



STEWARDSHIP REPORT



2019 / 2020



SUMITOMO MITSUI TRUST ASSET MANAGEMENT



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This is a booklet issued by Sumitomo Mitsui Trust Asset Management Co., Ltd. to report on its stewardship activities and promote clearer communication and understanding. Efforts made throughout the Sumitomo Mitsui Trust Group include striving to provide stakeholders with value and collaborating on ESG activities with scope to boost the long-term company value of the Group over time based on transparency.

Sumitomo Mitsui Trust Holdings' website (<https://www.smth.jp/en/csr/>) includes a full report and provides additional reports on topical areas other than "Stewardship," such as "Natural Capital" and "Environmental Real Estate."

Our aim at all times is to be an asset management company with closer relationships with our clients.

At Sumitomo Mitsui Trust Asset Management (the “Company”), our top priority is to strive consistently to boost the value of clients’ assets entrusted to us in the medium to long term and actively promote stewardship activities as part of this aim. This volume “Stewardship Report 2019/2020” – the third edition of the report – systematically summarizes our stewardship activities. Since the initial report, we have been working to enhance the content, while incorporating the various comments received from clients. Topics in this volume include activities from 2018 to 2019 and how we responded to the recently noted TCFD; efforts which were honored with the Tokyo Financial Award (in the ESG Investment Category) in February 2019. This is also something we attribute to the support of our customers. We will continue to meet our responsibilities as one of Japan’s largest asset managers and do all in our power to contribute to the long-term development of our clients’ assets and society.



Representative Director
and President
Yoshio Hishida



Executive Officer
Responsible for
Stewardship Development Dept.
Hiroyuki Horii



Yasuhiro Yonezawa

Chair of Stewardship Activities Advisory Committee
Professor, Graduate School of Business and Finance, Waseda University

Hiroyuki Horii

Executive Officer
Responsible for Stewardship Development Dept.

We intend to grow alongside investee companies based on managing conflicts of interest.

One year has passed since we merged with the asset management department of Sumitomo Mitsui Trust Bank. We reviewed our stewardship activities to date and exchanged views on how to go forward.

We feel more confident in ongoing management of conflicts of interest (Yonezawa)

Horii One year has passed since Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Bank's asset management department merged in October 2018. Each entity has rolled out a range of initiatives to help manage conflicts of interest before the merger. For example, Sumitomo Mitsui Trust Bank made the process of exercising voting rights "more visible" by disclosing specific and detailed underlying rules in the "Guidelines for Exercise of Voting Rights" published in February 2017. Shoring up this "visibility aspect" is an important component of managing conflicts of interest. Since the second quarter (from April to June) 2017, we started disclosing the "Result of Exercise of Voting Rights" on individual proposals. As well as for and against, reasoning was also provided and with full disclosure

of its status as a business partner of the Sumitomo Mitsui Trust Group, we are ensuring all relevant parties are aware of the situation. The Stewardship Activity Advisory Committee (hereinafter referred to as 'Advisory Committee') members are devoted to "visualizing" and "advancing" the overall voting rights exercise process by checking the content of the Voting Guidelines and the appropriateness of the process leading to the exercising of the decision.

Yonezawa The impression I get is that the process of exercising voting rights involves in-depth scrutiny from multiple perspectives up until the final decision on exercising said rights is made. The Advisory Committee is consulted on the adequacy of the decision-making process for proposals not stipulated in the Voting Guidelines and those requiring discussion due to possible conflicts of interest. Detailed materials and explanations are provided at meetings.

The Voting Guidelines were also revised in January 2019, reflecting the revision of the Corporate Governance Code in June 2018 and I felt this process was based on considerable research and analysis. As well as what Mr. Horii mentioned, we continue to receive various consultations and produce reports from a neutral perspective.

Horii I consider it crucial for the Advisory Committee members to examine a range of aspects from a third-party perspective and this third-party status is why it is well-placed to manage any conflicts of interest effectively. Given that the success of stewardship activities is contingent on investee companies improving issues and growing in the medium to long term, we need to be convincing enough to advise them. We believe promoting stewardship activities and managing conflicts of interest properly will facilitate the practical application and thorough implementation of fiduciary duty and with that in mind, the pointers and proposals from various sources were very gratefully received.

Yonezawa Prior to the merger, I was on the Sumitomo Mitsui Trust Asset Management's Fiduciary Duty Advisory Committee and trust bank itself was sometimes seen as conflicting with the interests of our committee. Accordingly, we decided to separate the investment department from the trust bank and integrate it with Asset Management, whereupon the overriding priority became refining the process of conflict of interest management.

In that context, we discussed the need for in-house advanced information management and personnel system reform and implemented the same. I absolutely agree that being convincing is a must when it comes to putting stewardship activities into practice properly and I think the huge efforts channeled to date to address conflicts of interest have helped establish confidence.

Engaging corporate managers in discussion from a business perspective is increasingly important (Horii)

Horii Under these circumstances, the key aspect to focus on during our company's stewardship activities is "sustainable corporate growth", which, in turn, depends on us understanding the company in depth and then conveying our thoughts thereafter. The stand-out feature in our case is the collaboration between the analyst in the Research Investment Department and the Stewardship Officer in the Stewardship Development Department. With analysts as industry and corporate professionals and stewardship officers as ESG professionals, both parties collaborate to pool and build on their respective competencies to promote corporate improvement. To further expand this initiative worldwide, meanwhile, we are also promoting the overseas assignment of members tasked with overseeing stewardship activities.

Yonezawa While actually examining reports of engagement activities, one of the cases stood out – namely an engagement case by an analyst working with the pharmaceutical industry – a post that really involves investigating both the industry and the company in detail. He leveraged that aspect to probe even deeper still and brought up some home truths to the company about how it should change and how this would benefit the shareholders. I was surprised to see scope to discuss in that kind of detail and also to see that such feedback really was taken seriously by the person in charge from the company.

Horii Actually, I think the company chooses the investors whom they engage in dialog carefully. This choice should include consideration of whether or not the counterpart is a major company shareholder and whether or not meeting the



Yasuhiro Yonezawa

Professor, Graduate School of Business and Finance,
Waseda University

With a career path starting as a researcher with the Japan Securities Research Institute, a Visiting Associate Professor at the Osaka University Graduate School, Professor of Social Engineering at the University of Tsukuba, Professor at the Faculty of Business Administration at Yokohama National University and finally a Professor at the Waseda University Graduate School of Finance, he has occupied the present position since April 2016. In October 2017, he was appointed Chair of the Fiduciary Duty Advisory Committee at Sumitomo Mitsui Trust Asset Management Co., Ltd., then, in January 2018, Chair of the Stewardship Activity Advisory Committee and External Director of the same from October the same year.

investor would benefit the company. In this case, there is no scope for such evaluation, except where investors themselves can make tangible contributions to the company. With this in mind, our analysts have focused on analyzing the industry and company and expressing their views as investors from the same perspective as the company.

Yonezawa I think the remit of analysts is set to go beyond just forecasting company performance and stock prices and the need to discuss with corporate-top management from a business perspective will become increasingly important. Conversely, although the issue of promoting personnel assignment overseas was discussed, I think expanding the scope of activities with overseas companies will entail a range of issues that need to be addressed. How will you handle this?

Horii Although we pride ourselves on domestic operations for ESG analysis and engagement, we are also expanding the scale of our overseas operations concurrently. We signed the United Nations Principles for Responsible Investment (PRI) immediately after they were launched in 2006 and have always taken ESG into consideration when making investment decisions, while monitoring the latest developments. To date, we have signed more than ten global

corporate action guidelines and principles and are engaged in various activities to address ESG issues. We intend to leverage the relationships and expertise accumulated through this process in our own engagement activities and develop these activities in the UK, where we have already established a base and in the United States, where we plan to establish a base in near future.

Yonezawa I understand that you will continue to leverage your expertise in engaging with US and European corporations as Sumitomo Mitsui Trust Asset Management as you boost networking in Tokyo, the UK and the US. I think becoming even more active as well as boosting the content and level of expertise would be the ideal, by improving access to local information.

Independent external directors are paving the way for diversity (Horii)

Horii This year saw us participate in the 30% Club Japan as a member of the Investor Group, aiming to boost the percentage of women in the board of directors of TOPIX100 companies to 30% by 2030. Diversity at the board of directors is a priority focal point for us right now and discussion on diversity among board members has

Hiroyuki Horii

Executive Officer,
Sumitomo Mitsui Trust Asset Management Co., Ltd.

After working as a securities company analyst, joined Sumitomo Trust Bank (now Sumitomo Mitsui Trust Bank) in 1998. Following spells as Head of Research Investment and Stewardship development Manager, in the present post since October 2018. His work centers on systematizing evaluation of non-financial information and ESG by leveraging more than 30 years of research work experience.



proliferated recently. When you consider the nature of diversity though, first and foremost, I think it starts by allowing external directors onto company boards. Various aspects of the Voting Guidelines have also been tightened up and this trend is also something I would like to discuss with you.

Yonezawa First of all, the issue of external directors - I believe having them is crucial. I can see the benefit of having external directors, both during normal times when things are going smoothly but particularly in emergencies or when a company runs into severe difficulties. This is because we need to respond to any shortcoming in governance by speaking and acting in a way that protects the interests of minority shareholders. Despite the cost external directors incur, I think such costs should be considered a given and efforts commensurate with such costs should be made in the area of advisory and monitoring functions.

Horii While the advisory remit is important, a task even more crucial which we want to assign to external directors in investee companies is their role of monitoring the board of directors. External directors must function as advocates for general shareholders and demonstrate their abilities in the event of any governance failure that emerges. Similarly in

terms of diversity, the fact that they operate externally paves the way for a range of opinions, which, for example, could be those unique to female directors. I think having external directors in place will see diversity become synonymous with management.

Yonezawa What you just pointed out is crucial - I believe companies promoting diversity may thrive and have higher stock prices. This is not because diversity has improved them, but because companies originally motivated to improve have become more diverse and their performance has been boosted accordingly. Conversely, companies that fail to grasp the nettle and take on the challenge of making such changes see the composition of their directors remain largely unchanged and give the impression of sticking to the old ways. Little wonder that performance and stock prices also remain static in this case. The real forces of change are intangible and engagement is a must when assessing such intrinsic values.

Horii Right. We don't see the relationship between shareholders and companies as confrontational but from the perspective of companies with concerns over elements such as shareholder proposals, takeover defenses and activists, investors may seem a hindrance. However, as ROE (return

on equity) increases, corporate value and stock prices rise, I think that a flow of investment returns is likely to follow so when I discuss with companies, I try to emphasize the need for “businesses and investors to target a win-win relationship.” Conversely, sharing awareness of risks is also important - major and unintended examples of which include “E” (Environment) and “S” (Society) related to ESG and particularly climate change above all. We see it as imperative to address climate change and this is an area we are working on. But we also consider the ESG concept crucial to minimize such medium to long-term risks, including the issue of governance deficiencies. How should we urge companies to deal with medium to long-term risks as investors and encourage improvements? What are your thoughts on this?

Investors fostering companies through engagement activities (Yonezawa)

Yonezawa What we have to underline is that shareholders and corporations are not hostile. From a researcher’s perspective, up until around the time the bubble economy burst in 1990, the main bank system was the benchmark and considerable dialog ensued between banks and companies.

However, the bank operated solely as a creditor and offered various advice designed to ensure that money, once lent, could be returned. Thereafter, the main bank system collapsed and the debt ratio also declined after repayments made on borrowed funds by companies. As banks grew increasingly unable to communicate, it was inevitable that shareholders and investors would become the prime movers. Even so, I believe that at that time, companies lacked any insight into how to nurture dialog with shareholders and investors. It would be logical for investors to make recommendations to boost corporate value from the shareholder perspective via stewardship activities, especially engagement. Companies should be in no doubt of the importance of dialog with shareholders and investors now that there are no banks to protect them.

I would also like to reaffirm the need for companies to take risks for growth. Although Japanese companies have remained sluggish in recent years, I would like them to see them address this need and engage it.

Horii As an investment organization, requesting companies to take on risks for growth is a must, while also controlling unnecessary risks. Although growth requires investment, sustainable growth is absolutely



contingent on investing in human resources as well as capital and research and development. Conversely, our business is exposed to various risks, but the nature of ESG issues makes it difficult to determine when they will occur. Even so, such risks can be controlled to a certain extent by acknowledging their existence. We realize how crucial it is as an investment organization for the entire investment chain to require business companies to achieve medium- to long-term growth, given that clients entrusted with funds seek medium- to long-term investment management.

Yonezawa Customers with medium- to long-term investments are said to be more interested in ESG and that is something considered very convincing or reasonable.

Horii We acknowledge the growing interest in ESG every day, which we are actively striving to address. Although the risk aspects of ESG tend to come to the fore, our business also harbors “opportunities”, which we would like to focus on more in future and incorporate them into our investment. Furthermore, as opportunities are linked to growth, I would like to promote stewardship activities underpinning corporate growth by accurately determining opportunities as

investors. We acknowledge the need for institutional investors to take on new challenges to meet the expectations of our stakeholders.

Yonezawa I mentioned banks just a while ago and how banks often used to nurture companies, but what often transpired as a result was start-up companies progressing to become companies with global status and the same may apply to investor engagement activities going forward.

Horii In this situation, I think that investors themselves, as I mentioned from the start, must be capable of proactively self-starting, enhancing their capabilities and engaging in dialog with companies from a business perspective. In this sense, we need to raise the level of our stewardship activities one or two steps further, but I think we are on the right track. Referring to what you just mentioned, helping companies grow with engagement, I think that companies understand it when we invest in them with that attitude.

Yonezawa I hope that you will continue to make further improvements.

Horii Thank you very much.



Purposes of Stewardship Activities

Supporting value creation in the investment chain.

Investee Companies

Sustainable Growth
Pursuing SDGs in partnership with investors

Earnings growth-driven dividend and wage growth

Investment Enhancement

Constructive dialog and engagement

Engagement Constructive Dialog

Information disclosure

Exercise of voting rights



Sustainable growth of investee companies drives growth in earnings, and growth in earnings drives growth in dividends and wages which, ultimately, benefits household economies and the growth of the economy as a whole.

All of this together is known as the investment chain.

At SMTAM, we actively utilize our role as an asset manager in the investment chain to support our investee companies create value, leading to maximum returns for our clients, while at the same time contributing to the achievement of SDGs.



Clients and Society
Medium-to-long-term investment return growth
for growth of the global economy

 **SUMITOMO MITSUI TRUST ASSET MANAGEMENT**
Total commitment to our clients and our world



Stewardship Activity Focus Topics for 2018/2019

At SMTAM, we believe we have an important role to play in the investment chain as a responsible institutional investor. Towards that end we are fully committed to the Stewardship Code and Corporate Governance Code, as reflected in our domestic and overseas engagement efforts, exercise of voting rights and various other activities. Below is a brief summary of the activities SMTAM was involved in between October 2018 and October 2019.

2018

October

Disclosure of voting record on each proposal for each investee company

We disclosed the details on our website, whenever we exercised our voting rights on proposals involving investee companies in Japan.

October

ICJ SR Seminar

Representatives from SMTAM participated as instructors at the 16th SR Seminar hosted by ICJ in Tokyo and Osaka, where they spoke about the significance of participating in collaborative engagement and SMTAM's approach to it.

November

Stewardship Activities Advisory Committee

To ensure the independence and transparency of stewardship activities and manage conflicts of interest, four regular sessions of this committee were convened (extraordinary sessions were separately convened to advise on essential matters as required).

2019

January

Revision of Guidelines for the Exercise of Voting Rights

Various revisions were made, including revisions of numerical criteria related to the composition of the Board of Directors.

January, April, July

Disclosure of voting record on each proposal for each investee company

February

Tokyo Financial Award

SMTAM was the first company to receive the Tokyo Financial Award, a new initiative established by Tokyo Governor Yuriko Koike as part of the Tokyo Metropolitan Government's "Global Financial City: Tokyo" Vision.



March, June, September

Stewardship Activities Advisory Committee

May

PRI Working Group-driven Engagement

SMTAM participated in the "Palm Oil" PRI working group that met in Malaysia. Through this working group, we pursued engagement with palm oil producers as well as financial institutions that play important roles in the value chain.



May

30% Club JAPAN Signatory

SMTAM was a founding signatory of the 30% Club Japan Investor Group, and has begun undertaking initiatives aimed at promoting investee company on diversity.



June

Investor Agenda Signatory

SMTAM signed the Investor Agenda in accordance with the G20 summit held in Osaka.

June

Collaboration with LGIM

On June 10th, we announced that SMTAM would collaborate on ESG engagement activities with Legal & General Investment Management (LGIM), Great Britain's largest asset manager.

June

Cooperation with NPOs

Based on ISO26000 international social responsibility standards, SMTAM collaborated with CSR Review Forum-Japan (a non-profit organization that performs third-party reviews of corporate activities) to engage in dialog with companies.



July

ICGN Annual Conference in Tokyo

SMTAM took part as a sponsor in the International Corporate Governance Network's (ICGN) Annual Conference and General Meeting.



July

Company Forest

As a supporter of the "Action Plan for Community-based Cultivation of Water Resource Forest" created by the Tokyo Metropolitan Government's Bureau of Waterworks, SMTAM took part in the "Tokyo Waterworks Company Forest (naming rights)" project. Through this participation, we contributed to the protection of local water and woodland resources, as well as helped maintain the capacity of woodland areas to sustain biodiversity.



August

CA100+-driven Asian Engagement

As lead manager, SMTAM pursued engagement with PTT Exploration and Production Public Company Limited (Thailand).

September

CA100+-driven Asian Engagement

As a collaborative manager, SMTAM pursued engagement with Korean steel manufacturer POSCO and electric utility company KEPCO.

September

PRI General Meeting

SMTAM participated as a panellist at PRI's general meeting (PRI in Person) in Paris over three days, from September 10 to 12.



September

CII Semi-annual Conference

SMTAM attended the semi-annual Council of Institutional Investors' (CII) Conference.

October

CA100+-driven Domestic Engagement

In collaboration with the California State Teachers' Retirement System (CALSTRS) and California Public Employees' Retirement System (CalPERS), SMTAM pursued engagement with three major Japanese manufacturing companies.



Striving to maximize investment returns as a responsible institutional investor.

As a responsible institutional investor, we pursue stewardship activities that are built around our three key pillars of engagement, the exercise of voting rights and measures for addressing ESG challenges. Our aim is to use stewardship activities as a means of helping investee companies improve their corporate value, thereby helping us to maximize medium-to-long-term investment return on the assets of our clients. Underlying all of this is our commitment to uphold our fiduciary duties. Because we believe that appropriate management of conflicts of interest related to stewardship activities helps us better to fulfil our fiduciary duties, we are constantly working to improve our conflict of interest management capabilities.

Maximize investment return



Help improve corporate value

1 Engagement

Engagement activities provide opportunities to seek best practices from companies, and we express our views so as to contribute to the enhancement of corporate value over the medium to long term.

2 Exercise of Voting Rights

The exercise of voting rights provides opportunities to call for a minimum standard of governance. We exercise voting rights appropriately and in accordance with a highly transparent decision-making process.

3 Addressing ESG challenges

As an investor we call for investee companies to tackle ESG issues and generate sustainable growth and added value.



Platform to support **1** **2** **3**

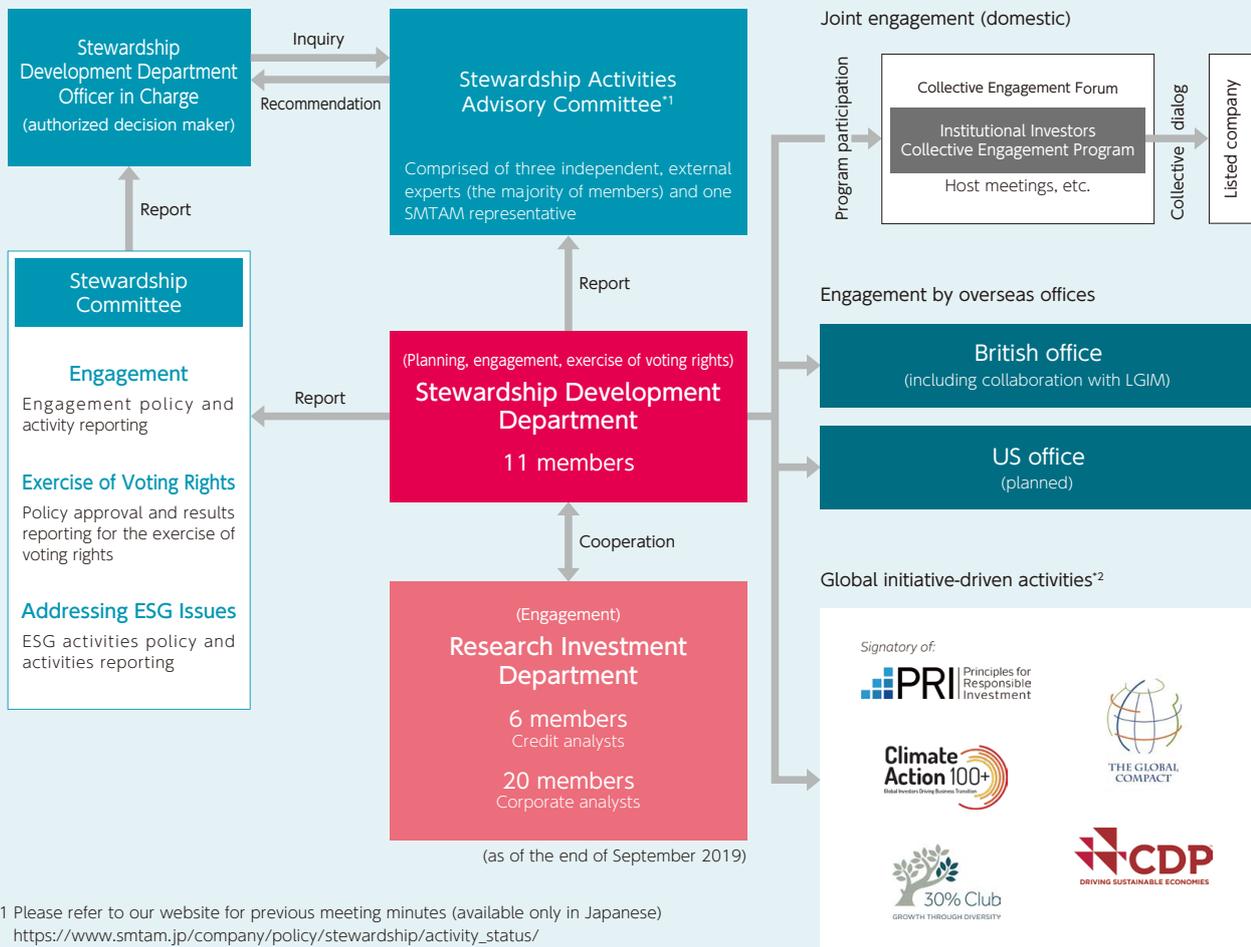
Upholding our fiduciary duties Conflict of interest management

We promote initiatives aimed at providing client-oriented products and services in line with the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group.

Stewardship Activities Promotion Framework

Stewardship activities promotion is principally the responsibility of the Stewardship Development Department, which works in conjunction with highly experienced analysts in the Research Investment Department. Within Japan, we pursue our own independent activities, as well as capitalize on the platform provided by the Institutional Investors Collective Engagement Forum (IICEF) to pursue joint engagement.

Outside Japan, we dispatch representatives from Tokyo to meet with overseas companies, as well as rely on the independent engagement efforts of our London office; additionally, we carry out engagement through global initiatives and undertake collaborative activities with LGIM. All stewardship activities are reviewed and reported on by the Stewardship Committee and by the Stewardship Activities Advisory Committee, the majority of whose members are independent, outside experts.



*1 Please refer to our website for previous meeting minutes (available only in Japanese) https://www.smtam.jp/company/policy/stewardship/activity_status/

*2 See pages 37-38 for a list of activities

British Office Activities

At our London Office, we collaborate with the Tokyo head office to pursue engagement and ESG-related research aimed at companies in Europe. Our engagement efforts include directly meeting with companies in a broad range of sectors, from energy and power production to consumer goods, and we involve ourselves in activities which help address societal challenges and improve corporate value (we had 43 successful engagements between April and September 2019). Additionally, we seek out collaboration with outside groups who conduct specialized, ESG-related research, such as PRI, the UK-based 30% Club and Access to Medicine. We also relay specialized information back to Tokyo from Europe, which is a leading region with regard to ESG.



Sumitomo Mitsui Trust International
Tetsuro Takase

Engagement

1

At SMTAM, we view engagement activities as opportunities to seek best practices from companies, and we communicate our views so as to contribute to the enhancement of corporate value over the medium to long term. Gaining a proper 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 professionals in the Research Investment Department to conduct in-depth engagement from both an ESG and business perspective, utilizing our proprietary MBIS®* non-financial information evaluation tool.

Exercise of Voting Rights

2

At SMTAM, we view the exercise of voting rights as an opportunity to call for a minimum standard of governance and consider it to be one method of governance-related engagement. We emphasize three key points when exercising voting rights: (1) high-quality governance that respects shareholder interests; (2) efficient utilization of shareholders' equity for sustainable growth; and (3) appropriate action in the event an incident occurs that damages corporate value. We disclose our guidelines for the exercise of voting rights based on these criteria, and also actively pursue engagement with companies with respect to the exercise of voting rights.

Addressing ESG Issues

3

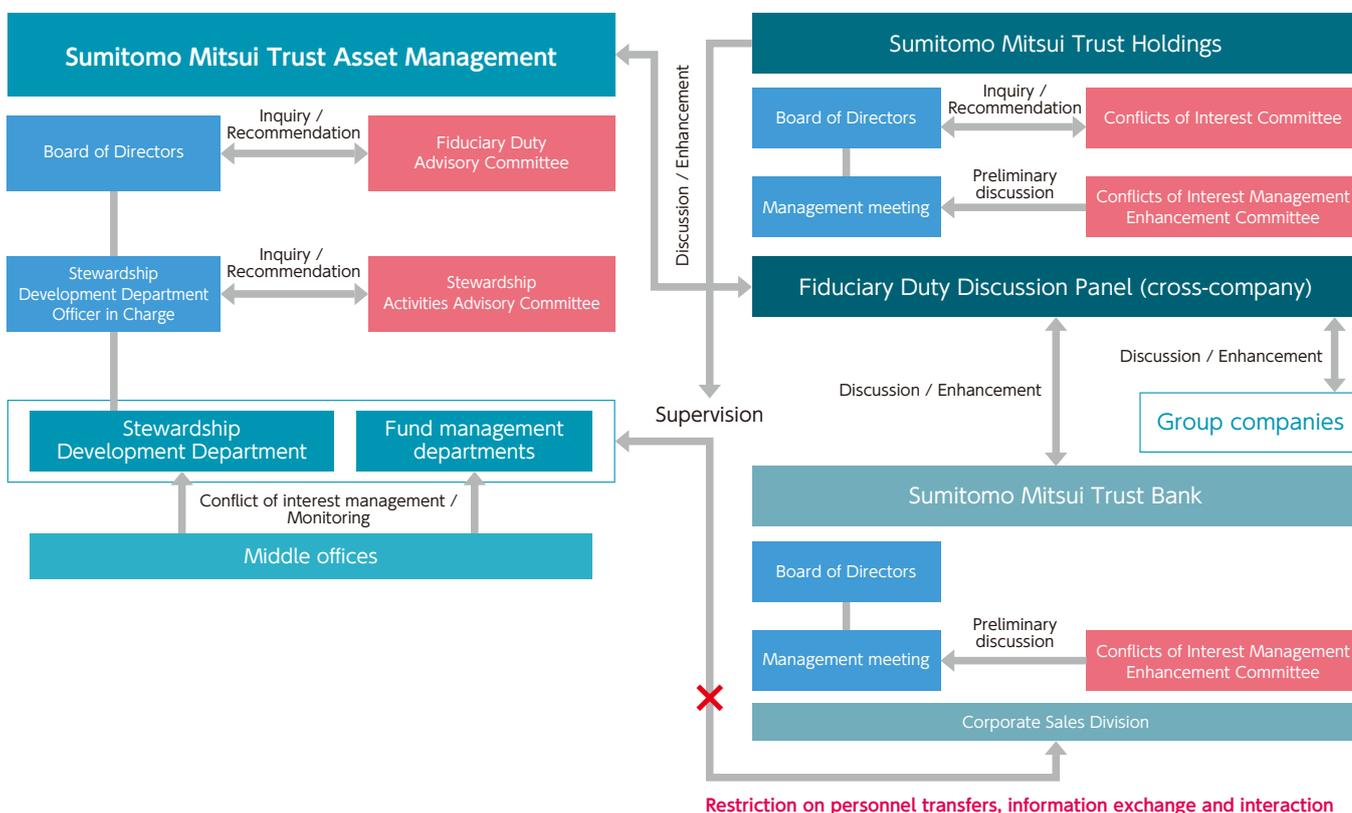
It is important to address ESG issues which can affect investee companies' medium-to-long-term growth. ESG issues reside in non-financial domains and do not manifest themselves in financial reporting, but they may have a considerable impact on corporate value over time. It has long been our practice to actively address ESG issues, and when the Principles for Responsible Investment (PRI) were established in May 2006 in order to prompt institutional investors to factor ESG considerations into their investment decision-making processes, SMTAM was among the original signatories. We have also participated in various international initiatives which originated with the PRI and which led to trailblazing ESG activities being undertaken worldwide. As a signatory to the PRI, we endeavor to pursue upside potential and curb downside risk by incorporating ESG factors into our investment decision-making process and aim to maximize medium- to long-term returns for our clients.

*See page 33

Conflict of Interest Management

The Sumitomo Mitsui Trust Group has established and publicly released its Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group. We promote initiatives aimed at providing client-oriented products and services in line with these policies. As we step up our stewardship activities, we believe that proper management of conflicts of interest relating to these activities will contribute to deeply embedding fiduciary duties into the way we do business; hence, we have put in place a conflict of interest management system.

Conflict of Interest Management System

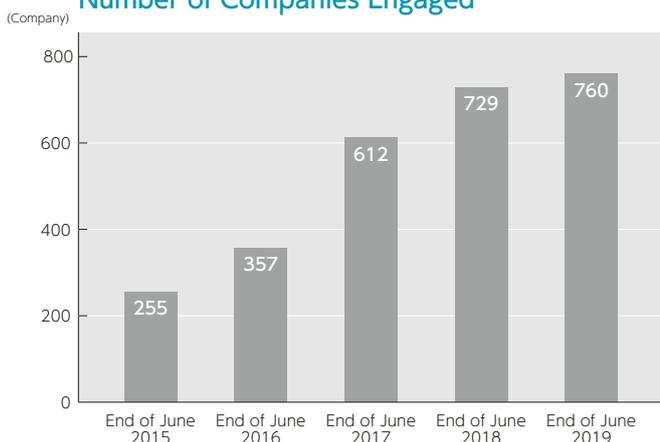


Improving Investee Corporate Value and ROE via Engagement

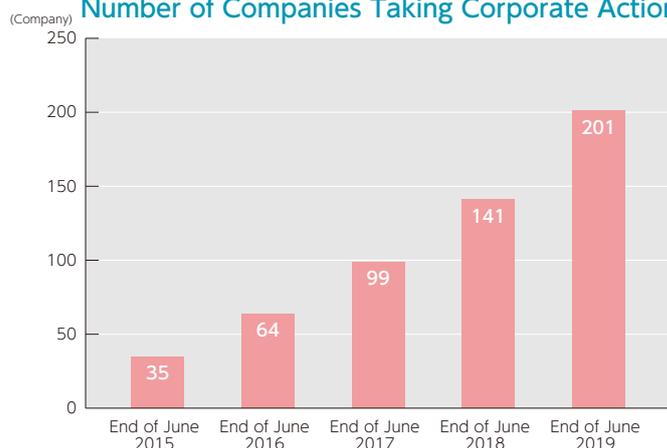
By this point, we have engaged with a broad range of companies representing roughly 90% of the total market capitalization of TSE1. This fiscal year, our challenge is to further expand the scope of companies with which we engage and to qualitatively deepen those engagements. We are working to achieve this in a variety of ways, including applying a top-down approach to engagement on prescribed focus topics and conducting in-depth analyses on companies with which we have ongoing engagement.

Moving forward, we will continue to pursue activities which contribute to better medium-to-long-term corporate value and ROE, thereby improving the overall market and securing excess returns which will help us in maximizing medium-to-long-term investment returns for our clients. We are also focused on making our engagement activities more efficient and effective by identifying the challenges that each of our investee companies faces. Improving the ROE of investee companies requires helping them rethink capital allocation, restructure business portfolios and improve corporate governance; at the same time, it requires helping them focus on challenges which could undermine ROE in the future, such as climate change or labor practices that need to be addressed. At SMTAM, we comprehensively ascertain each and every “E,” “S” and “G” challenge trustee companies face before pursuing engagement activities.

Number of Companies Engaged

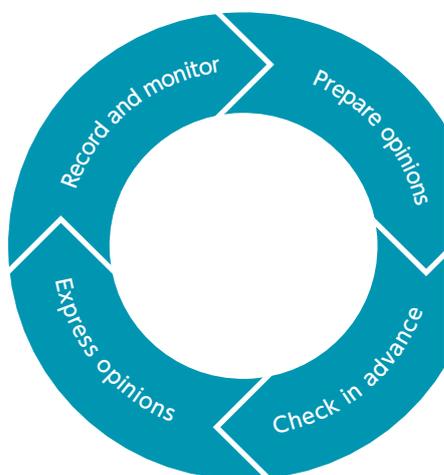


Number of Companies Taking Corporate Action*



Company numbers are cumulative
*Corporate action aligning with opinion expressed by SMTAM

SMTAM Engagement Process



Activities conducted in line with the above process are counted in our total number of engagements (simply being in contact with a company is not counted as an engagement)

Prepare opinions

To achieve effective engagement, our analysts use non-financial information analysis results and the like to help them identify management issues and formulate effective and coherent opinions.

Check in advance

We first submit the opinions formulated by each analysts to an internal review. This both helps improve and standardize opinion quality among the analysts.

Express opinions

Our analysts meet with investee company executives and express their opinions. At each meeting, a written oath stating the analysts will not make any material proposals nor acquire insider information is signed and mutually recognized.

Record and monitor

After the meetings, we record investee companies’ responses to the analysts’ opinions. We monitor the companies for any changes in management and then utilize this information when identifying management issues for the next engagement.

Engagement Example Cases - Domestic

CASE 1

Non-manufacturing Company A

Climate Change

- Greenhouse gas emissions reduction
- Business strategy



Analyst's Perspective

As a logistics company whose business expansion is highly likely to create an increased environmental load, it is essential that environmental targets be included as mid-term planning KPI in order to enhance the sustainability of corporate value improvement. Also, with a growing, quantitative contraction in materials handling taking place over the medium-to-long-term in Japan, limiting the risk this poses to profitability (when Japanese business accounts for a high proportion of business assets and sales) will be a key challenge.

Opinion from SMTAM

The truck-centric transportation sector accounts for a large portion of CO₂ emissions volume by industry. With the company currently in discussion over its medium-term business plan, it seems to us that the required course of action is for it to capitalize on its expertise with various shipping modes (including trains, ships and airplanes) so it can set Scope 3-focused (i.e., emissions volume encompassing manufacturing, shipping, etc.) medium-to-long-term CO₂ reduction targets while also actively expanding sales to customers.

We view the medium-to-long-term contraction in materials handling to be the largest business risk facing the domestic logistics segment, which accounts for 60% of consolidated sales. In our opinion, the company needs to perform a detailed revision of its business portfolio to reduce business in less populated regions and increase it in the three major metropolitan areas.

Company Response

Although there are a variety of different environment-related indicators, medium-to-long-term CO₂ reduction is a priority for which we are committed to investing the necessary costs to achieve. We will look into incorporating it into our next medium-term business plan.

As you have pointed out, we need to perform a revision of our medium-to-long-term business portfolio for the domestic logistics segment. In less populated areas we will undertake a balanced contraction of business tailored to the local characteristics of each area, and, in turn, we will make the three major metropolitan areas of Japan our primary focus. Towards this end, we are discussing making revisions to our corporate group personnel system to allow personnel transfers between areas, and we are considering introducing ROIC targets for each area.

Company Action

With a view towards realizing its long-term vision, the company announced specific CO₂ emissions reduction targets as KPI to be achieved by fiscal year 2023.

In its mid-term business plan released in February 2019, the company announced that it would fundamentally reform its less profitable business by strengthening its Japanese business and revising its business portfolio.

Evaluation by SMTAM

We approve of the company's announcement of specific CO₂ emissions reduction targets. Moving forward, we will monitor the progress being made to reduce CO₂ and to improve the profitability of domestic logistics business.

CASE 2

Manufacturing Company B1
Manufacturing Company B2

Water Resources and Marine Pollution

- Addressing marine plastic pollution
- Business strategy



Analyst's Perspective

Asia is at the center of the marine plastic pollution problem, particularly because of the large volume of PET bottles, straws and other disposable plastics. Ideally, the problem would be handled with the establishment of a recycling system in Asia, but because Asia takes in garbage from developed countries, including Japan, this problem is not just the responsibility of Asia. It is becoming increasingly important that Japanese companies, particularly the chemical companies that produce the plastic and the food companies that utilize it, get involved in addressing this problem.

Opinion from SMTAM

<Chemical Manufacturer B1 (plastic producer)>

Because it is disposable plastics that are the problem when it comes to marine plastic pollution, we predict the impact on business performance would be negligible. On the other hand, we believe that in order to avoid having an environmental stigma also applied to automotive industrial plastics and other plastics we are focusing on (as there is growing business potential), the chemical industry as a whole needs to take action.

<Beverage Manufacturer B2 (plastic user)>

Marine plastic pollution is a problem that gets talked about, but plastic usage remains high, including among beverage manufacturers that use it to manufacture PET bottles. Although a growing number of companies are switching from plastic to paper straws, are similar alternatives being explored for PET bottles? Also, similar to the situation in the logistics field, is collaboration with competitors needed in order to catalyze action to address this problem?

Company Response

We feel that the impact on business performance accompanying a reduction in the usage of disposable plastics would be negligible. As for measures to address the risk of an unfounded souring of public opinion with regard to industrial plastics, the chemical industry as a whole, through the industry groups which represent it, is committed to combating marine plastic pollution. Furthermore, we recognize that the lack of established recycling systems in Asia presents a fundamental challenge to any effort to address the marine pollution problem.

·Although complete elimination of PET bottles is an unrealistic goal, the question is how much reduction is achievable? We are aware of biodegradable plastic technology, but applying this technology will require an industry-wide effort.
·First, the recycling rate needs to be brought as close to 100% as possible. A new office has been established to study the feasibility of switching to paper containers. Also, similar to the situation in the logistics field, we think of containers as an area of non-competition for manufacturers. The industry as a whole needs to review and revise the supply chain.

Company Action

The "Japan Initiative for Marine Environment" has been established by five organizations representing the chemical industry. In order to address the marine plastic problem, the company adopted an approach involving (1) organizing and disseminating information, (2) responding to trends within Japan, (3) engaging with Asia, and (4) accumulating scientific findings.

Evaluation by SMTAM

We will monitor bioplastic and recycling technology development trends as well as the status of chemical industry group-led initiatives to address the marine plastic problem. Additionally, we will continue to pursue dialog with beverage manufacturers and other plastic users to encourage them to address the marine plastic problem.

CASE 3

Manufacturing Company C

Promotion of ESG Information Disclosure

- Social issues
- Capital productivity



Analyst's Perspective

With drug-resistant bacteria-related problems such as nosocomial infection becoming more severe worldwide, major antibiotics manufacturers have an opportunity to contribute to society by actively addressing these problems rather than treating them as social responsibility-related risks to avoid. Also, another issue is the reduction of cross-shareholdings, primarily those with wholesalers, which are a legacy of past business practices implemented as part of efforts to increase capital efficiency.

Opinion from SMTAM

Drug-resistant bacteria are becoming a serious problem worldwide within the field of infectious agents which the company puts extra focus on. Given how little awareness there is in Japan about this growing danger, we feel a more proactive and visible stance in addressing this problem is needed.

Regarding cross-shareholdings with client pharmaceutical wholesalers, it is our opinion that, from the standpoint of capital efficiency, these need to be reduced further.

Company Response

Addressing the problem of drug-resistant bacteria is our mission. And we are committed to actively communicating our intentions and specific initiatives for addressing it as a company.

Regarding our cross-shareholdings policy, a rapid and substantial sell-off is made difficult by the impact that the gains from such a sell-off would have on our profit and loss statement; nevertheless, we intend to continue reducing our cross-shareholdings with wholesalers.

Company Action

In May 2019, the company issued a public commitment and plan of action for addressing the problem of drug-resistant bacteria. It declared that, at a time when numerous other pharmaceutical companies were diverting resources away from research and development in the field of infectious disease, the company was looking to the future by taking on a leading role in the development of antibacterial agents and the promotion of their correct usage and distribution.

The annual securities report released by the company in June 2019 for the financial year ending March 2019 confirmed that the company reduced its cross-shareholdings by 20% compared with the end of the previous financial year.

Evaluation by SMTAM

We approve of the company's public commitment and plan of action for addressing the problem of drug-resistant bacteria, which has been backed up by its proactive and visible stance. We also approve of the reduction in cross-shareholdings which has been undertaken by the company but will continue to engage in dialog with it to encourage even further reductions.

CASE 4

Manufacturing Company D

Business strategy

- Business restructuring
- Governance



Analyst's Perspective

The company possesses significant product development strength and has several distinctive products which its competitors cannot match. On the other hand, the disconnect between the company's significant product development strength and its ability to generate revenue is a notable problem. It appears that there is room for improvement in those organizational operations and other systemic elements that are causing the company as a whole to perform at a sub-optimal level.

Opinion from SMTAM

North American automotive business 'A' has been in the red since fiscal year 2016. The growth potential of business 'A' is poor in comparison to other businesses, and it is seen as being lower in importance amongst business overall; thus, we recommend considering selling business 'A' and redirecting its management resources towards a business with high growth potential.

Business 'B' has expanding deficits which are negatively impacting the company's financial results. Despite the fact that this problem has become more and more manifest since the financial period ending March 2017, the company seems to have been slow to take any action. On top of this, low price orders for the financial period ending March 2018 have further exacerbated the business 'B' deficit. We feel that the head office needs to be guiding revenue management rather than leaving the responsibility to each individual company.

Company Response

Although we are not particularly opposed to letting go of business 'A,' even if we did decide to sell it, we would first need a rejuvenation in its business results. Given the current trend towards lightening within the automotive industry, we want to keep hold of the technology of business 'A' in order to continue using it in the future.

As you pointed out, we have allowed our individual companies too much discretion. We plan to establish a sales management headquarters within the head office that will revamp pricing strategies for the company as a whole.

Company Action

In December 2018, the company announced it was pulling out of business 'A.' In March 2019, business 'A' in North America was transferred to another company, while a target of September 2020 was set for the conclusion of business 'A' in Japan.

In April 2019, the company announced that it would shift from a four-company structure to a two-division organizational structure in order to strengthen its strategic capacity and governance through greater intra-business synergy and cross-functional capability.

Evaluation by SMTAM

We greatly approve of the company's decision to withdraw from an unprofitable business and put in place more robust revenue management structures and systems. We will continue to engage the company in dialog about using its shift to a two-division organizational structure to steadily reduce the deficits incurred by business 'B.'

Engagement Example Cases - Global

At SMTAM, our emphasis on ESG engagement activities extends worldwide. We focus on (1) engagement activities that are based on action principles or guidelines, such as the PRI, (2) activities aimed at addressing misconduct and other problems in accordance with international norms, and (3) independent activities aimed at promoting greater efficiency in corporate management and the establishment of outstanding corporate governance. For example, our (1) engagement activities that are based on action principles or guidelines, like the PRI, include active efforts to help companies with ESG issues limit their risk, such as by serving as the lead manager handling PRI working group promotion.

CASE 5

Glencore Switzerland Resource Mining Company (CA100+ target company)

Climate Change

•Greenhouse gas emissions reduction



Engagement Specialist's Perspective

Among mining and resource extraction companies, those whose business involves coal mining have financial exposure which requires mitigation. Scenario-based business planning, such as for future capital rationing or stranded asset risk avoidance, needs to be disclosed.

Opinion from SMTAM

Globally speaking, this company is seen as having a major impact on greenhouse gas emissions and is a target company of the CA100+ initiative. It is our view that (1) disclosure and implementation of plans to reduce greenhouse gas emissions to the levels set under the Paris Agreement; (2) disclosure of information in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures); and (3) creation of climate-change related governance systems and structures are needed.

Company Response

As you have pointed out, we have significant exposure to the coal industry and are aware of the risks presented by a transition to a low-carbon society, particularly the potential stranding of coal assets. Our intention is to put greater emphasis on high-quality coal, whereby we can increase our profitability without increasing our production volume, while at the same time reducing our contribution to global warming.

Company Action

In February 2019, the company announced limits on the size of its coal production.

Evaluation by SMTAM

We approve of the company's expressed intentions to optimize its coal business and assets. We will continue to engage the company in dialog about measures it can take to help mitigate climate change.

CASE 6

Copart USA Low-quality used vehicle online auction company (Thirty Percent Coalition target company)

Backing Corporate Governance Reform

•Diversity



Engagement Specialist's Perspective

As the company works to expand its business operations, having a diverse Board of Directors will help ensure the effectiveness of business management decisions and requires hiring a broad range of human resources.

Opinion from SMTAM

Of the S&P 500 Index companies, Copart is the only company without any female directors on its Board of Directors. We believe that hiring more women and increasing diversity in general will contribute to better management efficiency and more effective personnel hiring and business decision-making. We recommend making concerted efforts to expand diversity.

Company Response

Our personnel hiring is handled primarily on the basis of merit. Although we cannot provide a specific time-frame, we are aware of this issue and will announce our diversity enhancement plans at an appropriate point in the future.

Company Action

In July 2019, the company appointed a woman to the position of Outside Director.

Evaluation by SMTAM

While this issue is not one which can be evaluated with a one-size-fits-all approach, Copart's response addresses it only at a bare minimum and does not meet the ideal level of at least 30% female representation among directors. We will continue to engage Copart in dialog about expanding its hiring of female personnel and improving the diversity of its Board of Directors.

CASE 7

Elbit Systems Israel Military and defense-related company

Promotion of ESG Information Disclosure

·Information disclosure related to concerns about cluster bomb manufacturing



Engagement Specialist's Perspective

Because of the exposure to humanitarian concern-related reputational risks that cluster bomb manufacturing presents, it would be preferable that the company withdraw from this line of business.

Opinion from SMTAM

Cluster bombs are classified as inhumane weapons under the Oslo Convention and other international conventions, and their manufacture and use is prohibited. We are concerned that the purchase of national defense companies risks exposing Elbit Systems to cluster bomb-related business. We feel that the corporate reputational risks are too great to justify any involvement in cluster bomb manufacturing. At the very least, Elbit Systems needs to clarify and disclose its risk and future plan of action with regard to this line of business.

Company Response

With regard to having no involvement in cluster bomb-related business or any business which conflicts with international conventions, we intend to make a clear and open announcement of our policies moving forward.

Company Action

In January 2019, Elbit Systems announced a policy of having no exposure to this line of business.

Evaluation by SMTAM

We approve of Elbit Systems' prompt approval and disclosure of this policy. We have removed it from our ESG screening list of investment exclusion stocks.

CASE 8

BAYER Germany Agrochemical and Pharmaceutical Company

Social Issues

·Handling of lawsuit risks

Engagement Specialist's Perspective

Bayer needs to implement measures to mitigate the risks of and effects from potential lawsuits related to the agrochemical products of a purchased company.

Opinion from SMTAM

Following its purchase of an agrochemical business that was announced in 2015 and concluded in 2018, lawsuits over the issue of weedkiller carcinogenicity were launched against Bayer. Because of this, we think it is essential that Bayer disclose relevant information to investors, such as the maximum anticipated compensation, in order to dispel any lingering uncertainty.

Company Response

At the time that we made our purchase, we determined that we would be able to adequately manage the risk of lawsuits, and we do not believe that the lawsuits are indicative of management problems. Because this matter is still being dealt with in court, it would be inappropriate to disclose monetary amounts at this time.

Company Action

In August 2019, Bayer held an investors' meeting to try and dispel any lingering uncertainty, and among the information provided was that pertaining to Bayer's settlement with the weedkiller-related victims.

Evaluation by SMTAM

Given how rigidly Bayer responded to investors previously, this clarification of the company's handling with regard to areas of lingering uncertainty, including lawsuit settlements, is a step in the right direction and shows that it is listening to shareholders' concerns. We will continue to encourage Bayer to take action to dispel investors' concerns about the company, including the status of the ongoing legal situation.

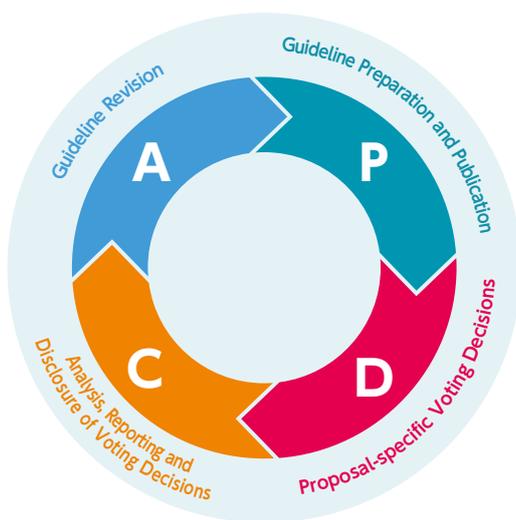
Ensuring Heightened Transparency in the Exercise of Voting Rights

Applying the results of engagement activities to help us avoid the pitfalls of formalism

As a responsible institutional investor, we consider the exercise of voting rights to be an important part of our stewardship activities. To maximize the medium- to long-term investment returns of clients and beneficiaries, we vote appropriately from the perspective of enhancing corporate value and boosting the interests of shareholders after considering the circumstances of investee companies and the details of our engagements with them. We have also established our own Guidelines for the exercise of voting rights (hereafter, "Guidelines") and released the details of these Guidelines for domestic shares in February 2017 and for foreign shares in May 2017. Particularly for domestic shares, we are increasing the transparency of our voting decisions by disclosing voting records on all proposals for each company every quarter.

PDCA Cycle in the Exercise of Voting Rights

We have established a Stewardship Activities Advisory Committee comprised mostly of independent, outside experts in order to ensure we exercise our voting rights appropriately. We conduct appropriate monitoring according to clear criteria that are derived from Guidelines which have undergone an inquiry and recommendation process carried out by the Advisory Committee. The Advisory Committee plays an important role in the following PDCA cycle.



P **Guideline Preparation and Publication**
 Following deliberation by the Stewardship Committee and inquiries and recommendations made by the Advisory Committee, the Guidelines to be used as criteria for the exercise of voting rights are prepared/ revised and approved by the officer in charge of the Stewardship Development Department.

D **Proposal-specific Voting Decisions**
 When there is a proposal which the Guidelines permit us to vote on, the Stewardship Development Department creates a proposal for the exercise of voting rights. The proposal is approved following a review by the General Manager of the Stewardship Development Department, who checks that it conforms to the Guidelines. If the General Manager determines that the proposal diverges from the Guidelines or is not covered by the Guidelines, the issue will be put to the Stewardship Committee to discuss and then to the Advisory Committee to verify the appropriateness of the decision-making process. The officer in charge of the Stewardship Development Department will then approve the finalized proposal for the exercise of voting rights, making sure to incorporate the recommendations of the Advisory Committee as much as possible.

C **Analysis, Reporting and Disclosure of Voting Decisions**
 Following the exercise of voting rights, the results are analyzed and reported to the Stewardship Committee and Advisory Committee. Also, the results of all of our voting decisions are made public. When we make our results public, we flag those which pertain to our clients so that the results of our voting with respect to our clients can be externally reviewed.

A **Guideline Revision**
 As-needed revisions are made to the Guidelines based not only on voting results analysis but, among other things, reviews of the Stewardship Code and Corporate Governance Code for changes indicative of societal changes; engagement with investee companies; and receipts of Advisory Committee feedback. The revised Guidelines are then made public.

In order to make the above process more transparent, we make our Guidelines public, release the content (summaries) of Advisory Committee deliberations and disclose the results of our exercise of voting rights for each proposal voted on (as well as whether there are any business relations with Sumitomo Mitsui Trust Group and, in the case of voting against a proposal, what our reasons are).

Guideline Revisions for the Current Fiscal Year

We implemented Guideline revisions in January 2019 (published December 2018) in keeping with the PDCA cycle described at left. The main points of revision are shown below.

Main Points of Revision

Appointment of Directors and Auditors

Criteria	Before	After	Our View
Ratio of external directors at companies with nominating committees, audit committees, etc.	(new)	Opposed to appointment of all directors if independent, external directors do not make up one-third or more of all directors. However, it is acceptable to vote in favor (interim) if it is determined that there is no hindrance to medium-to-long-term improvement in corporate value in terms of performance (ROE) benchmarks.	A higher level of governance is expected from companies with committees. Any vote in favor when this criteria is not met should only be made for interim measures which reflect a currently limited pool of available external director candidates. In the future, all listed companies should have independent, external directors in at least one-third of all director positions.
Independence of external directors	Opposed to selection of candidates who do not meet independently established, detailed criteria for independence.	Determination of whether to vote for or against is based on whether notification of corporate officer independence has been filed with the stock exchange and whether this notification can be shared with investors and companies.	The appointment of external directors should be promoted via submission of notification of corporate officer independence and the sharing of criteria/standards among investors and companies.

Retirement benefits

Criteria	Before	After	Our View
Payment of retirement benefits	Opposed in cases where payment of the person in question would be inappropriate or when earnings and share price are stagnant.	Against in principle	Payment of retirement benefits is strongly based on the seniority system and is not consistent with a robust corporate mindset of sustained commitment to medium-to-long-term improvement of corporate value and maximizing shareholder interests.

Engagement-focused Exercise of Voting Rights

Although we take great care when creating and publishing our detailed Guidelines, we do not view them as simply cookie-cutter standards to be robotically applied; we also take into consideration such factors as the investee company's current condition and the content of our engagement with them. Our decision on how to exercise our voting rights is then made based on a comprehensive assessment of whether or not it will contribute to improvement in the investee company's corporate value. Below are examples of instances where the results of our engagement efforts led us to vote differently from what the principle criteria of the Guidelines would have dictated.

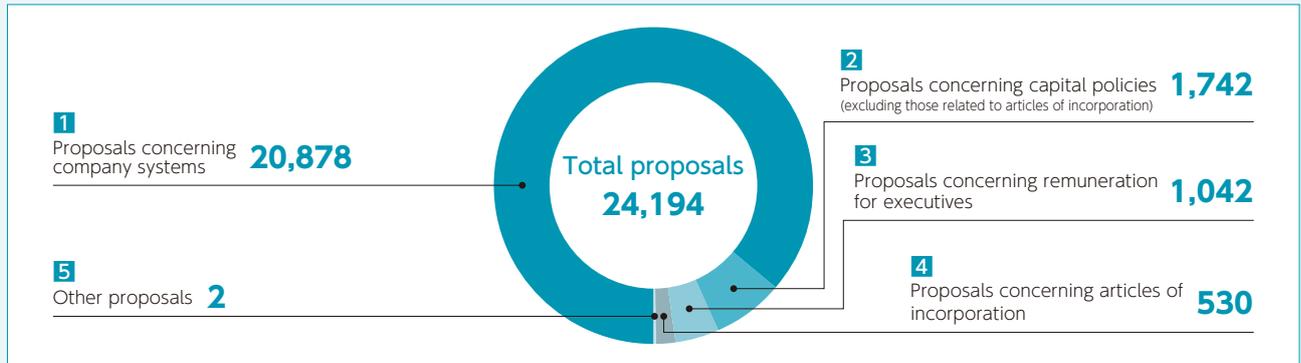
Case

Increasing the Size of the Board of Directors

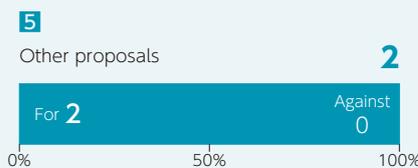
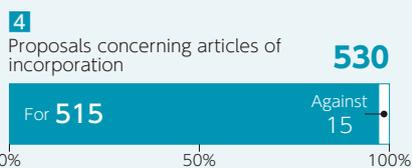
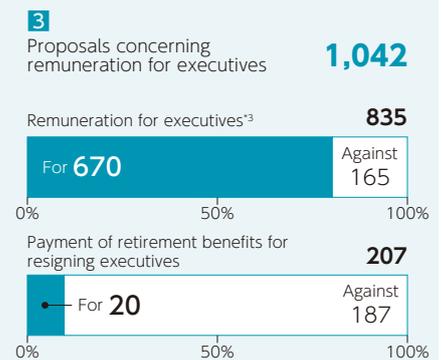
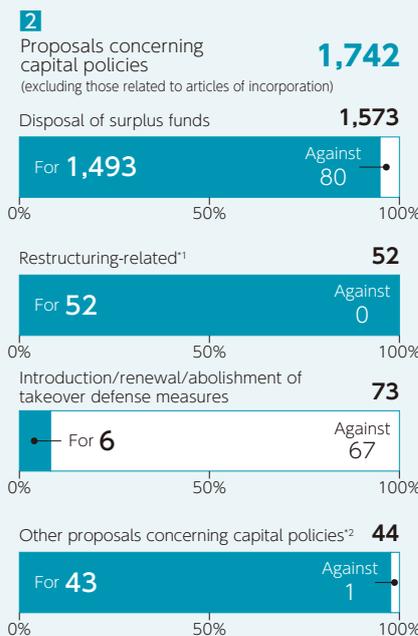
Investee Company A put forth a proposal to significantly increase the size of the Board of Directors (from five directors to nine, of which the number of internal directors would increase from three to seven). This was in conflict with the criteria for increasing Board of Director size stipulated in the Guidelines, and, going solely by this, SMTAM should have voted in opposition to the appointment of all directors. However, as a result of our engagement, we knew that the company was aware that having only three internal directors was too few, and, given the fact that four of the executive officers which it had appointed two years earlier were now sufficiently experienced to take on the role of director, we recognized that the approval of these candidates would help rejuvenate the company, injecting it with new ideas and approaches that would stimulate debate and discussion on the Board. Also, the Board's composition at the time was skewed towards directors who all originated from the same business division; this proposal would create a better balance by having directors from five different divisions. And since we did not feel that the size of the Board after expansion would be too large relative to such factors as the scale of the company's business, we allowed all of these special considerations to justify a vote in favor of the proposal.

Record of exercising voting rights for Japan-listed companies

Company Proposals July 2018 - June 2019	Voting Record (all company proposals)			
	For	Against	Abstention	Opposition %
	19,501	4,693	0	19.4%



Breakdown of voting record on company proposals



*1 This includes mergers, business transfers and acquisitions, share swaps, share transfers, and corporate splits.
 *2 This includes treasury stock acquisitions, decrease in statutory reserves, new share allocations to third parties, decrease in capital, reverse stock splits, and issuance of classified shares.
 *3 This includes amendments to remuneration for executives, issuance of stock options, introduction/alteration of performance-linked remuneration systems, and executive bonuses.

Shareholder proposals	For	Against	Abstention	Opposition %
	10	140	0	93.3%

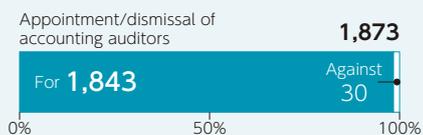
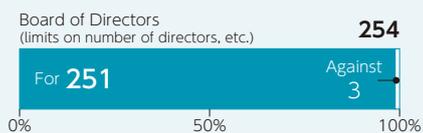
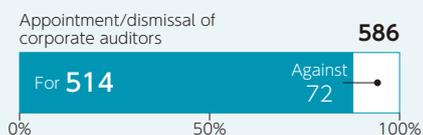
Record of exercising voting rights for foreign-listed companies

Company Proposals July 2018 - June 2019	Voting Record (all company proposals)			
	For	Against	Abstention	Opposition %
	29,943	3,727	0	11.1%

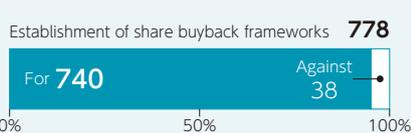


Breakdown of voting record on company proposals

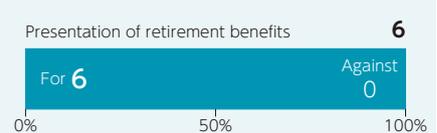
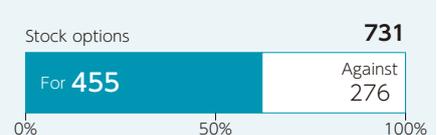
1 Proposals concerning company systems **17,661**



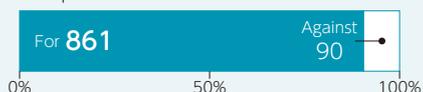
2 Proposals concerning capital policies (excluding those related to articles of incorporation) **5,304**



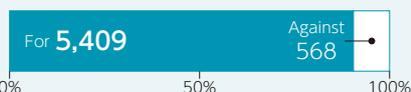
3 Proposals concerning remuneration for executives **3,777**



4 Proposals concerning articles of incorporation **951**



5 Other proposals **5,977**



Shareholder proposals	For	Against	Abstention	Opposition %
	720	350	0	32.7%

ESG Activity Focus Topics

In 2019 - 2020, our ESG activities will continue to revolve around the four key topics of (1) climate change, (2) water resources and marine pollution, (3) backing governance reforms, and (4) promoting ESG information disclosure. We intend to share our awareness of these ESG issues with companies and step up our efforts that contribute to their improvement by encouraging companies to draw up and disclose timeline-based measures.



Climate Change

Overview

Under the Paris Agreement that came into force in November 2016, signatory nations globally agreed to “hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels,” in order to ensure sustainability. Furthermore, the Intergovernmental Panel on Climate Change (IPCC) published its Special Report on Global Warming of 1.5°C in October 2018, which calls for the reduction of greenhouse gas emissions to net zero as soon as possible. The use of fossil fuels must be significantly phased out if these goals of bringing global warming under control are to be met. At SMTAM, we realize that businesses that consume a lot of energy, especially coal, run the risk of ending up with stranded assets in the future; at the same time, we view companies with technology which contributes to greenhouse gas reduction, or companies making related investments, as promising investment opportunities. In this way we properly assess the risks and opportunities related to climate change and, through our engagements, work to contribute toward the smooth transition to a society with low or net-zero carbon emissions.

Specific Activities

- Pursuit of engagement activities through the framework of the CA100+ initiative.
- Pursuit of engagement activities in collaboration with LGIM.
- Continued engagement with major greenhouse gas-emitting companies both in Japan and overseas.

[Relevant SDGs]



Water Resources and Marine Pollution

Overview

In addition to the stable securement of water resources, water risks refer to the various water-related problems that affect corporations, such as contamination of water quality, marine plastic pollution, and even the flooding of riverways. OECD anticipates global water demand will increase 55% by 2050 if the use of water continues at its current pace. As such, the lack of global water resources and the problem of water resources management are garnering much interest as vitally important environmental issues for society as a whole. At SMTAM, we call on companies to disclose an integrated code of conduct for water resources management. The problem of marine plastic pollution stems from the improper disposal of plastic products which end up in the world's oceans and remain there for extended periods, polluting the water and seriously harming marine life and ecosystems. Not only do fishery industries bear the brunt of marine plastic pollution, the companies that manufacture and use plastics are also exposed to reputational risk and even their business operations can be negatively affected. At SMTAM, we continue to call for measures to be taken throughout the entire supply chain to address this problem.

Specific Activities

- Continued call for policies aimed at addressing marine plastic pollution.
- Explanation of the need for greater awareness of water resource risks and for publicly disclosing a water resource management code of conduct, along with encouragement for action in line with the code of conduct.

[Relevant SDGs]





Backing Corporate Governance Reforms

Overview

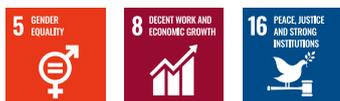
Society and companies need to work to bolster their competitiveness by recruiting and harnessing talented personnel, regardless of their race or gender. At SMTAM, we call on investee companies to put in place systems and structures capable of adapting to global business expansion and changes in the business environment. We also actively engage in activities aimed at encouraging investee companies to guarantee the independence of their Board of Directors, to make effective use of human capital, and to respect diversity. Especially with respect to the hiring of female personnel, we are a signatory to the 30% Club and Thirty Percent Coalition initiatives in the UK and US, respectively, and have made active use of the knowledge and expertise that these provide. Also, in May of 2019, we participated in the establishment of 30% Club Japan and have since been involved in the full-scale implementation of its activities within Japan.

Another important issue is that of group governance. For listed companies with a controlling shareholder or equivalent major shareholder (i.e., listed subsidiaries), we feel there is a risk of structural conflict of interest between the controlling shareholder and general shareholders. We therefore encourage information disclosure accompanied by action to avoid such conflicts of interest.

Specific Activities

- Support for higher levels of independence on company boards and the promotion of diversity, such as higher ratios of female directors.
- Pursuit of engagement activities in collaboration with LGIM.
- Promotion of efforts to disclose information and prevent conflicts of interest with regard to the issues of publicly listed parent/subsidiary pairs and cross-shareholding.
- Promotion of sustainable improvements in "earnings power" and appropriate capital allocation (balance between growth investments and surplus cash returns).

[Relevant SDGs]



Promotion of ESG Information Disclosure

Overview

ESG information is becoming increasingly important as information by which long-term investors evaluate corporate value. Investors do not evaluate ESG as separate, external factors; rather, they look at how ESG factors are incorporated into the medium-to-long-term corporate value creation process, and how they affect corporate business model sustainability and strategy feasibility.

At SMTAM, we explain the importance of disclosing this ESG-related information to investors - in clear and easily understood language - via integrated reports, securities reports, corporate governance reports, websites and other resources, and we actively encourage investee companies to do so.

Specific Activities

- Encouragement of companies to disclose information regarding the attainment of the SDGs (i.e., their contributions to solving ESG issues and how those, in turn, contribute to earnings).
- Promotion of identification of materiality and disclosure via integrated reports as information for investors (engagement activities through IICEF).
- As an asset management corporate supporter of the TCFD (see the next page for more information), promotion of effective corporate information disclosure as well as initiatives aimed at appropriately linking this information disclosure with investment decision-making.

[Relevant SDGs]



Support for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Disclosure of Information

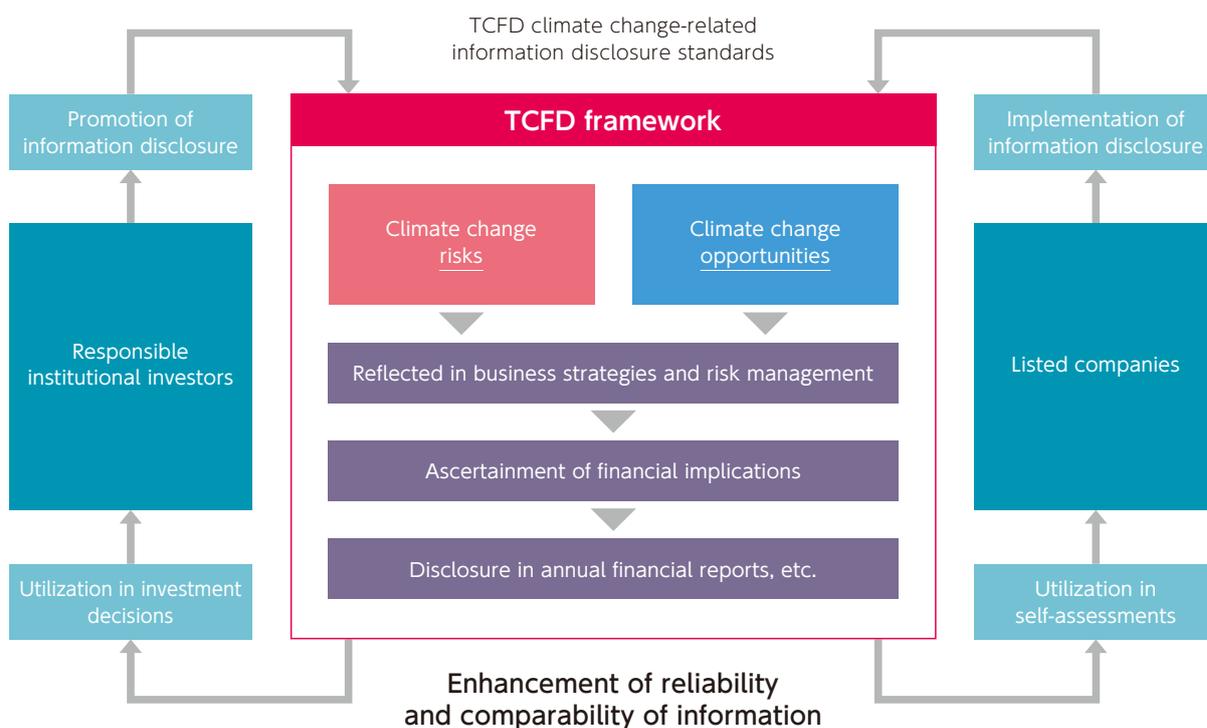
Status of Examination of TCFD-based Information Disclosure

In February of 2019, SMTAM endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Here, we will explain the direction that SMTAM is taking with regard to climate-related information disclosure in line with the recommendations announced by the TCFD.

Established by the Financial Stability Board (FSB), the TCFD has issued recommendations aimed at reducing the risk of financial market instability by having companies analyze their medium-to-long-term business risks and opportunities stemming from climate change and then provide financial disclosures reflecting this analysis.

Financial institutions need to play a leading role in finding and implementing solutions to environmental and societal sustainability-related challenges. As a member of the Sumitomo Mitsui Trust Group, which declares itself to be the number one financial institution in Japan for ESG management, one of our core principles is to use asset management as a means of contributing to the sustainability of society while improving corporate value. Our endorsement of the TCFD's recommendations represents a clear reiteration of this principle. By using our engagement with investee companies to advocate for disclosure of climate change information as well as to encourage concrete action to address the problem of climate change, we are helping improve the sustainability of investee companies and, by extension, the market as a whole.

The recommendations announced by the TCFD call for companies and other organizations to disclose climate change-related information in the four core areas of (1) governance, (2) strategy, (3) risk management and (4) metrics and targets. We are currently examining each of these areas and plan on disclosing the relevant information during the 2020 fiscal year. Below is a partial overview of the current TCFD disclosure-focused climate change-related risk management that we conduct for our portfolio.



TCFD Disclosure-focused Climate Change-related Risk Management for the SMTAM Portfolio (Overview)

Risk Analysis and Assessment

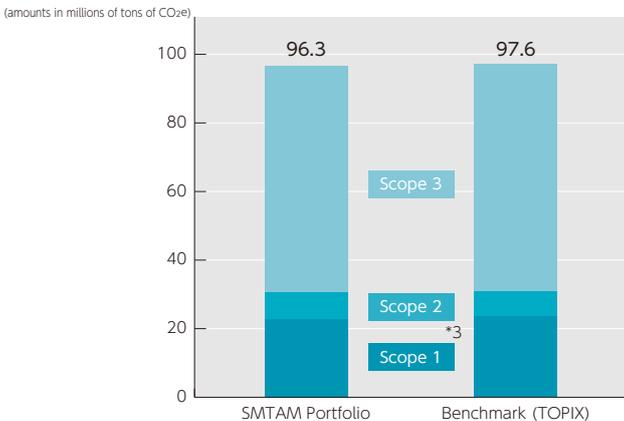
At SMTAM, our policy is to assess the climate change risk of our portfolio for each asset class and, by extension, assess our asset management as a whole. Our assessment method involves using (1) fixed point analysis based on the disclosed share listing names held in our portfolio, along with their performance figures, and (2) transition pathway analysis based on future climate change-related scenarios. The results of this assessment will be put to use in our engagement activities and other endeavors. As an example, the following is a summarized disclosure of analysis results related to domestic shares managed by SMTAM. The analysis was carried out using the data and analysis methods of an outside organization^{*1}.

(1) Fixed Point Analysis (for entire domestic share portfolio; data is current as of the end of June 2019)

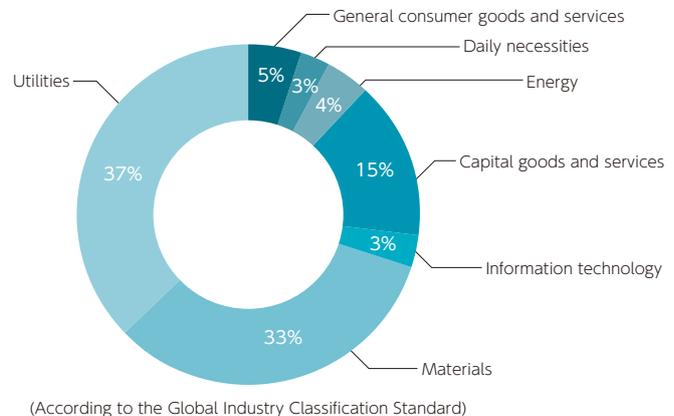
This is an attempt to ascertain the status of Greenhouse Gas Emission Exposure and other conditions at a fixed point in time, based on investee company disclosure data and other information. Total greenhouse gas emissions for all investee companies represented by domestic shares managed by SMTAM is 96.3 million tCO₂e², which is slightly below the total emissions for an equivalently sized portfolio with the same share listing names and composition ratio as our main benchmark (TOPIX). Both portfolios have similar trend lines when scope and industry-specific emissions are compared.

Looking at industry-specific emissions shows that utilities and materials account for 70% of total emissions. Notably, even when we look at portfolio emissions per unit of sales, we see that these two industries still contribute nearly 60% of total emissions.

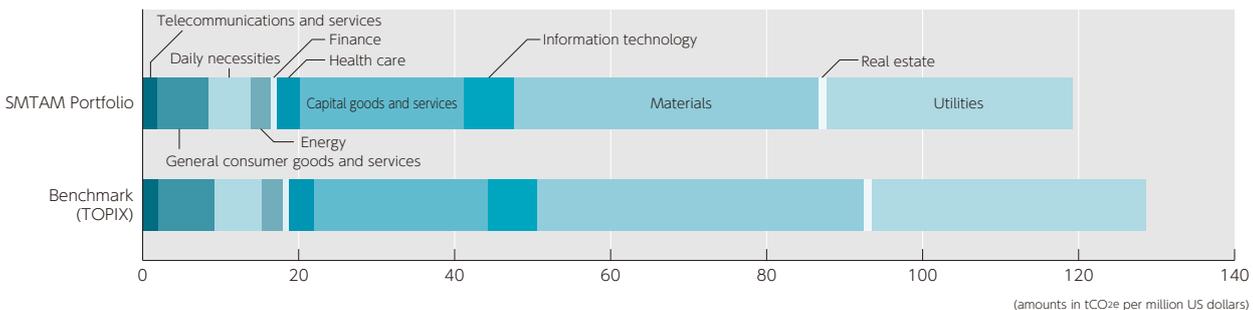
Comparison of Annual Greenhouse Gas Emissions



Industry-specific Breakdown of Greenhouse Gas Emissions for the SMTAM Portfolio



Comparison of Greenhouse Gas Emissions per Unit of Sales^{*4}



*1 Institutional Shareholder Services Inc.

*2 ton of CO₂ equivalent

*3 Scope 1: Direct emissions (direct emissions produced by the company's factories, offices, vehicles, etc.)

Scope 2: Indirect emissions (energy source-related emissions for which the company is indirectly responsible, such as those stemming from the company's power consumption)

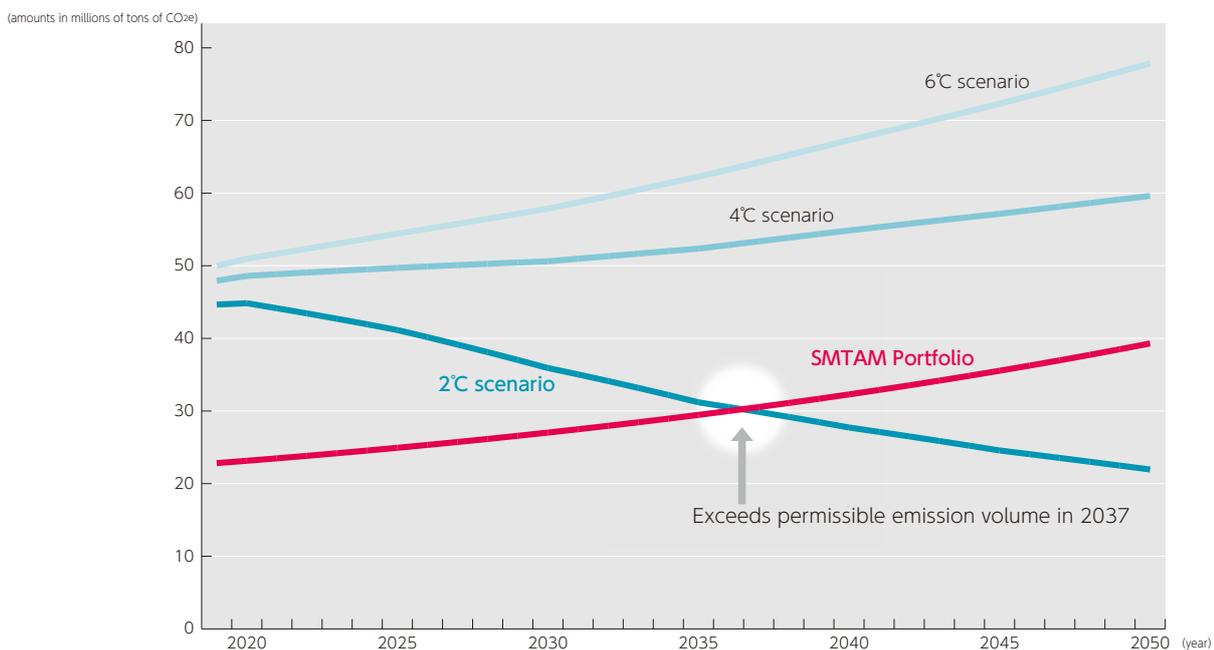
Scope 3: Other indirect emissions (emissions from the entire supply chain, i.e., not only the company's emissions but also emissions related to company activities upstream and downstream)

*4 Scope 1 + Scope 2

(2) Transition Pathway Analysis

Transition pathway analysis assesses how the portfolio's climate change risk will change in the face of different scenarios for future climate change. The projected greenhouse gas emissions of the portfolio are compared with the projected carbon budgets calculated according to different climate change scenarios, and this produces an assessment of the portfolio's resilience relative to the different scenarios over time. The portfolio was specifically compared against the 2°C scenario⁵ of the Paris Agreement, as well as a 4°C scenario and 6°C scenario. Assuming the current level of the portfolio is maintained, its emissions would remain within acceptable levels for the 2°C scenario until 2037, after which time it is highly likely to exceed them.

Estimated Future Greenhouse Gas Emissions of the Portfolio in Comparison with Various Climate Change Scenarios⁶



Assessment Results and Direction of Future Response

Based on the fixed point analysis and transition pathway analysis, our current portfolio of domestic shares as a whole is not at any major risk relative to the benchmark; however, we recognize that a problem is likely to emerge in the future if the current pace of emissions is maintained, as they will eventually exceed the level permitted under the 2°C scenario.

We are therefore actively pursuing the following initiatives aimed at reducing greenhouse gas emissions. With regard to the TCFD's climate change-related requirements for governance, strategy, etc., we are currently investigating options for how best to achieve them.

- Evaluate the status of investee companies' initiatives aimed at promoting efforts which contribute to the transition to a low or net-zero carbon emissions society, such as greenhouse gas reduction, renewable energy use, energy-saving measures adoption and fossil fuel alternatives-based product development. And use active engagement to promote information disclosure and action with regard to the problem of climate change.
- Utilize collaborative engagement activities (IICEF, CA100+, PRI, etc.) with other institutional investors to encourage investee companies to disclose climate change-related information and take action.
- Work with the TCFD consortium and other relevant government authorities and organizations to recommend adoption of climate change-related information disclosure by stock exchanges and other financial institutions both within Japan and overseas.

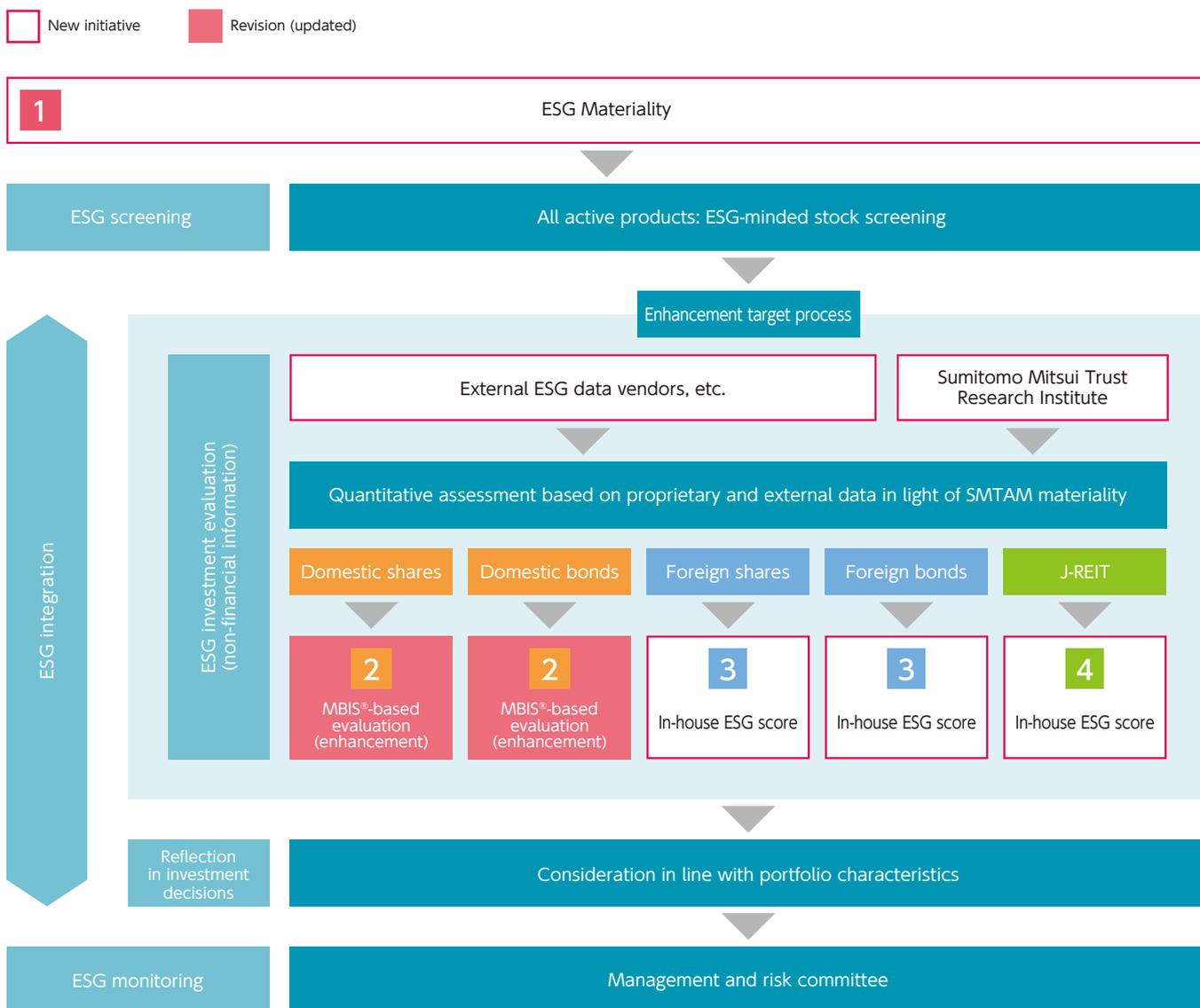
⁵ A multinational, international convention (agreement) on climate change reduction adopted at the 21st Conference of the Parties of the UNFCCC in Paris on December 12, 2015. The long-term goal of the Agreement is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to limit the temperature increase to 1.5°C above pre-industrial levels.

⁶ Scope 1 only

ESG Integration Enhancement

Since 2015, we have sought to apply ESG integration to the active management of domestic shares, domestic corporate bond investments and other operations by incorporating MBIS®, our proprietary developed non-financial information evaluation tool, into traditional investment methods. As soon as these efforts got on track, they immediately started producing results; so, in order to further accelerate them, we have worked to enhance ESG integration by expanding our methods and target assets (see Figure 1-4 below).

We are currently also revising our approach to ESG-minded stock screening. With regard to the stock of companies which manufacture Controversial Weapons, specifically cluster bombs and anti-personnel mines, it has always been our policy to remove them as active fund investment candidates when their corporate situation does not make engagement possible. We have added biological and chemical weapons as reasons for exclusion, and this now extends not only to the companies' stocks but also bonds. Japan has signed and ratified conventions prohibiting the development, production and stockpiling of these four categories of weapons, as well as governing their destruction.



1 Identification of ESG Materiality

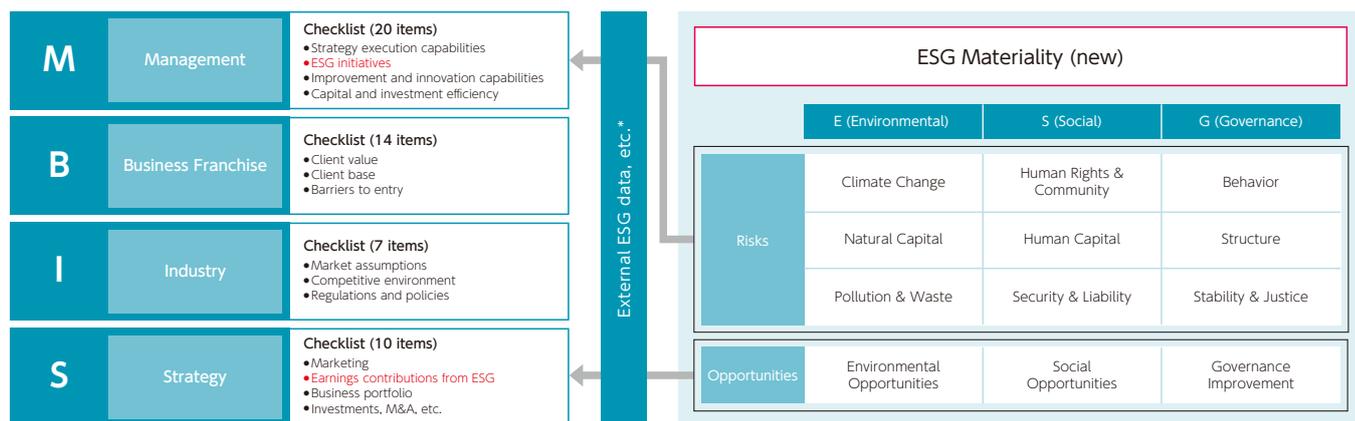
We have performed identification of ESG materiality. Previously, we have used the UN Global Compact as our ESG guidelines when developing our response policies for ESG issues; however, based on a review of the SDGs, the SASB (Sustainability Accounting Standards Board), etc., we have reorganized our ESG investment evaluation items and response policies within a framework of “ESG materiality.”

	E (Environmental)	S (Social)	G (Governance)
Risks	Climate Change	Human Rights & Community	Behavior
	Natural Capital	Human Capital	Structure
	Pollution & Waste	Security & Liability	Stability & Justice
Opportunities	Environmental Opportunities	Social Opportunities	Governance Improvement

2 MBIS® Evaluation Enhancement

The MBIS® is our proprietary, non-financial information evaluation tool which we have used since 2015 to evaluate domestic shares and bonds. Our analysts use MBIS® to help them gather, analyze and evaluate non-financial information which cannot be expressed in terms of financial data for the companies they cover; such information includes the level and sustainability of added value for a company’s products and services, the governance system which supports the added value the company provides, and the company’s impact on the societal and environmental foundations which sustain its growth. MBIS® is an acronym which stands for “Management” (M), “Business Franchise” (B), “Industry” (I) and “Strategy” (S). It is the “M” which comes into play when evaluating efforts aimed at risks associated with ESG issues, and it is the “S” which comes into play when evaluating efforts aimed at commercializing and capitalizing the opportunities associated with ESG issues.

Now, in line with the newly established ESG materiality framework, we are reorganizing and revising the MBIS® evaluation items pertaining to ESG issues and are working to enhance MBIS® evaluation through, among other means, the use of external ESG data vendor-driven ESG evaluations. Although the concept of the SDGs has already been a part of our evaluations, we are working to bolster it further so that we incorporate the 17 goals more fully into our engagement and evaluation.



Strengthen Connection with SDGs



*Evaluations conducted by analysts using external ESG data and other resources for reference

<https://www.un.org/sustainabledevelopment/>

3 Utilization for In-house ESG Scoring and Stock Selection

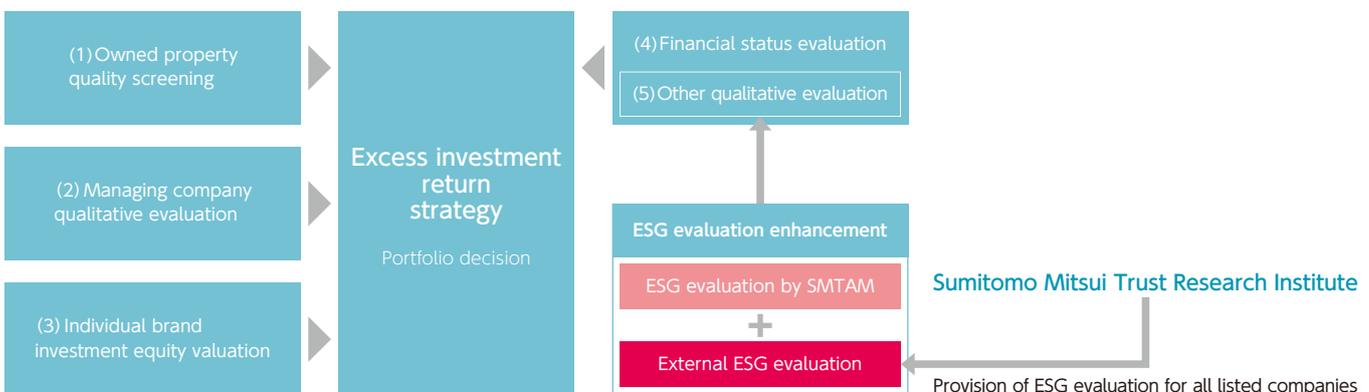
Clarifying core ESG evaluation factors as part of establishing ESG materiality has made it possible to perform in-house ESG scoring, even in regards to the stocks of foreign companies and other assets outside the scope of MBIS® evaluation. Using ESG materiality as a base, we identify the ESG issues of investee companies and then utilize external ESG data and other resources to perform three-tiered, in-house ESG scoring. This score is taken into account when qualitatively assessing earnings and valuation in the case of shares, or creditworthiness or spread in the case of corporate bonds, and it is thus reflected in stock selection.*

Also, amongst domestic shares, in-house ESG scoring enables ESG evaluation of companies not covered by our analysts. For domestic corporate bonds as well, in-house ESG scoring is used for stock selection in addition to the traditional MBIS® evaluation.

4 ESG Integration Enhancement in J-REIT Funds

ESG Integration Enhancement

In order to maximize medium-to-long-term investment return for our customers, we prioritize sustainable growth in the value of investment shares. In the area of J-REIT management, it has been our practice to independently evaluate each investment corporation's ESG efforts, such as the environmental-friendliness of owned properties, and to then make investment decisions with results of this evaluation in mind. There has been remarkable progress in the ESG efforts of the various investment corporations, and the Sumitomo Mitsui Trust Research Institute, which advises us on J-REIT management, has also developed an ESG evaluation system which provides us with ESG scores that have allowed us to enhance ESG integration in J-REIT management.



J-REIT ESG Evaluation by Sumitomo Mitsui Trust Research Institute

The Sumitomo Mitsui Trust Research Institute (SMTRI) is a think-tank established in 1988 which specializes in urban and real estate-related research and consulting. Thanks to the firm foundation which it has built after many years of research and study in these areas, SMTRI not only provides real estate investment evaluation-related research services but also robust consulting services for the domestic and foreign real estate markets, real estate finance and infrastructure and PPP.

With regard to J-REIT analysis, SMTRI has served as an investment advisor to institutional investors since the start of J-REIT in March 2004.

Now, SMTRI uses the J-REIT-related knowledge it has cultivated over many years to enable it to evaluate the appropriateness of individual investor corporations' handling of ESG issues, which is based on publicly available documentation, and to provide investors with ESG scores for J-REIT.

Evaluations look at four major considerations: the ESG promotion framework and initiatives related to the environment, society and governance. Each item has its own checklist by which it is scored. The checklists are developed based on a comprehensive survey of the various initiatives disclosed by the individual investment corporations and then they are selected in consideration of how well they address SDGs as well.

*Scheduled to be completed by December 2019

Responding to the Stewardship Code

At SMTAM we are addressing the principles of the Stewardship Code via the initiatives described in the table below. And, moving forward, we will continue to fulfill our stewardship responsibilities.

	Initiative	Self-assessment
Principle 1 Policy formulation and disclosure	<ul style="list-style-type: none"> ·We formulated and disclosed Sumitomo Mitsui Trust Asset Management's Guidelines on the Principles of Japan's Stewardship Code. 	<ul style="list-style-type: none"> ·We think our response at present is appropriate, but we will review our response from time to time when we deem it necessary.
Principle 2 Conflict of interest management	<ul style="list-style-type: none"> ·As the managing company of the Sumitomo Mitsui Trust Group, we have put in place an essential conflict of interest management system. ·We have disclosed summaries as needed of the deliberations of the Stewardship Activities Advisory Committee. 	<ul style="list-style-type: none"> ·We think our response at present is appropriate, but we will continue to work at improving our conflict of interest management capabilities as environmental changes and other factors warrant.
Principle 3 Accurate understanding	<ul style="list-style-type: none"> ·We applied a top-down approach to engagement on prescribed focus topics, conducted in-depth analyses on companies with which we have ongoing engagement and made other conscious efforts to improve and enhance the quality of our engagement. 	<ul style="list-style-type: none"> ·By March 2018, we had engaged with companies which (cumulatively) cover 90% of the total market capitalization of TSE1. The amount of corporate action undertaken in line with the content of engagement is also increasing. Moving forward, we will continue to pursue further qualitative enhancement.
Principle 4 Dialog with companies	<ul style="list-style-type: none"> ·We increased the relative level of engagement that we devote to social and environmental issue responsiveness and misconduct prevention agenda development. ·We pursued engagement with domestic investee companies based on the CA100+ initiative. 	<ul style="list-style-type: none"> ·We undertake engagement activities that are not biased towards any specific agenda. ·The activities that we undertake based on the CA100+ initiative are focused on both achieving results as well as accumulating knowledge.
Principle 5 Exercise of voting rights	<ul style="list-style-type: none"> ·We disclosed our voting records on all proposals for all issues we hold (in Oct 2018 and Jan, Apr, and Jul 2019). ·We revised and published our Guidelines for the Exercise of Voting Rights (in Jan 2019). 	<ul style="list-style-type: none"> ·We think our response at present is appropriate, but we will work to maintain and enhance the transparency of our exercise of voting rights going forward. ·Moving forward, we will continue to revise our Guidelines for the Exercise of Voting Rights in a timely and appropriate manner, taking into consideration such factors as environmental changes facing companies and changing corporate governance practices.
Principle 6 Reporting to clients and beneficiaries	<ul style="list-style-type: none"> ·We continue to provide explanations about our stewardship activities to asset owners. ·We released our 2018/2019 Stewardship Report in December 2018. ·We began issuing reports in a "smart format" which offers a uniform format for reporting on asset manager stewardship activities. 	<ul style="list-style-type: none"> ·We think our response at present is appropriate, considering our direct reporting to asset owners, our hosting of client seminars, the release of our Stewardship Report, and the enhancement of information disclosed on our website. ·Moving forward, we will endeavor to report in a timely and appropriate manner and also improve and expand the content of our activity reports.
Principle 7 Development of skills	<ul style="list-style-type: none"> ·In June 2019, reached an agreement with Legal & General Investment Management (LGIM) on ESG activity-related collaboration. 	<ul style="list-style-type: none"> ·We collaborate with LGIM in pursuing engagement activities which are results-focused and which facilitate the development of stewardship activity skills via the accumulation of more and deeper knowledge.

Active Involvement in the Principles for Responsible Investment (PRI)

Established with the support of the United Nations, the Principles for Responsible Investment (PRI) encourage institutional investors to incorporate environmental, social and governance (ESG) factors into their investment decision-making processes. The 100 signatory institutions to the PRI at the time of its launch in April 2006 represented total assets under management (AUM) of US\$6.5 trillion, but as of March 2019, the number of signatories had increased to 2,372, representing total AUM of around US\$82 trillion and a strong indication of the growing importance of responsible investment. Since becoming a signatory to the PRI in May 2006, we have drafted policies in accordance with the six principles and implemented initiatives in light of the latest developments.

The PRI evaluates each signatory with respect to their commitment to and progress on implementing the six principles based on their reports. A score of A+ is the highest, while E is the lowest. As shown in the table to the right, we have collected favorable scores on the whole and received a comprehensive assessment score of A+ for the fifth year in a row. We will continue with our active involvement in the PRI going forward and will make every effort to maintain and improve our ratings.

PRI Assessment of SMTAM 2019

Strategy and governance (comprehensive assessment)	A+
Integration status of listed equity into responsible investment	A+
Active ownership in listed equity	A+
Engagement	A+
Exercise of voting rights	A+
Fixed income investment (e.g., government bonds)	A
Fixed income investment (e.g., corporate bonds)	A

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

We analyze and evaluate non-financial information, such as management thoroughness, strategy execution capabilities, and capacity for reform, with the aim of identifying improvements in or maintenance of sustainable corporate value at investee companies. Furthermore, we seek to implement initiatives (ESG integration) that utilize the knowledge gained from our analyses and evaluations in our investment management operations.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

We conduct engagements and exercise voting rights with ESG issues in mind; through these activities, we encourage investee companies to implement appropriate initiatives to tackle ESG challenges.

Principle 3

We will seek appropriate disclosures on ESG issues by the entities in which we invest.

We seek appropriate disclosure of ESG issues from investee companies.

Principle 4

We will promote acceptance and implementation of the Principles within the asset management industry.

We actively promote engagement and awareness-raising activities with investee companies so these Principles gain acceptance and are implemented in the asset management industry.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

We collaborate with investment institutions in Japan and overseas through participation in PRI-sponsored working groups and involvement in signatory bodies established with the aim of resolving ESG issues in order to improve effectiveness in implementing the Principles.

Principle 6

We will report on our activities and progress towards implementing the Principles.

We implement these Principles and produce and issue reports that meet the requirements for signatories to disclose their activities and progress towards implementing them.

Cooperating with Global Initiatives

As a signatory to international guidelines and principles for corporate conduct, we engage with investee companies while cooperating with the United Nations, overseas companies, NGOs, and other organizations to implement activities in keeping with our signatory commitments.



1 Signatory to the Principles for Responsible Investment

SMTAM became a signatory to the UN-supported Principles for Responsible Investment (PRI) in May 2006 when it was established as a spin-off from the UN Global Compact and United Nations Environment Programme Finance Initiative (UNEP FI). The principles encourage institutional investors, such as pension funds and asset managers, to incorporate environmental, social and governance (ESG) factors into investment decision-making processes. SMTAM participated in the water risk, palm oil and forest conservation working groups and engaged with investee companies regarding these issues.



2 Signatory to Ceres

The Coalition for Environmentally Responsible Economies (Ceres) is an NGO promoting corporate initiatives relating to environmental issues such as global warming. Ceres actively carries out engagements through its network of 150 institutional investors mainly in North America.



3 Signatory to the United Nations Global Compact

Proposed by former UN Secretary-General Kofi Annan, the UN Global Compact is a set of principles for business conduct regarding human rights, labor, the environment and anti-corruption. Signatory companies are called on to take measures toward implementing the principles. In July 2005, the Sumitomo Mitsui Trust Group signed the compact, becoming the first Japanese bank to do so, and declared its resolve to act as a good corporate citizen by complying with and promoting the compact. The Group also became a member of the Global Compact Network Japan (GCNJ), in which signatory companies of the UN Global Compact participate.



4 Signatory to Climate Action 100+

Climate Action 100+ is a five-year joint engagement initiative that started in December 2017. It targets companies thought to be major greenhouse gas emitters. This initiative is based on the Task Force on Climate-related Financial Disclosures (TCFD) and through joint engagements with signatory bodies such as the PRI and Ceres, it calls on the world's top 100+ greenhouse gas emitters to disclose information. SMTAM is responsible for the Asia-Pacific region in conducting its engagements.



5 Signatory to AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative that aims to create awareness among asset owners and financial institutions in Asia about the risks and opportunities pertaining to climate change and low-carbon investments. SMTAM actively participates in engagements through the AIGCC.



6 Signatory to CDP

Formerly the Carbon Disclosure Project, the CDP is an international NGO founded in 2000 to address environmental issues such as climate change. Every year this project sends questionnaires to the biggest companies by market capitalization in major countries and the response rate from the companies is gradually increasing over the years. The responses are usually made public and the CDP also releases its scoring of company initiatives. This scoring is increasingly being used as a key measure of corporate value.

7 Signatory to FAIRR



SMTAM participates in the Farm Animal Investment Risk & Return (FAIRR) initiative, a joint engagement organization that addresses issues mainly in the fishery and livestock industries. SMTAM also takes part in FAIRR's collaborative engagement program, "Sustainable Protein Supply Chains." The FAIRR initiative raises awareness of material ESG risks and opportunities caused by fishery and farming products for the target companies and contributes to the improvement of corporate activities. SMTAM aims to globalize its engagement activities and by doing so, acquire knowledge and establish its presence.

8 Signatory to Access to Medicine



Access to Medicine is a foundation that brings together leading asset managers and asset owners from Europe and the US. These signatories call for the major global pharmaceutical companies to raise awareness about medical services and improve access to medicine in developing nations. SMTAM is stepping up its engagements with global pharmaceutical companies.

9 Signatory to Thirty Percent Coalition (US), 30% Club (UK) and 30% Club Japan



These investor networks promote greater diversity on the boards of directors at investee companies. SMTAM is a signatory and active participant with both the US-based Thirty Percent Coalition and the UK-based 30% Club Investor Group. In May 2019, SMTAM also became a founding signatory of the 30% Club Japan Investor Group and, as part of the Group, has been undertaking initiatives aimed at promoting investee company diversity.

10 Signatory to ICGN



The International Corporate Governance Network (ICGN) exchanges information and views related to corporate governance issues on a global scale and provides various support and consultation services so that companies can execute outstanding corporate governance practices.

11 Signatory to CII



The Council of Institutional Investors (CII) is an NPO established in 1985 by mainly major institutional investors for the purpose of sharing information and views about corporate governance and shareholder rights. Twice a year SMTAM attends the CII's global conferences of signatory organizations in the US and internally shares the high value-added information it gleans from the conferences to enhance its stewardship activities.

12 Signatory to Investor Agenda



The Investor Agenda is a collaborative initiative among institutional investors which seeks to promote climate change-related action and the transition to a low-carbon society. It was established in February 2018 by asset managers who are PRI, CDP and Ceres signatories (approximately 480 organizations and institutions). Signatories collaborate with one another on investment, corporate engagement, investor information disclosure and policy proposal efforts. SMTAM became a signatory to the Investor Agenda in June 2019, which coincided with the G20 Summit in Osaka where the leaders of the world's major nations were discussing policy recommendations for swift action on climate change. The Investor Agenda provides a framework within which to offer proposals in line with the Paris Agreement to governments around the world.



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