

January 31, 2017

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.
Sumitomo Mitsui Trust Bank, Limited

Notice regarding the Policy for Enhancement of the Conflict of Interest Management Structure relating to the Asset Management Operations of Sumitomo Mitsui Trust Bank

Sumitomo Mitsui Trust Bank, Limited (President: Hitoshi Tsunekage), which is a subsidiary of Sumitomo Mitsui Trust Holdings, Inc. (President: Kunitaro Kitamura), today announces the establishment of the “Policy for Enhancement of the Conflict of Interest Management Structure relating to Asset Management Operations” as annexed.

Specifically, in order to prevent the exercise of influence, etc. where there are concerns in connection with conflict of interest in our asset management operations, we will implement measures for increasing effectiveness, such as clarification of the conflict of interest rules, etc. relating to asset management operations and establishment of an internal system for reporting on matters such as conduct that deviates from these rules, and together with this, in order to reduce the potential for conflict of interest, we will implement information transmission / contact restrictions and personnel transfer restrictions as between each of our asset management departments.

Further, with regard to stewardship activities such as exercise of voting rights and engagement activities, we are implementing significant improvements to transparency and promoting thorough management of conflicts of interest. This in light of the revised provisions of Japan’s Stewardship Code, which requests disclosure of individual results of exercise of voting rights; and, specifically, we are doing this via (1) more detailed disclosure in the Guidelines for Exercise of Voting Rights and (2) practical implementation of activities based on the report by the “Stewardship Activity Advisory Committee” (newly-established in January 2017), which is majority composed of external personnel, and which issued the report in response to prior consultation.

The Sumitomo Mitsui Trust Group will continuously – on the basis of our management philosophy (mission), which is to “adhere to the principles of sound management based on a high degree of self-discipline with the background of ‘Fiduciary Spirit’ and establishing strong credibility from society” – proceed with enhancement of the conflict of interest management structure of the entire Group and the thorough practical implementation of our fiduciary duties across operations as a whole.

End

For further information, please contact:

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**Notice regarding the Policy for Enhancement of the Conflict of Interest Management Structure
relating to Asset Management Operations**

Our clients have extremely high expectations of us regarding the performance of our fiduciary duties and our stewardship responsibilities as a responsible investor entrusted with asset management, and we have always proceeded to develop and strengthen our conflict of interest management structure so that our clients may enter into transactions with ever greater peace of mind.

We have, to date, leveraged our significant expertise and comprehensive capabilities to conduct asset management operations for the purpose of maximizing returns for beneficiaries, based on the ‘Fiduciary Spirit’ that we have adhered to since our founding. In recent times, with the increasing specialization and complexity of financial services, a variety of conflict of interest risks now arise – between our business divisions within the company and between our Group companies. As such, and also from the standpoint of ‘Fiduciary Spirit’, we believe that it is necessary to take still more comprehensive measures to prevent situations in which the interests of our clients may be unfairly impaired.

All our officers and employees recognize anew the importance of the practical implementation of stewardship responsibilities and fiduciary duties, and having built an appropriate conflict of interest management structure, we will faithfully carry out operations and do the utmost to maximize returns for beneficiaries.

1. Enhancement Objectives

In order to reduce the potential for conflicts of interest, we will take the measures set forth below to prevent exercise of influence, etc. where there are concerns in connection with conflict of interest in any of our asset management departments and to enhance the independence of asset management operations.

(1) Strengthening of Conflict of Interest Management

We will strengthen conflict of interest management by measures such as clarification of the rules that, for example, prohibit exercise of influence, etc. where there are concerns in connection with conflict of interest in any of our asset management departments. In addition, we will take measure to further increase the effectiveness of such rules, etc., by establishing an internal reporting system with regard to asset management operations, and improving guidance measures, etc. when problematic conduct is discovered.

Further, we will strive to thoroughly enforce these rules, etc., by measures such as training for all officers and employees, and the signing of a pledge.

(2) Securing the independence of each of our asset management departments

– information transmission / contact restrictions and personnel transfer restrictions

In addition to strengthening management of conflicts of interest as stated in (1) above, in order to reduce the potential for conflicts of interest, we will implement information transmission / contact restrictions and personnel transfer restrictions as between each of our asset management divisions and other departments.

The departments to be subject to restrictions are as designated below based on these three considerations:

- (i) The presence of information (such as non-public information) that may interfere with the appropriateness of asset management decisions.
- (ii) The possibility of exercise of influence on asset management operations due to factors such as the importance of the transaction counterparty or the scope of the transaction.
- (iii) The possibility of conflict of interest with asset management operations associated with a relationship of trust with a client (such as an appointment under mandate or delegation of authority).

<Information Transmission / Contact Restrictions>

We will establish a system that walls off information, for example, prohibiting transmission of non-public information from the following departments to each of the asset management departments. Moreover, from before, our stance is to prohibit the disclosure of non-public information that is with an asset management department and relates to trust assets, etc. of our clients, except where such disclosure is permitted or required by laws or regulations, etc.

- ✓ Departments related to corporate loans sales, planning and credit supervision.
- ✓ Departments related to M&A operations.
- ✓ Each of the stock transfer agency services business departments.

<Personnel Transfer Restrictions>

We will restrict for a fixed period of time transfers of personnel from the following departments to positions involving the making of important decisions for an asset management department (e.g. persons responsible for execution of fund investment operations, and persons who make decisions regarding stewardship activities).

- ✓ Departments related to corporate loans sales, planning and credit supervision (five year restriction period).
- ✓ Departments related to M&A operations, and the stock transfer agency services business departments (one year restriction period).

2. Measures relating to Stewardship Activities

Stewardship activities, such as engagement with issuers and exercising voting rights, are one of the most important activities required of institutional investors, such as ourselves, following the publication of Japan's Stewardship Code, and it is necessary to take thorough measures so that the interests of our clients will not be unfairly impaired.

Going forward, we will continue to strive to strengthen our conflict of interest control system by significantly improving the transparency of stewardship activities through (1) detailed public disclosure regarding the standards for exercise of voting rights (Guidelines for Exercise of Voting Rights) and (2) the introduction of new operations based on the report of the "Stewardship Activity Advisory Committee" (newly-established in January 2017), which is majority composed of external personnel.

(1) Detailed public disclosure regarding the standards for exercise of voting rights (Guidelines for Exercise of Voting Rights)

We will proceed with "visualization" of the decision-making for voting by publishing the numerical standards and qualitative judgment points, etc. that are effective as at the time of decision-making for voting

(2) Development of a new management system through the "Stewardship Activity Advisory Committee"

The revision or abolition of standards for exercise of voting rights (Guidelines for Exercise of Voting Rights) will be carried out based on report of the "Stewardship Activity Advisory Committee" and, at the time of decision-making for voting, even judgments having a highly-individual character, such as the exceptional application of numerical standards, will be carried out based on report of the "Stewardship Activity Advisory Committee". Further, we will also make improvements regarding our engagement activities with counterparties where there are concerns about conflict of interest with our company.

In this way, by thoroughly implementing highly-transparent management that utilizes the "Stewardship Activity Advisory Committee", we will prevent conflicts of interest, and we will conduct asset management operations so as not to unfairly impair the interests of our clients.

Stewardship Activity Advisory Committee (Overview)

Purpose	Established for the purposes of improvement of the independence and transparency of stewardship activities and strengthening of the conflict of interest management system, etc.
Chairperson and Committee Members	Chairperson: Mr. Hiroshi Mitsunaga (External Director of Sumitomo Mitsui Trust Bank) Committee Member: Mr. Hideaki Kawakita (Professor Emeritus, Kyoto University) Committee Member: Mr. Hideki Matsui (Mori Hamada & Matsumoto Attorney) Committee Member: General Manager of Stewardship Development Department (Note) General Manager of Fiduciary Risk Management Department will participate as the monitoring department representative
Functions	<ol style="list-style-type: none"> 1. Report on the following advisory matters concerning our stewardship activities and carry out related deliberations <ol style="list-style-type: none"> (1) Matters concerning revision or abolition of the Guidelines for Exercise of Voting Rights and related internal rules, etc. (2) Matters concerning decisions on individual proposals such decisions for exceptions under the Guidelines for Exercise of Voting Rights and related internal rules, etc. (3) Matters concerning lawsuits pertaining to companies subject to exercise of voting rights, and decisions relating incidents of impropriety, etc. (4) Matters concerning improvements etc. pertaining to engagement with companies in cases where conflict of interest is suspected (including in relation to the exercise of voting rights) 2. Reporting <ol style="list-style-type: none"> (1) Regular report on the status of stewardship activities (2) Other matters that contribute to the implementation of the report
Meetings	In addition to regular (quarterly) meetings, extraordinary meetings may be convened.
Administrative Office	Stewardship Development Department