

To whom it may concern

May 16, 2017

Sumitomo Mitsui Trust Holdings, Inc.

**Notice regarding Revisions to the Management Policy Concerning Conflicts of Interest (Summary)**  
**- Enhancements to the Framework of the Trust Bank Group -**

Sumitomo Mitsui Trust Holdings, Inc. (President: Tetsuo Ohkubo) (“SuMi TRUST Holdings”) hereby announces revisions to our group-wide Management Policy Concerning Conflicts of Interest. (For a summary of these revisions, please refer to the annex hereto.)

The Sumitomo Mitsui Trust Group operates with sound business management based on a high degree of self-discipline with the background of trustee spirit, and provides our client with not only banking services, trust services and registered financial institution services, but also a wider range of financial services through fully utilizing its significant expertise and comprehensive capabilities.

Along with the various products and services provided by the companies in our Group and its officers and employees, in order to protect the interests of our clients from undue harm, as from before, we have made public a summary of the Management Policy Concerning Conflicts of Interest. Based on this Policy, we shall appropriately manage transactions that have possible conflicts of interest and carry out business operations.

At our Group, we will, in addition to these initiatives, revise the Management Policy Concerning Conflicts of Interest, and seek to enhance the framework described below.

We will, based on the revised Policy, advance the enhancement and consolidation of the conflict of interest management framework of our Group and, under a framework of best practice, we will proceed to provide our clients with high value-added “total solutions”, as a trust banking group that is the “best partner to our clients”, able to foster even greater comfort and confidence than before.

## Details

### **Summary of Enhancements to the Conflict of Interest Management Framework of the Sumitomo Mitsui Trust Group**

1. Improvement of the Supervisory Structure of the Entire Group (establishment of the Conflicts of Interest Committee)

We will establish at SuMi TRUST Holdings the “Conflicts of Interest Committee”, which is not a statutorily required committee, as an advisory body of the Board of Directors (scheduled for July 2017), and strengthen supervisory functions. Moreover, on the operational side of SuMi TRUST Holdings and at Sumitomo Mitsui Trust Bank, we have also established the “Committee for Enhancement of Conflict of Interest Management”.

The Conflicts of Interest Committee will be majority comprised of external experts and external officers and, as well as examining the adequacy and effectiveness of the group's conflict of interest management framework, it will publish summaries of these deliberations, and implement a highly-transparent operational framework.

2. Introduction of Separation of Authority, etc. in the Major Departments and Businesses of Sumitomo Mitsui Trust Bank

- (1) Conflict of Interest Management Framework related to Asset Management Operations

We have established and publicly announced the “Policy for the Conflict of Interest Management Framework relating to Asset Management Operations”, as a pillar for the development, etc. of a new framework, based on the “Stewardship Activities Advisory Committee”, which includes participation of external experts (January 31, 2017).

<http://smth.jp/en/news/2017/E170131.pdf>

- (2) Separation of Authority etc. of Wholesale Total Solutions Services Business and Wholesale Asset Management Business.

As between the “wholesale total solution services business” (centered on banking transactions with clients such as business corporations) and the “wholesale asset management business” (centered on providing managed products and services, such as trusts, to institutional investors, etc., such as regional financial institutions), we are proceeding with enhancement of a management structure that involves separation of authority, etc. within the company based on the characteristics of the business.

3. Highly-Effective Management System (Sumitomo Mitsui Trust Bank)

(1) Strengthening the Product Review Process when Introducing New Products and New Services

Regarding reviews for the introduction of new products and new services, we are proceeding to strengthen our product review structures, including further enhancements to the substantive adequacy of reviews from the perspective of conflict of interest management.

Together with this, we will examine the adequacy and effectiveness of conflict of interest management with respect to our existing main products and services, and proceed with improvements, etc. to management methods as necessary.

(2) Deployment of a “Conflict of Interest Management Officer”

From the perspective of improving the effectiveness of conflict of interest management, in addition to a Conflict of Interest Management General Manager at the company-wide level, we will deploy “Conflict of Interest Management Officers” to the business supervising departments etc. of our business divisions, and will seek to implement management of conflicts of interest that is further suited to individual products and transactions.

(Annex)

**Summary of the Management Policy of the Sumitomo Mitsui Trust Group**  
**Concerning Conflicts of Interest**

The Sumitomo Mitsui Trust Group operates with sound business management based on a high degree of self-discipline with the background of trustee spirit, and provides our clients with not only banking services, trust services, and registered financial institutional services, but also a wider range of financial services through fully utilizing its significant expertise and comprehensive capabilities.

Along with the various products and services provided by the companies in our Group and its officers and employees, in order to protect the interests of our clients from undue harm, as from before, we have made public a summary of the Management Policy Concerning Conflicts of Interest. Based on this Policy, we shall appropriately manage transactions that have possible conflicts of interest and carry out business operations.

Further, we will conduct client-oriented business operations, including the provision of important information on products and services in an easy-to-understand manner.

**1. The Conflict of Interest Management Process**

Our Group will, in principle, conduct conflict of interest management by the following process.

- (1) Regarding “transactions, etc. that have possible conflicts of interest”, together with definition as per Section 2 below, the “transactions, etc. that have possible conflicts of interest” that may arise in the operations conducted by each of our Group companies will be identified in advance, measures will be prescribed to prevent harm from conflicts of interest when conducting said transactions, etc. (“Covered Transactions”) (methods for conflict of interest management).
- (2) When conducting Covered Transactions, we will seek to prevent harm from conflicts of interest, by methods of conflict of interest management prescribed in advance.

Further, if it is more effective to provide for the prevention of harm by establishing an operations execution system, then regardless of whether or not the Covered Transaction is carried out, we will take measures to prevent harm, by establishing the appropriate operations execution system in advance.

- (3) In the event that a new “transaction, etc. that have possible conflicts of interest” is envisioned, it will be identified in advance as a Covered Transaction, and a method of conflict of interest management will be prescribed in advance, so as to prevent harm from conflicts of interest.

Further, in order to smoothly and promptly identify the new “transactions, etc. that have possible conflicts of interest” and to select appropriate methods of conflict of interest management, together with the classification of the Covered Transactions as set forth in Section 3 below, we have clarified

the methods of management of conflicts of interest, as set forth in Section 4 below.

- (4) Since the transactions that qualify as “transactions, etc. that have possible conflicts of interest”, and methods for management of conflicts of interest, the effective method of prevention of harm by conflict of interest may vary and evolve with the operations of each company in our Group, the attributes of clients, the social environment, etc., we will seek to review the Covered Transactions and the methods for management of conflicts of interest, including the existing Covered Transactions.

**2. The Definition of “Transactions, etc. that have possible conflicts of interest”**

- (1) “Transactions, etc. that have possible conflicts of interest” are among the transactions or actions conducted by SuMi TRUST Group companies (“Related Group Companies”) that in the following cases, etc., of ‘Conflicting Interest, etc. Circumstances’, are likely to unduly harm the interests of our clients in banking-related services and financial instruments-related services handled by our banking subsidiaries or subsidiary financial institutions, etc.
- (2) “Transactions, etc. that have possible conflicts of interest”, in the main, may arise in cases where a Related Group Company has a duty to conduct operations with loyalty, such as where it has received entrustment from a client, or it has received a mandate from a client, and where there is motive to give preference to the interests of parties other than the client, such as where the assets of the Related Group Company are involved or there are transactions with parties other than the client. At our Group, “transactions, etc. that have possible conflicts of interest”, is understood to have a broad meaning, even otherwise than in these operations, including the case where, between the client and the Related Group Company, there is a significant gap in the knowledge and information, etc., relating to the products and services.

\* Related Group Companies, our bank subsidiaries and subsidiary financial institutions, etc., are listed in the appendix.

<b>Conflicting Interest, etc. Circumstances</b>	<b>Illustrations</b>
When there is a conflict of interest between a client and Related Group Companies or a conflict of interest between clients	In the case where, a Related Group Company that is managing assets entrusted from a client, conducts transactions with a Related Group Company, regarding the terms, etc. of the said transaction. the interests of the client and the Related Group Company will conflict
When there is competition between a client and Related Group Companies or competition	In the case where a Related Group Company is, together with the client, investing in an investment fund managed by a Related

between clients	Group Company, there will be competition regarding collection of invested funds.
When Related Group Companies use information obtained from a client to benefit Related Group Companies or other clients	In the case that a Related Group Company gains benefits by using judgment relating to management of assets entrusted from the client in the asset management of a Related Group Company.

### 3. Types of “Transactions, etc. that have possible conflicts of interest”

Transactions that have possible conflicts of interest are defined under the following categories and managed so as not to unduly hurt the interests of our clients.

Type	Transaction, etc. Details
‘Classic’ Conflict of Interest Type	Transactions or acts that have possible conflicts of interest, subject to individual standards of conduct, prohibited acts, and measures to prevent harmful effects, etc. in accordance with laws and regulations, etc.
Enterprise Acquisition Type	Transactions or acts that have possible conflicts of interest on business operations related to M&A advisory and capital acquisition finance, etc.
Multifaceted Involvement Type	Transactions or acts that have possible conflicts of interest on cases where Related Group Companies take part in various situations such as asset securitization schemes, etc.
Receipt of Brokerage Commission Type	Sales and recommendations, etc. at a Related Group Company of products or services for which brokerage commission fees, etc. are to be received from the company that is providing the products or services
Provision of Composite Group Products Type	Sales and recommendations, etc. at a Related Group Company of products or services provided by another Related Group Company or composite products or services that utilize the assets of a Related Group Company.
Exercise of Influence Type	In a division of a Related Group Company that has been entrusted with the management of assets of a client, there is investment of such funds in, holding communications with, or exercising of voting rights in a target company that is a client of a corporate sales department, etc. of the same or another Related Group Company.
Other	Other transactions or acts not noted above that might unduly harm the interests of clients

\* For reference, examples of specific transactions, etc. are given at the end of this document.

#### **4. Management of transactions, etc. that have possible conflicts of interest**

- (1) Transactions, etc. that have possible conflicts of interest will generally be managed by in principle, appropriate combination of the below described methods and other methods, in accordance with the Conflicting Interest, etc. circumstances listed in Section 2 above, and the Type listed in Section 3 above.

However, if the Related Group Companies are under an obligation of confidentiality to another party in a transaction, etc. that has a possible conflict of interest, then the details of the transaction, etc. that has a possible conflict of interest shall be managed in such a manner as not to disclose such details.

In addition, considering the degree of the conflicts of interest and other circumstances, when there is a reasonable basis to do so, special consideration may be given regarding the level and the extent of the conflict of interest management as follows:

- (i) Separating a division/ company that handles a transaction, etc. that has a possible conflict of interest from a division/ company that handles the transaction with the client by isolating information each other or other methods.
- (ii) Changing the conditions or methods of transactions, etc. that have possible conflicts of interest or transactions with clients.
- (iii) Terminating transactions, etc. that have possible conflicts of interest or transactions with a client.
- (iv) The method of ensuring fair transaction terms in the case of the transaction, etc. that have possible conflicts of interest.
- (v) Properly conducting disclosure to a client, and depending on the situation also obtaining consent from the client on possible conflicts of interest of the transaction, etc. which might unduly harm the interests of the client.
- (vi) The method of monitoring persons who have access to certain information connected to the transaction, etc. that may cause conflict of interest
- (vii) The method of establishing, based on the following perspectives, the appropriate structure for execution of operations.
  - Ensuring the appropriateness of selection of products and services that are subject to sales, recommendation, etc.
  - Ensuring the appropriateness of objectives and performance evaluation in relation to sales, etc.
  - Setting authority for the purpose of fair execution of operations
  - Establishing etc. standards of conduct and restrictions on personnel transfers between departments, etc. where there is potential for operational conflicts of interest to arise

(2) Transactions that fall under Section 3 above shall be managed basically, and are illustrated, as follows.

<b>Type</b>	<b>Management Method and Illustration</b>
'Classic' Conflict of Interest Type	<p>In accordance with the effect of the regulations, we shall comply with the rule of laws so as not to unduly hurt the interests of our clients.</p> <p>For example, when conducting transactions as a trustee of client's assets with a Related Group Company, as a part of management of assets entrusted from a client, in accordance with laws and regulations, the Related Group Company managing the client's assets will take measures to disclose the important facts of the transaction to the client who is a beneficiary and to obtain in writing, etc. the client's prior consent.</p> <p>Also, depending on the conflicting interest, etc. circumstances, by taking measures against inappropriate information gaps with clients, and to appropriately isolate information, we prevent unfair treatment of clients and the improper use of client information.</p>
Corporate Acquisition Type	<p>Within our Group, confirmation is made as to whether or not there are any transactions that conflict with the interests of various clients by collecting information from each department and by making sure mutually between the relevant departments, etc. in advance. If it is determined that there is a conflicting transaction, then the transaction shall be executed after the fact is explained to the client or one side of the transaction shall be denied depending on the situation.</p> <p>In addition, in cases such as competition between the transaction of a client, and the transaction of another client, we will implement the appropriate isolation of information, etc.</p>
Multifaceted Involvement Type	<p>If there is any concern that Related Group Companies taking part in various situations may unduly hurt the interests of our clients then, depending on the conflicting interest, etc. circumstances of the respective involvements, the transaction shall be executed after the fact is explained to the client or the measures shall be taken to verify that the conditions of the transaction are fair.</p>
Receipt of Brokerage Commission Type  Provision of Composite Group Products Type	<p>We will ensure matters such as the appropriateness of targets and performance evaluations relating to selection and sales etc. of products and services that are the subject of sales and recommendations and the appropriateness of terms of composition, etc. of such products and services; and, together with this, if may be concluded that there is benefit to disclosure of brokerage commissions, or remuneration, etc. that the Related Group Company is to receive, we will take measures to disclose, etc. regarding the fact that they will receive and the level, etc. of the remuneration, etc. to be received.</p>
Exercise of Influence Type	<p>In order to prevent the exercise of influence from the corporate sales division, etc. on the asset management decisions of the asset management division and, together with this, prevent the inflow of information that would interfere with the appropriateness of asset management decisions, we will take measures such as restrictions on personnel transfers and communication of information and contact etc. as between the asset management divisions and the corporate sales divisions</p>



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## 5. Management System for Conflicts of Interest

To properly manage conflicts of interest, we set up a department responsible for conflict of interest management, and it appropriately examines on a regular basis our Group's total development of the conflict of interest management system and its effectiveness, and while continually striving to improve it, education and training for officers and employees is conducted on a regular basis, and everyone is kept informed about how to manage transactions that have possible conflicts of interest.

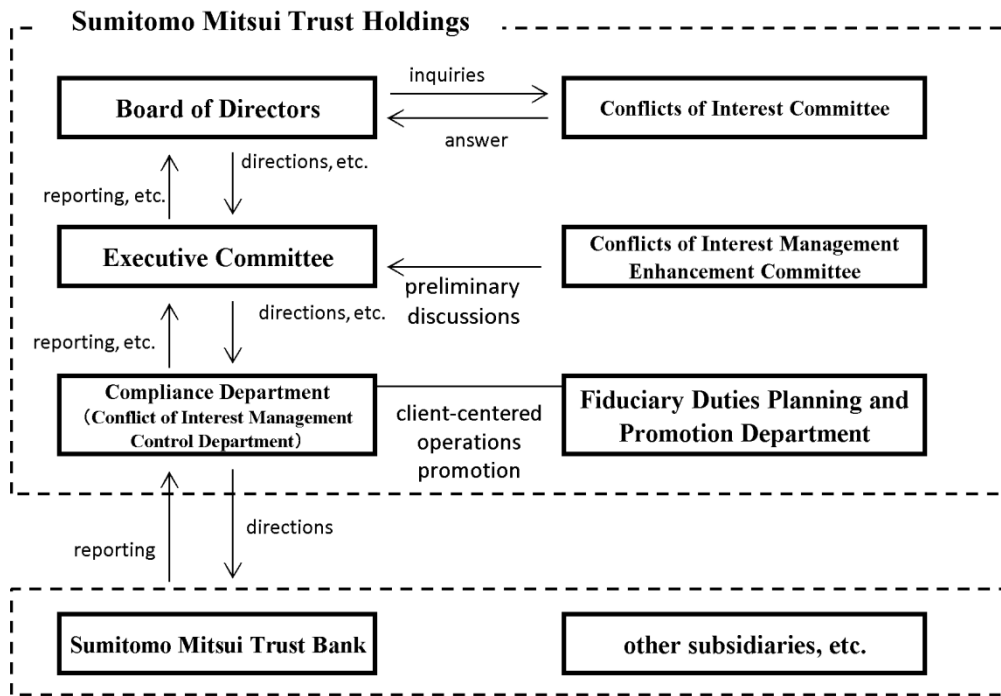
Regarding the results of the examination of the Conflict of Interest Management Department, we will periodically report to the Committee for Enhanced Management of Conflicts of Interest and receive reviews and directions for improvement, etc. including necessary enhancements to the management framework.

In addition, at the Conflicts of Interest Committee (\*), established as an advisory body to the Board of Directors, we will conduct examination etc. of our Group conflicts of interest management framework, from the perspective of outside experts.

When it comes to our banking subsidiaries, each set up its own individual department responsible for conflict of interest management that oversees our conflict of interest management system and properly identifies and manages transactions that have possible conflicts of interest. Accordingly, with regard to these details, please see the conflict of interest policy summary for each company.

\* We plan to establish this after SuMi TRUST Holdings has transitioned as a company to a company with nominating committee etc.

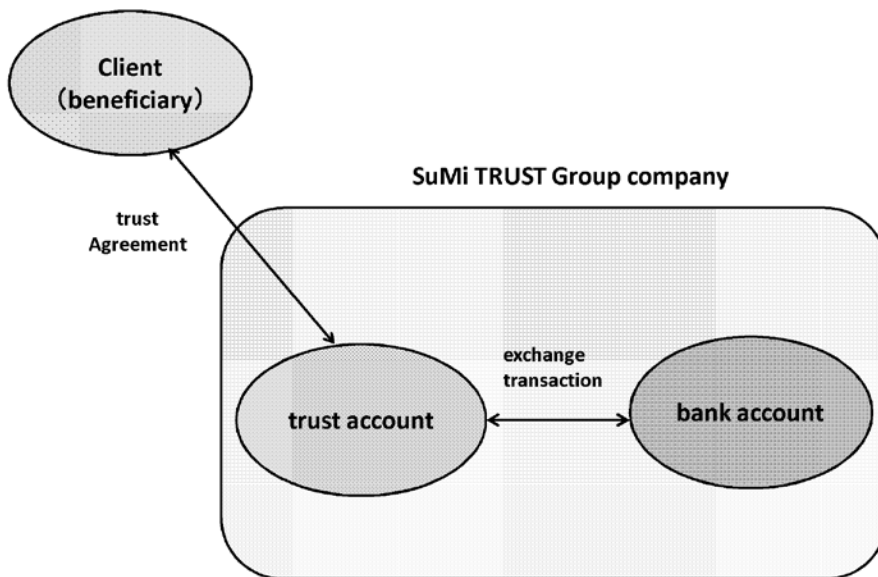
Note 1> Overview of the Organizational System for Management of Conflicts of Interest



Note 2> Management Methods - Concepts and Examples of Specific Transactions, etc. to which each type applies

- ‘Classic’ Conflict of Interest Type

In the case where the currency exchange counterparty or the surplus-funds investment counterparty in management of trust assets entrusted by our clients is a company of our Group.

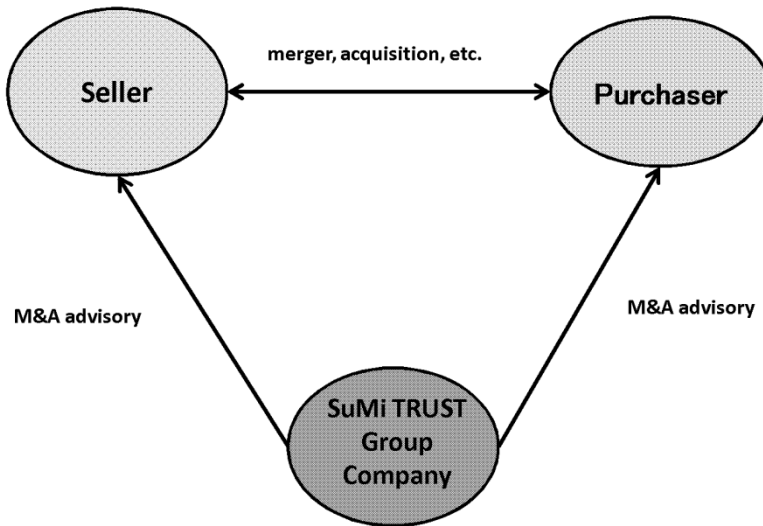


【Management method】

- Prior consent of the client
- Ensuring fair transaction terms

• Corporate Acquisition Type

In the case of entering into an M&A advisory agreement between a client who is a seller in a corporate acquisition, and a client who is a purchaser.

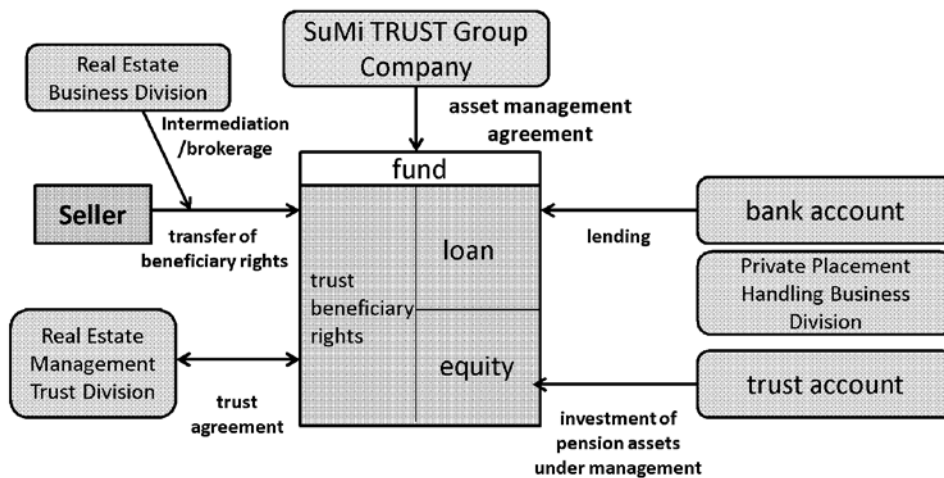


**【Management method】**

- Engagement based on explanation to both clients of the facts of the conflicting interest with the other client.
- In certain circumstances, disengagement from the transaction.

• Multifaceted Involvement Type

In the case of receiving funds from a client, as an investment into an investment fund managed by a SuMi TRUST Group Company, such as an investment trust, a SuMi TRUST Group Company is involved in multiple transactions with the fund, such as lending funds, acting as a trustee for, or handling private placement.

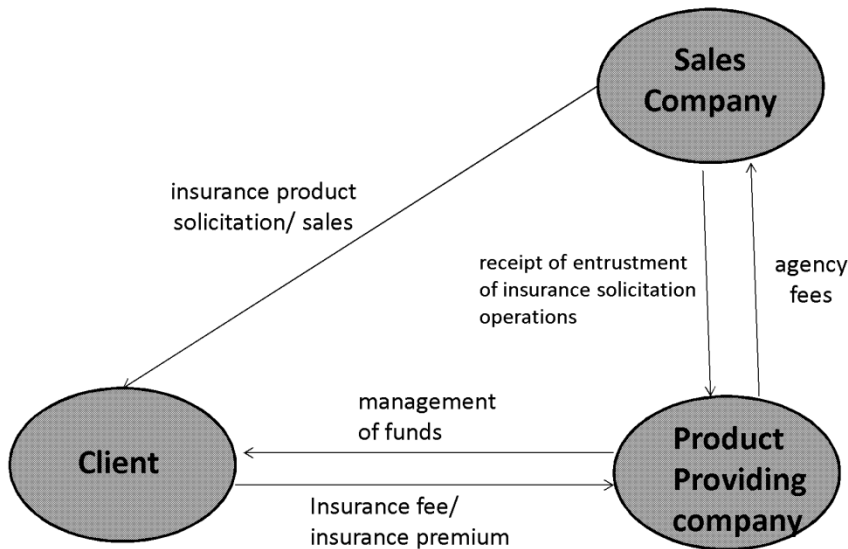


**【Management method】**

- Explanation to the client of the circumstances of the conflict of interest
- Ensuring fair transaction terms

• Receipt of Brokerage Commission Type

In the case of receiving an agency commission from an insurance company that is a provider of products, regarding life insurance products sold at a SuMi TRUST Group Company.

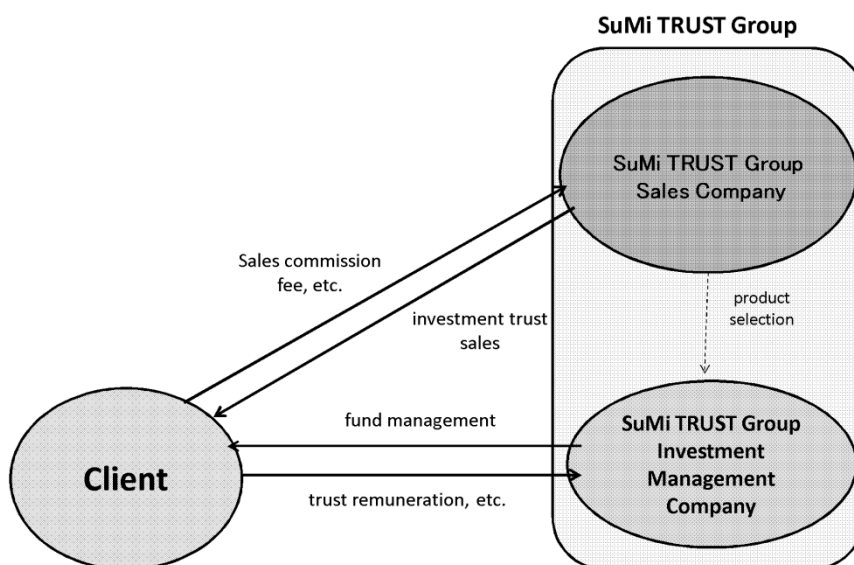


【Management method】

- Ensuring appropriateness of product selection
- Ensuring appropriateness of sales targets, etc.
- Disclosure of the fact that it is receiving brokerage commissions and the level of fees, in accordance with the product characteristics

• Provision of Group Composite Products Type

In the case of sale of investment trust products made by an investment trust management company in the SuMi TRUST Group.



【Management method】

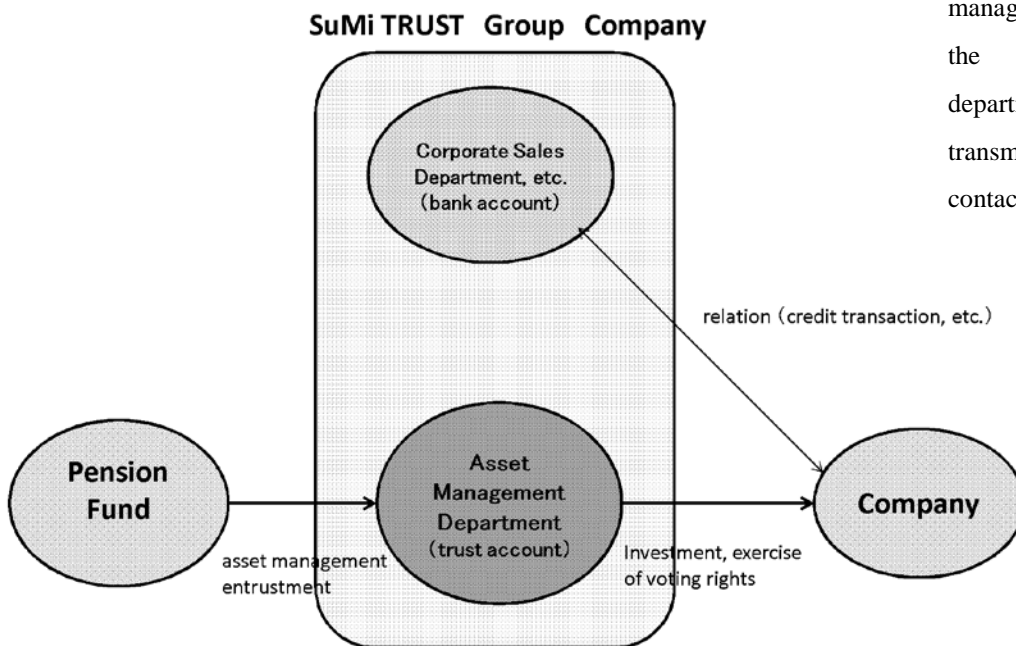
- Ensuring the appropriateness of product selection
- Ensuring the appropriateness of sales targets
- Disclosure of the fact that it is receiving brokerage commissions and the level of fees, in accordance with the product characteristics

- Exercise of Influence Type

In the case where there is a concern that the fiduciary business division managing the funds entrusted by pension fund may receive requests from the corporate sales division to invest in the shares of a company that has a transaction relationship, or that the corporate sales division may be involved in the exercise of the relevant voting rights.

**【Management method】**

- Measures for restrictions on personnel movements between the asset management department and the corporate sales department, etc., and transmission of information / contact, etc.



## **(Appendix) Related Group Companies**

### **1. Banking Subsidiaries**

- Sumitomo Mitsui Trust Bank, Limited
- Japan Trustee Services Bank, Ltd.

### **2. Subsidiary Financial Institutions, etc.**

- SBI Sumishin Net Bank, Ltd.
- SBI Card Co., Ltd.
- Sumitomo Mitsui Trust Club Co., Ltd.
- Sumitomo Mitsui Trust Card Co., Ltd.
- Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
- Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
- FA Leasing Co., Ltd.
- Sumitomo Mitsui Trust Leasing (SINGAPORE) Pte.Ltd.
- Sumitomo Mitsui Trust Investment Co., Ltd.
- Sumitomo Mitsui Trust (Hong Kong) Limited
- Tokyo Securities Transfer Agent Co., Ltd.
- Japan Securities Agents, Ltd.
- Sumitomo Mitsui Trust Research Institute Co., Ltd.
- Sumitomo Mitsui Trust Realty Co., Ltd.
- Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.
- JP Asset Management Co., Ltd.
- Mitsui & Co., Logistics Partners Ltd.
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Nikko Asset Management Co., Ltd.
- Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
- Nikko Asset Management Americas, Inc.
- Nikko Asset Management Asia Limited
- Nikko Asset Management Australia Limited
- Nikko Asset Management Europe Ltd.
- Nikko AM Limited
- Nikko Asset Management International Limited

- Asian Islamic Investment Management Sdn Bhd
- Nikko Asset Management New Zealand Limited
- SIM Funds Management Limited
- Nikko Asset Management Hong Kong Limited
- Ambit Mauritius Investment Managers Private Limited
- Nikko AM Equities Australia Pty Limited
- Affin Hwang Asset Management Berhad
- Ambit Investment Advisors Private Limited
- Affin Capital Services Berhad
- Nikko AM Japan Property Fund I Pte. Ltd.
- Nikko AM Japan Property I-I Pte. Ltd.
- Nikko AM Japan Property I-II Pte. Ltd.
- Sky Ocean Asset Management Co., Ltd.
- Sumitomo Mitsui Trust International Limited
- Sumitomo Mitsui Trust Bank (Luxembourg) S.A.
- Sumitomo Mitsui Trust Bank (U.S.A.) Limited
- Sumitomo Mitsui Trust (UK) Limited
- OIF(PANAMA) S.A.
- STB Finance Cayman Ltd.
- STB Preferred Capital 3 (Cayman) Ltd.
- STB Preferred Capital 4 (Cayman) Ltd.
- Fresco Asset Funding Corporation
- Crecer Asset Funding Corporation
- Vector Asset Funding Corporation
- Nexus Asset Funding Corporation
- Trust Capital Private Equity Partners Investment Partnership VIII
- Trust Capital Mezzanine 2015 Investment Partnership
- Trust Capital Mezzanine 2016 Investment Partnership
- Sea Bridge Finance Limited
- Enex Asset Management Co., Ltd.

(As of April 1, 2017)