revised Japanese Stewardship Code.
2021	SMT ETF Carbon-efficient Japanese equities listed.
2022	Bloomberg MSCI Global Total Sustainability A+ Index-linked Bond Fundlaunched for pension trusts.
2023	Sustainability Committee established.
2024	We've joined the UK Stewardship Code signatory list.
2025	Successful application of the Third Revision of Japan’s Stewardship Code.

(Source: SuMi TRUST AM)

ESG Materiality

ESG Materiality is positioned as the cornerstone of SuMi TRUST AM's stewardship activities. Materiality refers to ESG issues that are relevant to value enhancement and sustainable growth for our investees, and which we take into account in our ESG assessment and in our engagement and voting decisions. In principle, we conduct a review of ESG materiality-related provisions in our stewardship activities and asset management once a year. The process includes a review of ESG Materialities, and the key activities linked to them, as well as a reassessment of the level of materiality by mapping the key activities, with our new Sustainability Committee overseeing the review.

The views of clients, initiative organisations, investee companies and other stakeholders have all been critical inputs into the process. We also solicited opinions on additions and revisions from members of the Stewardship Development Department and Research Department. The results were discussed by the Sustainability Committee and the Executive Committee.
The revised ESG Materialities were approved by the Executive Committee and have been taken into account in engagement activities and voting decisions and reflected in our own ESG score which is utilised for ESG investment decision-making. More information on the materiality review is provided in Principle 1.

ESG materiality is positioned as the cornerstone of SuMi TRUST AM's stewardship activities.

Assessing effectiveness

Our Stewardship activities are reported to and monitored by the Sustainability Committee and are checked for alignment with the company's business plan, philosophy and purpose.

We engage in a two-way dialogue with clients both through discussions with clients and reports on performance criteria. We also request feedback and discuss implications regarding ad-hoc projects and deliverables. Our clients feedback is a key measure of the effectiveness of our ability to deliver long term returns and favourable social outcomes. We cover our interactions with clients in more detail in Policy and Context Disclosure E.

We also fully support the aims of Stewardship Code and the Corporate Governance Code in the jurisdictions we operate. The adherence to high regulatory standards is an important part of our assessment of the effectiveness of our investment beliefs, methods and strategy.

We are committed to each principle of the Japanese version of the Stewardship Code as summarised in Chart A.5.

Chart A.5 – Japan Stewardship Code

We are committed to each principle of the Stewardship Code as described in the table below.	
Principle	**Initiatives and self-assessment**
Principle 1 Policy formulation and disclosure	In August 2025, we announced our acceptance of the revised Stewardship Code and comply with all its principles and guidelines. We have promoted stewardship activities and establishing the necessary systems as published in our "Policy for Addressing the Principles of the Japanese Stewardship Code".
Principle 2 Conflict of interest management	We have established a conflict-of-interest management framework consistent with our position as an asset management company within the Sumitomo Mitsui Trust Group. With regard to our voting decision process, our Stewardship Activities Advisory Committee, verified its appropriateness and published summaries of the deliberations of proposals where conflicts of interest may arise. For all proposals at the shareholder meetings of our parent company, Sumitomo Mitsui Trust Group, the parent company's affiliated companies, and when individuals from our company or the parent company (such as current officers or those who held significant positions) are candidates for directors at investee companies, we exercise voting rights based on advice from a proxy advisor in accordance with our voting guidelines. The number of companies subject to this approach during the July 2024 to June 2025 shareholder meeting period was 14.
Principle 3 Accurate understanding	We have continued to analyse the climate change initiatives of the largest greenhouse gas emitting companies globally and domestically, utilising these assessments for engagement and proxy voting. Additionally, we reviewed engagement targets across three themes - climate change, water resources, and natural rubber - and have continued to evaluate companies' efforts to address issues related to each.
Principle 4 Dialogue with companies	We have conducted approximately 1,600 engagements domestically and 410 overseas with a focus on ESG materiality. Globally, we actively addressed Materialities such as climate change and natural capital. Domestically, following the Tokyo Stock Exchange's publication of "Measures to Realize Management Conscious of Capital Costs and Share Prices," we have proactively engaged on business strategy and capital efficiency. We have also utilised collaborative engagement.
Principle 5 Exercise of Voting Rights	In December 2024, we revised our voting guidelines including raising the firm performance (return-on-equity) benchmark for director elections and changed the evaluation method to combine it with a price-to-book ratio benchmark. In terms of non-compliance in areas such as board composition, we changed opposition voting guidelines from all director candidates to directors up for re-election. Furthermore, in non-compliance with performance standards criteria, we changed opposition voting guidelines from all directors serving for three years or more to the current representative director who has served as a director for three years or more. Finally, we decided to support shareholder proposals requesting individual disclosure of executive compensation in principle.
Principle 6 Reporting to clients and beneficiaries	We distributed reports on stewardship activities directly to clients and more widely disseminated this information to stakeholders through the Sustainability Report 2025. We continued to actively utilise the Tokyo Stock Exchange's "Tosho Mane-Bu" platform for information disclosure. Voting results were disclosed quarterly for all holdings and all proposals.
Principle 7 Development of skills	We enhanced ESG knowledge by utilising the PRI Academy learning platform, completing online courses provided by Alliance of Global Investors for Climate Change (AIGCC), and leveraging internal e-learning. We participated in the Sustainability Human Resource Development Subcommittee of the ESG Disclosure Study Group to build knowledge and skills. We acquired and deepened ESG-related insights through various global initiatives and study groups, as well as through engagement with government agencies, academia, and related organizations.

(Source: SuMi TRUST AM)

B-Governance and resources

Describe how your resources enable effective stewardship.

As an asset management business within a wider financial group, our governance structures ensure the independence of our asset management operations while generating synergies for our parent company, Sumitomo Mitsui Trust Group.

We have sought improvements to our governance structures and systems including enhancement of company governance, greater diversity among the Board of Directors, and the implementation of appropriate product governance practices to ensure that business operations are conducted in the best interests of clients.

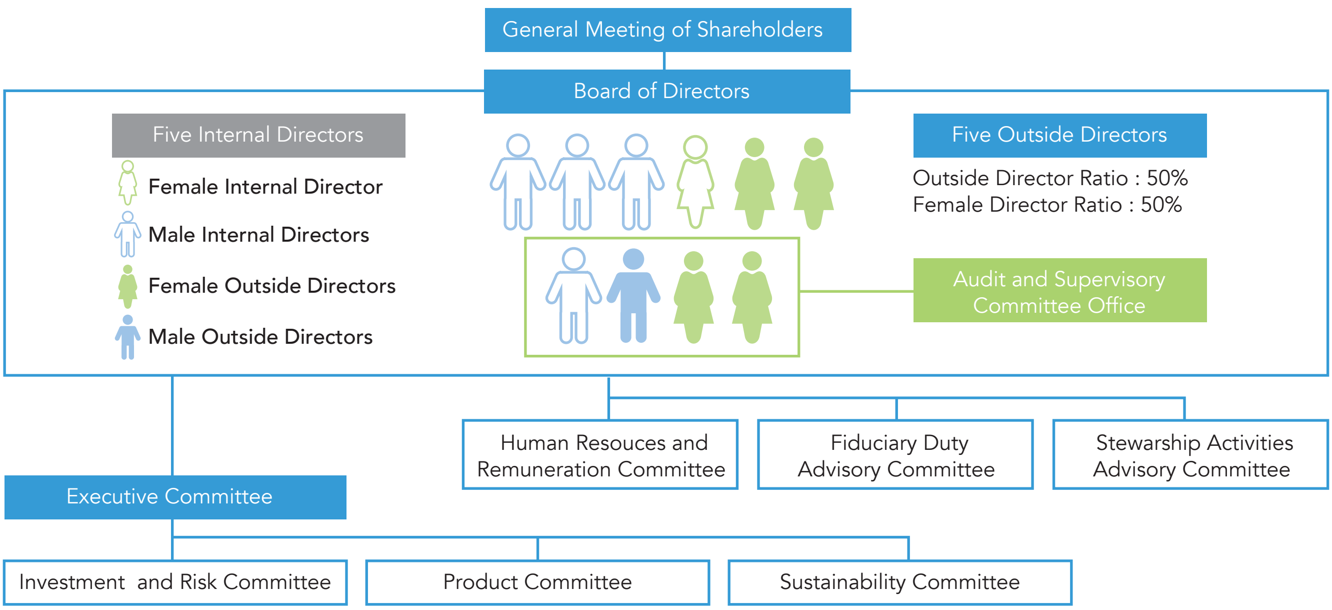
Corporate governance framework

Our company structure is composed of an executive team, who drive the company's growth, and governance functions led by the Board of Directors and relevant committees.

We have adopted a basic governance framework of a 'company with an audit and supervisory committee' under the Japanese Companies Act.

To enhance the effectiveness of the Board of Directors supervisory function, we have established several advisory bodies to the board including the Fiduciary Duty Advisory Committee, the Stewardship Activities Advisory Committee and the Human Resources and Remuneration Committee, please see Chart B.1 for more details.

Chart B.1 – Corporate governance framework



(Source: SuMi TRUST AM, as of end-October, 2025)

Board of directors

Our Board of Directors consists of ten members, including five women and five independent, outside directors. In selecting candidates for the Board of Directors, we take into account the diversity of their skills and experience, including advanced knowledge and experience in asset management, corporate management, legal and compliance, IT and DX, and experience in global business. For more details of the composition of our board, please see the following description.

Outside directors

Outside directors are actively involved in various meeting bodies and a robust exchange of views with the executive team. A monthly liaison meeting for outside directors is held to support decision-making and supervise business execution. The meetings attended by outside directors and others are listed in Chart B.2.

We regularly seek to review and improve our governance structure. The current governance structure was implemented in October 2018, and we have been conducting an annual survey of directors since FY2022 to improve the operation of the board of directors.

Chart B.2 – List of meetings attended by outside directors and others

Name	Frequency
General meeting of shareholders	Annual
Board of Directors	At least once a quarter
Liaison Committee of Outside Directors	Monthly
Audit Committee	Monthly
Stewardship Activities Advisory Committee	Quarterly
Fiduciary Duty Advisory Committee	Quarterly
Human Resources and Remuneration Committee	Multiple times a year

(Source: SuMi TRUST AM)

In terms of the background of the outside directors, Mami Sasaki has extensive experience in the financial services sector, while Royan Doi is well-versed in global risk compliance and enhances board diversity as a Japanese-American woman.
Furthermore, Yoshinori Inoue brings extensive knowledge and experience in investment management roles, having served as President and CEO of MFS Investment Management.
Mie Matsuo brings experience as a systems engineer and a background in accounting and financial consulting, having served as Managing Partner at IBM Japan, Ltd.
Finally, Risa Aihara combines entrepreneurship with a forward-thinking perspective. As President and CEO of a company operating lifestyle media, she has extensive expertise in e-commerce and in founding new businesses.

Internal governance structures

The internal control system has been founded on nine critical workstreams to ensure the execution of directors' duties and the appropriateness of other company operations. Its effectiveness is verified once a year, and the results are reported to the Executive Committee and the Board of Directors.

Our Board of Directors consists of ten members,
including five women and five independent
outside directors.

Stewardship governance

In response to changes among clients, regulators and the wider society we have made significant investment in developing and upgrading our governance. This included the establishment of our Sustainability Committee in October 2023.

The Sustainability Committee was set up to enhance the governance and enforcement of stewardship activities in light of the increasing scope of activity and more granular reporting requirements of clients and regulators. The Sustainability Committee is co-chaired by the officers in charge of the Stewardship Development Department and Business Planning Department.

Chart B.3 - Sustainability Committee - Key agenda items

1	ESG Materialities review – approval of revision and abolishment proposals.
2	Engagement and collaborative engagement - determine annual plans for engagement and initiative activities and conduct monitoring.
3	Sustainability Report - review external disclosures such as Sustainability Report.

(Source: SuMi TRUST AM)

The committee has consolidated various sustainability-related responsibilities and has developed new frameworks for several sustainability processes. The new body is also more functional than the previous governance structures in reviewing and evaluating activities.

For example, the Sustainability Committee has been responsible for reviewing input from customers, portfolio companies, regulators, global stewardship initiative organisations and other stakeholders, as well as internal departments to devise our ESG Materialities. This included the annual review of ESG Materialities to ensure their effectiveness and relevance (more details in Principle 1). The details of the annual review and ongoing review are reported directly to the Executive Committee. It is also communicated to the Stewardship Activity Advisory Committee.

Another important aspect of our stewardship governance reflects the shifting sustainability environment with a greater focus on actively learning from engagement and communication with global clients, national regulators and other international stakeholders. To date, we have developed our ESG-related activities as a leading asset manager through communication with clients in our base in Japan. However, we have placed a new emphasis on adopting international best practice.

Improving customer evaluations

We are working to ensure customer-oriented business operations by upgrading product governance through effective measures based on a PDCA (Plan-Do-Check-Act) cycle. As part of this initiative, we reviewed our product governance framework. We have also maintained the framework for monitoring suitability of products, post-launch setting and return monitoring.

In order to enhance product governance, we have also maintained the ESG Product Management Process, which includes consideration of global ESG investment-related regulations. Our ESG product accreditation criteria include not only the application of ESG investment methods, but also the following requirements:

1) The portfolio must have ESG characteristics, and these characteristics must be measurable,
2) ESG-related disclosure must be appropriate, and
3) for ESG investments by outsourced asset management companies, products must be evaluated in accordance with the 'Guidelines for Due Diligence on Outsourced Investment Management'.

Finally, we have invested in processes and systems that contribute to ESG investment as well as investing in related data and research capacity. This enables us to better measure the ESG characteristics of each portfolio, as well as the appropriate disclosure of information on the status of ESG investments.

Stewardship - Independent governance

In addition to our internal review and assessment, we also seek independent assessment of our stewardship activity through the Stewardship Activities Advisory Committee. This quarterly meeting comprises of three independent experts.

The committee deliberates on revisions to the voting principles and reports on stewardship activities. Specifically, the committee deliberates on the approval or disapproval of proposals for which there are no provisions in the voting principles, the appropriateness of the interpretation of the voting principles for individual proposals, and the verification of the decision-making process for exercising voting rights for proposals that may cause conflicts of interest.

Fiduciary Duty Advisory Committee meetings

As of 2025, the Fiduciary Duty Advisory Committee has been comprised of two independent, outside directors, two external experts and an internal member. The committee is chaired by outside director Mami Sasaki, who is one of three women. The committee regularly discusses the company's stewardship, engagement and voting activities and reports to the Executive Committee and the Board of Directors.

Assessment

In order to secure further objective and independent assurance of our stewardship activity, we signed up to the UN PRI initiative at its inception in 2006 and pay close attention to their regular evaluation of our capabilities based on each of the six principles.

We were delighted to be highly commended in a number of categories during the most recent evaluation despite a tightening of requirements and increase in standards since 2021, please see Chart B.4 for more details. We will continue to be actively involved in the PRI and work to maintain and improve our assessment.

Chart B.4 – Result of the 2024 UN PRI Assessment

Policy Governance and Strategy		★★★★★
Indirect	Listed equity - Active	★★★★
	Fixed Income - Active	★★★★
Direct	Listed equity - Passive equity	★★★★
	Listed equity - Active quantitative	★★★★★
	Listed equity - Active fundamental	★★★★★
	Fixed Income - SSA	★★★★★
	Fixed Income - Corporate	★★★★★
	Hedge funds - Multi-strategy	★★★★
	Hedge funds - Long/short equity	★★★★★
Confidence building measures		★★★★

(Source: SuMi TRUST AM)

Stewardship resources

SuMi TRUST AM invests extensive personnel resources in its stewardship activities. Our engagement activities, which is a major part of our stewardship activities, are conducted in collaboration with the Stewardship Development Department, ESG specialist, and analysts in the Research Department, who are experts in company analysis. Headquartered in Tokyo, we also have dedicated engagement staff in New York and London to facilitate stewardship activities on a global basis.

Chart B.5 – ESG specialist and analysts

Stewardship Development Department

25 members

General manager + Deputy General manager + 14 in charge of domestic equities + 7 in charge of foreign equities + 2 in other roles

– The average of 20.0 years experience in management.
– 4 are women.

Research Department

23 members

General manager + Deputy General manager + 15 equity analysts + 6 credit analysts

– The average of 15.6 years experience in management.
– 2 are women.

Overseas offices (1 in Europe, 1 in the Americas), the average years of experience is 18.7 years.

(Source: SuMi TRUST AM, as of end-June 2025)

In addition, the Stewardship Development Department runs specific training courses throughout the year on a range of ESG topics, themes and strategies.

We are working to build ESG capacity across the enterprise through internal and external training initiatives. Internal capacity-building initiatives include employees attending the PRI Academy. Over 80 of our staff including management have completed PRI academy training since 2017.

This worldwide online ESG training programme give us the skills to help shape a more sustainable financial future.
We have also taken courses offered by participating initiative organizations and hold in-house study sessions with external stakeholders as lecturers.

Initiatives to promote diversity, equity and inclusion (DE&I)

We believe that the promotion of DE&I enhances our employees' ability to create value, which in turn enhances the medium and long term growth potential of the company.

We are working to foster a corporate culture that respects the individuality and values of each employee and recognises the diversity of our workforce.

Promotion of gender equality and support for work-life balance

We are working to support the career development of female employees through the introduction of a mentoring system and the organisation of in-house seminars.

We have a variety of systems and support structures in place to help employees balance work with various life events, such as childbirth, childcare and nursing care, and to enable them to maximise their contribution. We encourage male employees to take paternity leave and provide training for managers and in-house seminars on paternity leave.

Promoting the activities of persons with disabilities

We are working to increase the employment of people with disabilities, based on the belief that promoting an active role for all will provide further growth and added value to the company.

Not only to simply achieve the legally mandated rate, but also to ensure that personnel with disabilities have equal access to opportunities.

Promoting understanding of human rights and LGBTQ

In accordance with the Sumitomo Mitsui Trust Group Human Rights Policy, we respect the human rights of all individuals when conducting our corporate activities. The Human Rights Policy includes the prevention of discrimination against LGBTQ people. We also support the promotion and establishment of work with Pride Association (a voluntary organisation that supports the promotion and establishment of LGBTQ diversity management).
SuMi Trust AM received a 'Gold' rating, which is the highest possible rating, in the 'PRIDE Index' formulated by Work with Pride in November 2025.

The company has put in place a range of incentives to ensure behaviours and compliance consistent with our stewardship commitments and to raise standards to global best practice.

Stewardship incentives

The company has put in place a range of incentives to ensure behaviours and compliance consistent with our stewardship commitments and to raise standards to global best practice. At a leadership level, long-term incentives for executives reflect the achievement of various targets under the Net Zero Asset Managers Initiative. In addition, the number of engagements, content of information of stewardship activities and outcomes are set as criteria for remuneration and personnel evaluation, particularly in departments deeply involved in engagement activities, so that the personnel are highly motivated to engage in these activities.

The ESG Investment Policy is incorporated into incentives for all the employees in the investment department and are monitored at least once a year.

Stewardship systems and processes

One of the most important recent enhancements to our ESG research capability is the upgrading of our in-house ESG scores and establishment of the ESG Score Management Process in 2022.

In principle, an in-house ESG score is assigned to the investment universe of all assets. Based on ESG Materiality, our ESG score is a quantitative assessment calculated with reference to ESG data from external vendors, and qualitative results obtained through research and engagement activities by our analysts and ESG specialists. Our ESG score complements MBIS®, our proprietary non-financial information evaluation tool, which we use for assessing a company's medium to long term sustainable growth potential, see more details in Principle 1.

ESG data

In addition to the ESG score, we hold a large amount of basic ESG data, including data on inhumane weapons for ESG negative screening, and greenhouse gas emissions for use in engagement, regulatory compliance, information disclosure, etc. Fund managers can refer to them via a tool that displays scores by issue/portfolio, enabling the sharing of evaluations across the company.

In relation to engagement, we use a mix of information sources to conduct assessments of companies and promote initiatives to increase corporate value including MSCI scores, company reports, responses to CDP, and controversy information from Morningstar Sustainalytics and ISS ESG.

The integration of our ESG scores and data management into our investment process is explained in more detail in Principle 1.

Service providers

Given the importance placed on stewardship as a core function, our use of outsourcing services is highly selective. Where we do utilise external service providers, we do so where we see critical value-add for our clients and beneficiaries. The principal external service providers are ratings companies and ESG data and information providers. We cover this topic in more detail in Principle 6.

Proxy advisors

In exercising our voting rights, we use services from ISS, which is our sole proxy advisor, on a selective basis. In terms of the final exercise of voting, our voting guidelines and information on corporate initiatives and policies obtained through engagement activities are critical. However, for overseas equities proposal analysis reports and exercise recommendations from ISS, in accordance with our guidelines, are utilised as inputs into our decision-making process.

In terms of our domestic equities, ISS recommendations are also applied to exercise decisions on proposals of our own group companies and proposals dedicated to executives from our group companies from the perspective of appropriate management of conflicts of interest. We do not use ISS execution services for domestic equities.

Service providers relating to stewardship activities

We use several external service providers and rating agencies as part of our stewardship activities. A summary is provided in the table below.

Chart B.6 – Service providers

Service providers	Brief description of purpose
MSCI Inc.	ESG assessment/analysis
Institutional Shareholder Services, Inc.	Emissions analysis Voting rights exercise
Morningstar Sustainalytics	ESG Screening Regulatory compliance (SFDR/PAI) Voting rights exercise
Bloomberg L.P.	ESG assessment and analysis Regulatory compliance (SFDR/PAI)
FactSet Research Systems Inc.	ESG assessment/analysis (RBICS)
FTSE Russell	ESG analysis
Governance Visions	Voting rights exercise
ICJ, Inc.	Voting rights exercise
Sumitomo Mitsui Trust Research Institute Co., Ltd.	ESG assessment/analysis

(Source: SuMi TRUST AM)

C - Policies, processes and review

Describe your stewardship policies and processes, and how you review them.

The Three Pillars of SuMi TRUST AM's Stewardship

As a 'responsible institutional investor', our stewardship activities are built around three key pillars: engagement, the exercise of voting rights and incorporating ESG factors into investment decision-making. Our mission is to utilise stewardship activities to maximise medium and long term investment returns for our clients by helping investee companies improve their corporate value. The foundation of the three pillars is SuMi TRUST AM's ESG Materialities, which is considered in all activities.

Engagement

At SuMi TRUST AM, we view engagement activities as opportunities to communicate our views and seek best practices from companies so as to contribute to the enhancement of corporate value over the medium- to long-term. Gaining a comprehensive understanding of a company's state of management and business situation is crucial to engagement. The ESG experts in our Stewardship Development Department work together with industrial corporate analysis experts in the Research Investment Department to conduct in-depth engagement from both an ESG and business perspective, utilising our proprietary MBIS® non-financial information assessments. We use our global networks in Tokyo, New York and London to have our own engagement with investee companies. We also conduct various activities through a wide variety of initiatives and engage with stakeholders outside our investee companies.

Exercise of voting rights

At SuMi TRUST AM, we regard the exercise of voting rights as one of our important stewardship activities to enhance corporate value and sustainable growth and to maximise the long-term returns of clients. We emphasise three key points when exercising voting rights:

1) high-quality governance that respects shareholders' benefit;
2) efficient utilisation of shareholders' capital for sustainable growth; and
3) appropriate action in the event an incident occurs that damages corporate value. We disclose our Guidelines on the Exercise of Voting Rights based on these criteria. We also actively pursue engagement with companies regarding the exercise of voting rights.

Incorporating ESG factors into investment decision-making

It is important to address ESG issues which can affect investee companies' medium to long term growth. ESG issues reside in non-financial domains and do not manifest themselves in financial reporting, but they may have a considerable impact on corporate value over time. We encourage investee companies to address ESG issues and support them so that they can increase corporate value and minimize negative impacts. In May 2006, SuMi TRUST AM was among the founding signatories of PRI, prompting us to incorporate ESG factors into investment decision-making. We have also participated in various international initiatives that originated with the PRI and which led to expanded ESG activities worldwide. As a signatory institution to the PRI, we endeavor to pursue investment return and mitigate downside risk by incorporating ESG factors into our investment decision-making and aim to maximise medium to long term returns for our clients.

Upholding Our Fiduciary Duties (Conflict of Interest Management)

Underlying all our Stewardship activities is our commitment to uphold our fiduciary duties. We believe that appropriate management of conflicts of interest related to stewardship activities helps us better fulfill our fiduciary duties. We promote initiatives aimed at providing client-oriented products and services in line with the 'Policies regarding Fiduciary Duties' of the Sumitomo Mitsui Trust Group.

Stewardship activities

Our stewardship activities are led by the Stewardship Development Department in collaboration with experienced analysts in the Corporate Research Unit of the Research Department.

Our stewardship activities are reported to the Sustainability Committee and the Stewardship Activity Advisory Committee, which is comprised of a majority of independent experts. The Sustainability Committee was set up to monitor our stewardship activities in light of their increasing scope and the more granular processes and reporting requirements of clients and regulators.
The Sustainability Committee meets monthly in principle, and the Stewardship Activity Advisory Committee meets quarterly. At these meetings, the committees deliberate on revisions to the voting principles and reviews reports on stewardship activities. In order to strengthen the governance structure further, the activities of these committees are monitored with reports made to the Executive Committee on an annual cycle.

Regular review

It is important that policies and processes related to stewardship activities are regularly reviewed and assessed for effectiveness. Our starting point is one of continuous self-improvement, known as kaizen, based on frequent dialogue with clients.

We have made a number of upgrades to our Stewardship capabilities including:

1. Review of ESG materiality, which we cover in more detail in Principle 1.
2. Planning for engagement and global initiatives (collaborative engagement) and the introduction of a monitoring system.
3. Implementation of annual dialogue with vendors. Details in Principle 6.
4. Changes to voting guidelines. Details in Principle 4.

Internal assurance

An essential part of our stewardship is regularly communicating our activity to clients. This includes our annual Sustainability Report, and quarterly or bi-annual reports as requested. Our client communications go through a rigorous review to meet appropriate controls and compliance.

The annual Sustainability Report is also approved by the general manager of the Stewardship Development Department and reported to the Sustainability Committee and the Stewardship Activities Advisory Committee.

One area of improvement relates not only to the accuracy of the information provided by the annual Sustainability Report but also the fairness of the information provided. We have identified institutionalising fairness as one of important improvements of the revised Sustainability Report, please see Policy and Context Disclosure A.
We have also introduced an enhanced process that assesses relevance for a global audience and ensures compliance with laws and regulations of jurisdictions other than Japan.

Finally, the Internal Audit Department monitors activities and conducts risk assessments and carries out internal audits as necessary, independently of the systems in place for the operational execution of stewardship activities and risk management.

It is important that policies and processes related to stewardship activities are regularly reviewed and assessed for effectiveness.

Client-centric approach

The ultimate adjudicator of whether our reports are fair, balanced, and understandable is the client. We report to our clients on our stewardship activities on an annual, semi-annual, and quarterly basis as requested.

Our stewardship activities are evaluated on a regular basis, with our clients regularly commending their sophistication and improvement. Further details are provided in Policy and Context Disclosure E. However, we recognise that clients may be lacking in the information or resources to validate claims related to stewardship activities from all asset managers. In particular, greenwashing, where claims are unverifiable, or competence-washing, where professionals lack necessary skillsets, remain concerns. Of course, assurance is a vital tool to combat information asymmetry. However, the market for assurance is underdeveloped, with concerns about the cost if the standards cannot differentiate providers effectively.

D - Conflicts of interest

Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.

Our parent company Sumitomo Mitsui Trust Group recognises the importance of building sustainable business models that meet the long-term interests of clients. Sumitomo Mitsui Trust Group established the Fiduciary Duty Planning and Promotion Department in 2016 to ensure products and services reflect our clients' long-term welfare.

Based on the Sumitomo Mitsui Trust Group's Fiduciary Duty Initiatives policy and the Principles on Customer-Oriented Business Operations published by the Financial Services Agency, we have created the following Fiduciary Duty Action Plan.

Action plan

1) Formulate clear and rational investment and engagement policies that maximise the interest of our clients and are executed on the best possible terms and conditions for customers.
2) Develop products and services that meet the diverse needs of our clients and reflect changes in the social environment, such as the aging of the population.
3) Empower clients' decision-making through seminars and the provision of timely and appropriate information on market information and trends; as well as the disclosure of appropriate and easy-to-understand information on remuneration and fees.
4) Ensure professional development and retention of human resources and develop personnel evaluation system, while promoting understanding and practice of fiduciary duty among officers and employees.
5) Build and strengthen governance to ensure independence and transparency in management and independence from the holding company and affiliated sales companies.

Based on the commitments set out in the action plan, we direct our efforts at SuMi TRUST AM to client-oriented products and services and seek to build appropriate governance to protect clients' interests.

How we identify conflicts of interest

While we strive to faithfully perform investment management operations for our clients, we recognise the risk that this may not always be the case. Conflicts of interest may occur when there is an incentive to prioritise the interests of those other than the customer. Alternatively, they may occur when there is a considerable disparity in knowledge or information regarding products and services between our group companies and our clients and beneficiaries.

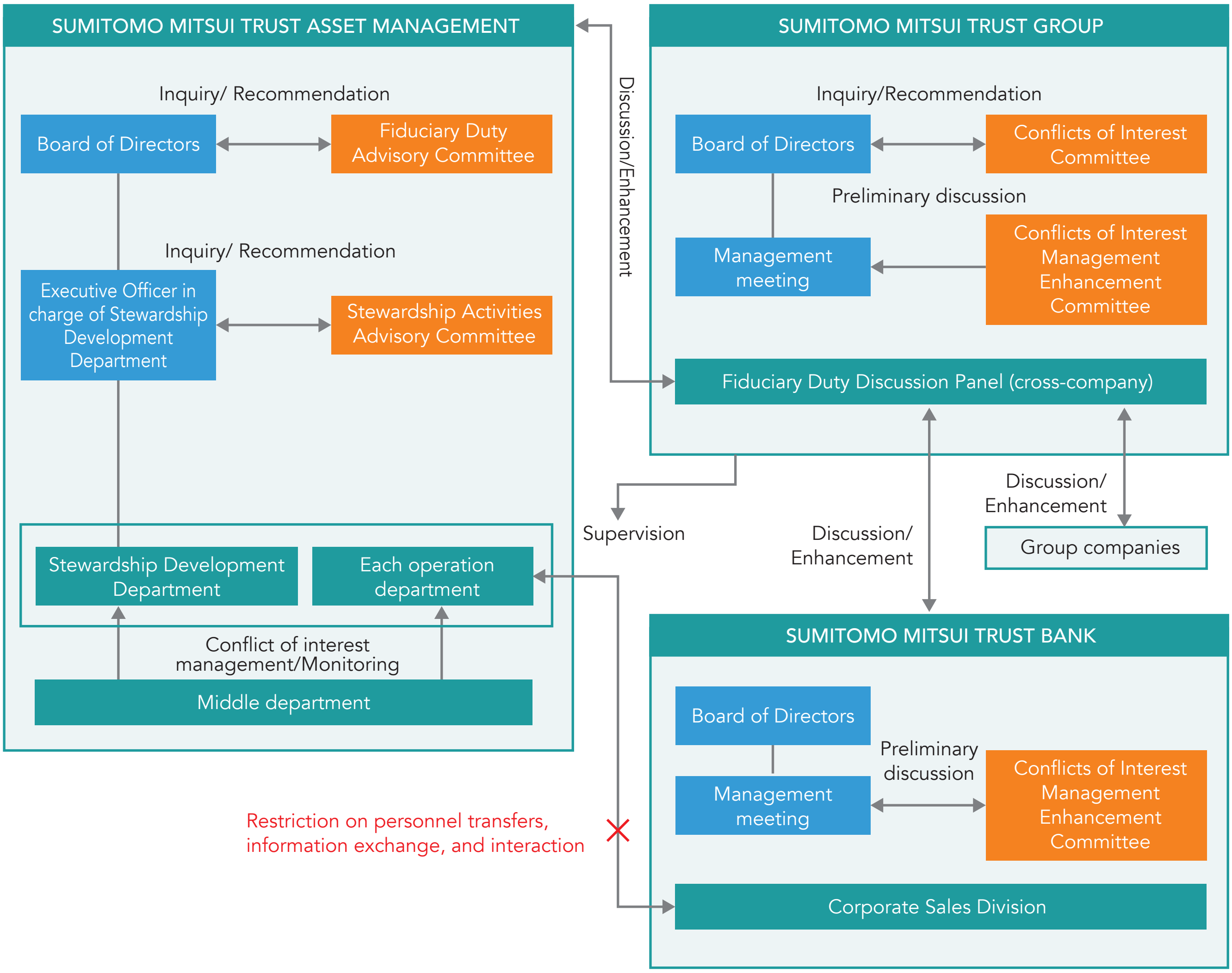
We take a proactive approach to identifying transactions that are susceptible to conflicts of interest. We identify the following key transaction types that are relevant to conflicts of interest:

1) Best market rate and trading conditions
2) Client disclosure or consent
3) Information disclosure between group companies or departments
4) Change in terms or methods
5) Cancellation of the transaction

How we manage conflicts of interest

To enshrine our fiduciary duties, we have established a conflicts of interest management system, see Chart D.1.

Chart D.1 - Conflict of interest Management System



(Source: SuMi TRUST AM)

Conflicts of interest that arise in relation to stewardship activities shall be strictly managed in accordance with internal rules for managing conflicts of interest and for investment management operations with the aim of putting the interests of customers and beneficiaries first. For details of the conflict of interest management methods please see Chart D.2.

Chart D.2 – Examples of conflict of interest management methods

Conflict/potential conflict	Transaction type	Details	Control mechanism
Operation and management of fund	Best market rate and trading conditions	There is a concern that the fund will be traded at unfavourable rates or terms.	Internal review by risk and audit review fair transaction/trust condition (market rate/level)
Exercise of influence within the group	1) Client disclosure or consent 2) Information disclosure between group companies or departments	Concerns that, when our funds invest in shares of companies with which the corporate sales departments of group companies have business relationships, the corporate sales departments may request to exercise voting rights in favour of the issuer of the shares.	Rules and guidance Exercise of voting rights based on voting guidelines and disclosure of results

(Source: SuMi TRUST AM)

In principle, we conduct conflicts of interest management through the conflict of interests management policy as described in Chart D.3. A summary of our conflicts of interest policy is disclosed below.
https://www.sumitrust-am.com/conflict-interest-management-policy

Conflicts of interests related to voting rights

The Sustainability Committee, in consultation with the Stewardship Activities Advisory Committee, is responsible for the principles for the exercise of voting rights. The officer in charge of the Stewardship Development Department has exclusive authority over all matters related to the exercise of voting rights, independent of the executive authority of other departments, thereby minimising any conflict of interest that may arise in the exercise of voting rights.

The Stewardship Activities Advisory Committee, of which the majority of members are external experts, advises and reports on the following:

1) Matters relating to the revision or abolition of voting principles and other rules impacting voting decisions.
2) Matters relating to companies to which the relevant rules are not stipulated in the principles related to the decision to exercise voting rights.
3) Improvements concerning engagement and voting cases which are likely to give rise to conflicts of interest, such as those involving companies that are business partners of SuMi TRUST AM.

The Sustainability Committee is responsible for monitoring the implementation of voting principles. All voting results are reported to the Sustainability Committee on an annual basis.

Conflicts of interests related to group companies

One example of conflicts of interests related to group companies relates to voting rights. To avoid conflicts of interests regarding shareholder proposals for candidate directors of the parent company, Sumitomo Mitsui Trust Group, group companies, and those who have a close relationship with us or our parent company (such as current executives), we use the advice of a proxy advisory company based on our proxy voting principles, and after confirmation by the Stewardship Activity Advisory Committee.

Conflicts of interests related to officers and employees

To mitigate employee conflicts of interest we have put in place robust controls relating to intra-department communication, information disclosure and personnel transfers. We also regularly conduct education and training for offices and employees, and thoroughly inform them about the management of transactions that may cause conflicts of interest.

Chart D.3 – Conflict of interests

Intra-department communication	Operational business departments are restricted from communicating information with the following departments of our group companies. • Corporate loan business and planning departments • M&A operations related departments • Respective departments for stock transfer agency services business
Information disclosure	Employees in each investment department are prohibited from disclosing non-public information related to fund management activities to group companies, except when permitted by laws and regulations.
Personnel transfers	Employees in the following departments of affiliated companies and the investment trust sales promotion departments are restricted from being assigned or appointed to important decision-making positions in the operation and stewardship activities of each investment department. • Corporate loan sales and planning departments (5-year time limit) • M&A operations related departments, departments for stock transfer agency services business (1-year time limit)

(Source: SuMi TRUST AM)

How we monitor conflicts of interest

In order to appropriately monitor conflicts of interest, we have established a Compliance Department which controls conflicts of interest. The verified results from the compliance supervision are reported to the Board of Director on a regular basis. The Board seeks to ensure that the interests of our customers are not unduly harmed and includes independent outside director to ensure the effectiveness of supervision.

The Board seeks to ensure that the interests of our customers are not unduly harmed and includes independent outside director to ensure the effectiveness of supervision.

E - Dialogue with clients and/or beneficiaries

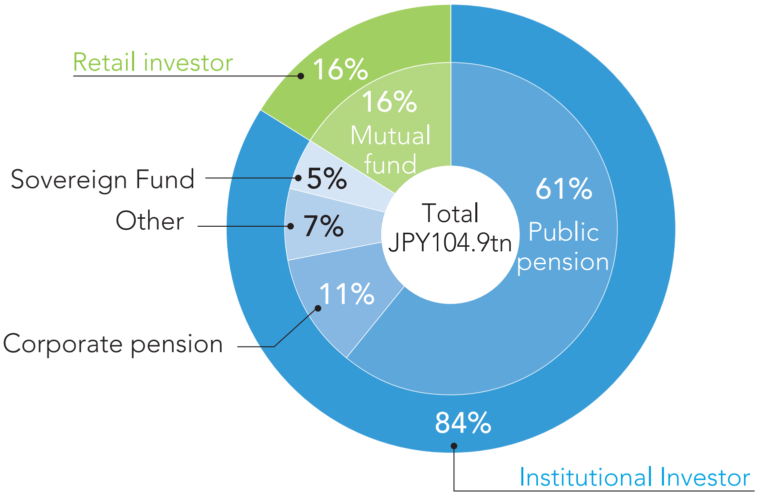
Describe how you maintain a dialogue with clients and/or beneficiaries.

Client dialogue is vital to our business success. Our stewardship activities have become an important source of engagement with our clients. This reflects both a rise in inbound enquiries as well as outbound efforts to educate clients as to the importance of stewardship activities for the improvement of corporate value of investee companies. We manage assets globally, but our clients are primarily located in Japan, see Chart E.1.

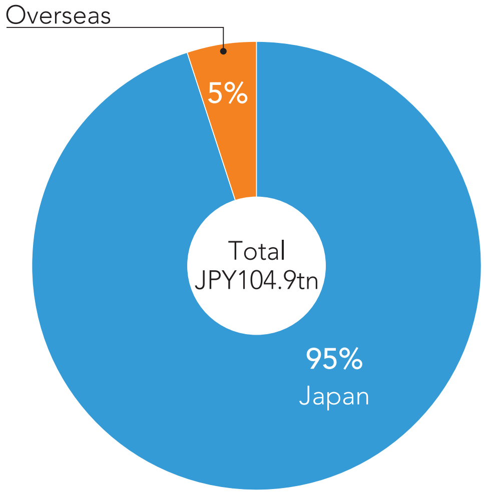
We recognise that the penetration of ESG varies by region, with Japan and Asia having greater scope to develop to meet global standards. As a global asset manager, we have an opportunity and responsibility to collaborate with clients with advanced knowledge and opinions to tackle global issues and raise standards relating to sustainability across regions.

Chart E.1 - Customer attributes

Customer attributes (institutional investors, retail)



Client's regional exposure



Regional Exposure by Asset Class

Asset Class	JPY Bn	Percentage	Japan	Overseas
Equities	52,464	50.0%	47,314	5,150
Fixed Income	44,962	42.9%	44,957	5
Others	7,469	7.1%	7,444	25
Total	104,894	100.0%	99,715	5,179

(Source: SuMi TRUST AM, as of end-June 2025)

Our capabilities related to stewardship, which impacts outcomes over mid to long term investment horizons, are particularly important for our long-term institutional investor base, which comprises a significant portion of our clients. In particular, our clients have expressed a high level of interest in our engagement activities and collaborative engagement activities.

We also have a large Japanese retail and DC client base. After a long period of economic stagnation, Japanese retail investors are increasingly seeking to align their investment horizons with their long term investment goals. The Japanese government is also seeking to promote long term asset building by linking households' funds to investment in long term sustainable growth in Japan and the world. In response, we are engaged in financial education and the dissemination of ESG-related information in conjunction with the provision of financial products which offer outcomes aligned to our clients' long term interests.

A critical component of our client communication efforts is the disclosure and clarification of our own stewardship policies. In addition to disclosing our stewardship policy on our website, we also disclose the details of our activities through the following:

1)Annual Sustainability Report
2)PRI assessment
3)Climate Change & Natural Capital Report
4)Voting results
5)Insight

Japanese Clients

Our clients in Japan expect us to actively conduct dialogue with individual companies that face governance issues or fail to adopt best practice, aiming to raise standards across the entire Japanese market. We clarify the minimum governance standards expected from investee companies through our voting guidelines and conduct engagement and exercise voting rights that raise governance standards across a broad range of companies. We also set voting criteria for widely recognised governance issues such as takeover defenses and strategic shareholdings. Our clients have appreciated the improvements in governance following engagement based on our voting guidelines and actual opposition votes at shareholder meetings (see Principle 4 for details).

Industry Forum

To disseminate our thinking and actions related to our stewardship activity and to facilitate two-way communication with our clients we participate in industry forums.

In addition to our dedicated stewardship officers, top executives such as the Chairman and President have spoken at international conferences including the PRI's annual Signatory General Meeting and COP-related events, communicating our stance on sustainability issues. For recent activities, please refer to the 'Stewardship Activity Focus Topics' section of the Annual Sustainability Report.

What are clients asking from us?

Client in Japan have increased their interest in sustainability following the PRI Annual Conference held in Tokyo in 2023, and subsequent decision by many major public pension funds to join the PRI. This interest has broadened to encompass a wider range of institutional investors, partly due to the introduction of the Asset Owner Principles in August 2024. Within this environment, we are receiving increased communication from clients regarding their needs related to sustainability activities. To address this, we have strengthened our explanations of our engagement and initiative activities through client seminars. We are also expanding communication on trends and topics related to ESG investing. For example, we held discussions on stewardship trends and topics, including the reassessment of ESG materiality. Furthermore, recognising the significant interest among asset owners in how engagement activities contribute to enhancing corporate value, we conducted an analysis on this relationship and published our findings in an academic and practitioner journal, the Securities Analysts Journal.

We strive to understand our clients' needs not only through regular stewardship activity reporting but also by providing ad-hoc information exchange. The outcomes of this communication are reviewed by the Stewardship Development Department and utilised to develop stewardship-related operational processes, organisational structures, and strategies.

Through our communications, we have identified increasing client interest in our fundamental engagement approach, our responses to specific themes and the outcomes of engagement activities, and our selection of companies and themes for engagement. For global initiatives, our clients increasingly request detailed explanations, such as how we fulfill our role as lead manager and how insights gained from these activities are applied to stewardship activities.

For overseas clients and others, we engage in two-way dialogue with asset owners. Clients are increasingly requesting that ESG-related information are included in communications and in RFPs for new mandates.

In recent years, we have received inquiries from clients in Asia, a region where ESG development is less advanced, regarding matters such as proxy voting. We have subsequently increased our explanations regarding our engagement activities and proxy voting initiatives.

We have also conducted seminars explaining industry best practices in stewardship, differences in standards across countries such as the UK, including the role of the UK Stewardship Code, and US, and our approach to ESG investing. Through such opportunities, we exchange knowledge related to sustainability and demonstrate our readiness to address additional requests, aiming to build a two-way, interactive relationship.

Aligning stewardship activity with clients' needs

Voting rights

We are committed to increasing the value of investee companies, to the benefit of our clients, through the exercising of voting rights. To gain client understanding of our voting decisions we disclose details of our voting principles and results to our clients.

If we identify a divergence between the customer policy and our company principles in exercising voting rights through the above engagement, we will explain to asset owners our voting intentions and seek understanding through departments in charge of clients. Of course, not all differences can be resolved. In these cases, we are willing to consider overwriting our company voting principles with the client's policy or, after a discussion with the Sustainability Committee, seek to enhance our voting rights principles to better reflect changing customer preferences, please see Principle 4 for more details. Any such revisions will be disclosed in advance and be accompanied by an explanation, if necessary, to investee companies.
Efforts are made to increase the effectiveness of corporate value improvement by disclosing the revised content in advance and gaining understanding from asset owners through client departments. If there are ultimately differences between the customer policy and our company's principles regarding the exercise of voting rights, we will consider adopting a policy that overwrites our company's principles with the customer policy.

For example, as a result of a difference between a customer's voting criteria and our voting principles, priority was given to the customer's voting criteria (non-uniform exercise) for the relevant customer account.

Strengthened global capabilities

Another area we have sought to align our stewardship activity with client needs relates to our clients' desire for greater international engagement and a more proactive global approach, which is well-aligned with our strategy.

For example, a pension scheme pointed out that there was room for improvement in our overseas engagement system in order to align with our domestic capabilities. To remedy this situation, we established a new base for stewardship activities in New York in July 2020 to supplement our legacy bilateral engagement system centred in Tokyo and London. This has allowed us to nearly triple our overseas engagements since 2020.

Another important consequence of our expanded overseas engagement capacity is the ability to participate in global initiatives, a growing area of interest for our clients which is aligned with our strategy.

Clients' future needs

Our approach is not just reactive but also includes monitoring and anticipating future trends related to ESG. An example of this approach is our focus on water management. This is an under-developed area of expertise in Japan, allowing us to engage with companies. For example, we engaged with a large Japanese trading company on water resource management. The company was unfamiliar with this issue but after further discussions recognised its importance. As a result, it implemented the Taskforce on Nature-related Financial Disclosures' approach on a trial basis in the marine aquaculture industry, analysing and disclosing the impact of its activities on natural capital.

We have also been able to align our engagement in Japan with the interests of our overseas clients. For example, in response to a request from an Asian asset owner when communicating about the sophistication of engagement initiatives, we explained our initiatives on water resource management and gained the understanding of the client. The water resource initiatives were also requested by a Japanese pension scheme and as such reflects requests received from both domestic and overseas clients.

Our approach is not just reactive but also includes monitoring and anticipating future trends related to ESG.

SUMITOMO MITSUI
TRUST ASSET MANAGEMENT