SUMITOMO MITSUI TRUST BANK

(LUXEMBOURG) S.A.

Sustainability Risk Policy

Contents

1 Purpose and Scope

In accordance with Article 3 of Regulation (EU) 2019/ 2088 (Sustainable Finance Disclosure Regulation (‘SFDR’)), financial market participants must publish information regarding polices on integrating Sustainability Risks into the investment decision making process. Sumitomo Mitsui Trust Bank (Luxembourg) S.A. (SMTB Lux) considers such risks in its Discretionary Portfolio Management (DPM) services.

SMTB Lux recognises and acknowledges the major changes occurring in the world and within companies, whereby companies are striving to strike a balance between solving ESG issues and achieving business results. SMTB Lux, takes these changes seriously and seeks to position itself in continuously identifying and investing in companies, growing at various new stages to find this balance.

2 Definition of Sustainability Risks

Pursuant to Article 2(22) of the SFDR, Sustainability Risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

3 Governance

At SMTB Lux, the Board of Directors will perform a supervisory function on issues, for example relating to climate change and management. The issues reported to the management are discussed, planned and checked by the Risk Management Meeting which will be chaired by the Managing Director and organized by the officers who control each business sector. How the issue was resolved will eventually reported to the Board of Directors.

In the DPM services, SMTB Lux will delegate portfolio management function including the investment decision making process to Sumitomo Mitsui Trust Asset Management Co., Ltd.(SMTAM) . Therefore investment decision making process as referred to in SFDR is delegated to SMTAM subject to SMTB Lux’s initial due diligence and ongoing oversight.
The authorization of the delegation and monitoring of the delegated portfolio management is the responsibility of the management of SMTB Lux.

4 SMTAM’s Approach to ESG investments

(1) Basic Policy

A. Purpose and Significance of ESG Investment

As a signatory asset manager on the United Nations Principles for Responsible Investment, we conduct investment activities (ESG investment) focusing on the medium- to long-term environmental, social, and governance (ESG) issues and opportunities, on the basis of the values presented in the United Nations Global Compact and Sustainable Development Goals (SDGs). We believe that fulfilling the role as an asset manager in an investment chain through ESG investment will make contributions in promoting value improvement and sustainable growth of investee companies, maximizing the investment return of clients (beneficiaries) over a medium to long term, reducing downside risks, and achieving a sustainable society.
The purpose of this policy is to clarify the basic policies and views when we make an ESG investment to reflect it in the investment decision making process.

B. Positioning

a) ESG investment refers to activities as an institutional investor with a focus on challenges and investment opportunities related to E (Environmental), S (Social), and G (Governance).

b) ESG investment is part of the effort to fulfill stewardship responsibilities as a responsible institutional investor.

c) ESG investment is promoted by utilizing direct portfolio management methods such as selection of investment target brands and weight decision, and other methods including engagement and exercise of voting rights, which are the core of stewardship activities.

C. Commitment

a) We take ESG investment into consideration to the maximum extent for all products under our management.

b) We make ESG investments in order to fulfill our responsibility (stewardship responsibility) and to increase investment return to our clients (beneficiaries) by:

(i) Considering ESG-related issues which are non-financial issues that do not appear in financial information, and may have a significant impact on business opportunities, risks, and corporate value over time.

(ii) Actively investing in companies that positively address ESG-related issues and seeking best practices from companies will lead to the pursuit of a medium- to long-term upside potential.

(iii) Reducing investments in companies with ESG issues and correcting ESG-related issues that could damage corporate value will lead to a reduction of downside risks.

(iv) Monitoring of companies for ESG issues/controversies/breaches.

c) We manage portfolios for various investment strategies, and are consistent with each client's investment purposes. In making ESG investments, we use methods that are most appropriate for investment purposes, targets, and strategies.

d) In making ESG investments, we take ESG materiality below into consideration

(2) Identification and Prioritization of ESG Materiality

A. ESG materiality

There are many tasks and topics in each perspective regarding ESG. Information-providing institutions, index providers, and other entities evaluate corporate activities with different evaluation items as their core. In order to systematize evaluation items for an ESG investment, we arrange major topics related to ESG on the basis of the purpose of the basic policy, and define them as "ESG materiality" as below.

B. Environment

a) Overview

While all economic activities depend on the natural environment, the activities by humankind after the Industrial Revolution have placed a significant burden on the natural environment and are a challenge that threatens its sustainable prosperity. In order to achieve a sustainable society and secure medium- to long-term investment return from client assets, it is necessary to take into account elements of the natural environment in investment activities and to support the realization of a recycling-oriented society.

b) Climate change

Global warming, which is attributable to the accumulation of greenhouse gases such as carbon dioxide, and the resulting extreme weather are not a threat in the future, but rather a reality that is in front of us. We consider climate change as the most important issue affecting all economic entities, and reflect measures for mitigating and adapting to it in ESG investment decisions.

c) Natural capital

Improper use of natural capital, which is a major material in economic activities, makes sustainable use of resources impossible and threatens the sustainable prosperity of society. We will reflect the situation regarding the sustainable use of natural capital such as water resources, mineral resources and fishery resources in our ESG investment decisions.

d) Pollution & waste

If various wastes generated as by-products of economic activity are not properly managed by companies, the natural environment will be damaged and scarce resources will be consumed. We reflect the sustainability of material flow throughout life cycles of products in our ESG investment decisions.

e) Environment-related opportunity

The environmental issues in b) to d) above lead to the creation of new markets as represented by renewable energy through policy changes at a government level and changes in consumer awareness. We view this as an investment opportunity and reflect it in our ESG investment decisions in order to support the shift to a sustainable society and achieve growth of client assets.

C. Society

a) Overview

Companies must not only comply with internationally supported laws and regulations, but also operate with consideration to the interests of diverse stakeholders, including clients, employees, local communities, and members of worldwide supply chains. As the population structure changes and awareness of diversity deepens, the standards required for companies are increasing daily. In order to realize a sustainable society and ensure medium- to long-term investment return from client assets, companies must always seek a high level of effort.

b) Human rights and community

As a signatory asset manager for the United Nations Principles for Responsible Investment, we urge investees to act in compliance with international standards. For companies that have significant problems in relation to international standards, such as the manufacturing of cluster bombs and other inhumane weapons, we approach them through our engagement, and consider removing them from our investment targets. We reflect corporate activities related to human rights and community in our ESG investment decisions.

c) Human capital

As the economy pushes a shift to service, the quality of employees and the degree of engagement with employees are becoming more important factors that determine corporate performance.

On the other hand, at one end of expanding supply chains, there is a risk of inappropriate actions, such as neglecting work environments and abusing the human rights of workers. We approach companies that violate laws and regulations through our engagement and consider removing them from our investment targets. Additionally, we reflect the status of initiatives for improving performance through motivation improvement in our ESG investment decisions.

d) Security and liability

As economic activities become more complex, including globalization of supply chains and the rapid progress of digitization, there is growing risk of tangible and intangible damage to clients and other stakeholders through products and services that are the output of corporate activities.

We take into account the vulnerabilities that lead to such risks and consider how we should respond to and reflect them in our ESG investment decisions.

e) Society-related opportunities

The social issues in b) to d) above lead to the creation of new markets through policy changes at a government level and changes in consumer awareness. In addition, expanding services to communities and people where basic services necessary for achieving SDGs, such as medical services, are lacking, will lead to create new markets. We view this as an investment opportunity and reflect it in our ESG investment decisions in order to support the shift to a sustainable society and achieve growth of client assets.

D. Governance

a) Overview

Investment return is obtained when the interests of a target company coincide with those of stakeholders represented by investors, and its business goal is achieved. Corporate governance is the most basic system for this purpose, and it is necessary to consider it as a common important matter for all investees in order to secure investment return from client assets over a medium to long term.

b) Behavior

Whether a company conducts management with due consideration to the interests of its stakeholders is evident in its behaviors. We take into account behaviors such as capital efficiency and information disclosure and reflect them in our ESG investment decisions. We take particular care with regard to information disclosure in accordance with all ESG topics because it is the starting point of relevant action.

c) Organizational design

Corporate governance should be expressed objectively in corporate organizational design, including the composition of a board of directors. We check the appropriateness of organizational design with consideration to formal requirements such as the composition of a board of directors and shareholders, and anti-takeover measures, as well as the characteristics of the industry and country/region, and reflect it in our ESG investment decisions.

d) Stability and fairness

During a company's economic activities, there may be events that can have negative impacts inside and outside the company, ranging from deliberate violations of laws and regulations, to accidents. Depending on their details, they will not only go against social interests, but also greatly undermine the value of the company. We take into account the code of conduct for appropriately addressing these risks and risk management systems including their prevention, and reflect them in our ESG investment decisions.

e) Governance improvement

Because corporate governance is positioned as the core of corporate economic activities, it is expected that improvements in corporate governance with significant problems will quickly see an improvement in corporate performance and investment return. We will take into account the progress of governance improvements and reflect it in our ESG investment decisions in order to improve investment return over a medium to long term with appropriate engagement.

(3) Integration of ESG Materiality into investment decision making process

In order to integrate the above ESG Materiality into investment decisions, we implement an appropriate combination of the following methods depending on the characteristics of the fund, and make effective ESG investments.

A. ESG negative screening

Under certain criteria, we exclude companies from our investment universe who have significant problems from the perspective of ESG, such as those that manufacture inhumane weapons and that conflict with international codes.

B. ESG positive screening

We actively invest in companies with high ESG ratings within each sector.

C. Integration of ESG-related information

We incorporate knowledge obtained from analyzing/evaluating non-financial information regarding ESG and other matters into processes regarding selecting brands of each fund and building portfolios in an explicit and systematic manner.

D. Topic investment

We establish topics regarding ESG and organize and manage funds that mainly incorporate companies related to it.

E. Impact investment

We form and manage funds with an explicit purpose of having a positive impact on society from the ESG perspective, as well as producing economic investment return.

F. Engagement

We hold constructive dialogs on ESG topics with investee companies as an opportunity to seek best practices from companies and improve their value over a medium to long term.

G. Exercise of voting rights

We call for minimum standards and value improvement in investees by reflecting ESG factors in voting "for" or "against" an agenda item in the exercise of voting rights of investees

5 Review of this policy

SMTB Lux will review this policy in line with the management of investment strategies delegated to SMTAM.

6 Policy owner and date of implementation

The Compliance Officer of SMTB Lux has been formally appointed as the owner of this Policy. Any amendments to this Sustainability Risk Policy may be made by the Compliance function and senior management and must be duly approved by the Board of Directors of SMTB Lux.

Principal adverse sustainability impacts statement
SFDR article 4

Statement

Sumitomo Mitsui Trust Bank, Luxembourg, S.A. (SMTB Lux) recognizes and acknowledges the major changes occurring in the world and within companies, whereby companies are striving to strike a balance between solving ESG issues and achieving business results. SMTB Lux takes these changes seriously and seeks to position itself in continuously identifying and investing in companies, growing at various new stages to find this balance.

In the DPM services, SMTB Lux will delegate its portfolio management function including consideration of principal adverse sustainability impacts of its investment decisions on sustainability factors to Sumitomo Mitsui Trust Asset Management Co., Ltd.(SMTAM) .
The authorization of the delegation and monitoring of the delegated portfolio management is the responsibility of the senior management of SMTB Lux.

SMTAM will focus on a range of principal adverse impacts of its investment decisions on sustainability factors such as environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters. SMTAM may consider specific principal adverse impacts of investment decisions on sustainability factors which will vary on a product-by- product basis, depending on sectoral and geographic investment focus as well as asset classes.

SMTAM's approach to consideration of principal adverse impacts of its investment decisions on sustainability factors:

A. ESG negative screening
Under certain criteria, we exclude companies from our investment universe who have significant problems from the perspective of ESG, such as those that manufacture inhumane weapons and that conflict with international codes.

B. ESG positive screening
We actively invest in companies with high ESG ratings within each sector.

C. Integration of ESG-related information
We incorporate knowledge obtained from analyzing/evaluating non-financial information regarding ESG and other matters into processes regarding selecting brands of each fund and building portfolios in an explicit and systematic manner.

D. Topic investment
We establish topics regarding ESG and organize and manage funds that mainly incorporate companies related to it.

E. Impact investment
We form and manage funds with an explicit purpose of having a positive impact on society from the ESG perspective, as well
as producing economic investment return.

F. Engagement
We hold constructive dialogs on ESG topics with investee companies as an opportunity to seek best practices from companies and improve their value over a medium to long term.

G. Exercise of voting rights
We call for minimum standards and value improvement in investees by reflecting ESG factors in voting "for" or "against" an agenda item in the exercise of voting rights of investees

Identification and prioritization of PASI and indicators
Investment decisions, including identification and prioritization of PASI and indicators, are performed by SMTAM. SMTAM's processes are guided by the Stewardship Code, and, as a signatory of the United Nations Principles for Responsible Investment (UNPRI), those principles set out by the UNPRI.
SMTAM uses several tools to identify and prioritize the sustainability factors that are relevant to the companies we invest in. This identification is made by mapping the investee companies against ESG factors considering industry sectors in which their activities are focused on. SMTAM will monitor the portfolio of the investment through PASI as defined in the RTS of SFDR, as we think we are able to secure the consistency of the identified sustainability factors in this way.

Description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned
SMTAM will monitor the non- financial performance of its investees, seek best practices from companies, define minimum standards of governance and address ESG issues of investee companies.

SMTAM utilizes three key pillars of stewardship activities with the aim of helping investees improve their corporate value on sustainability factors, reduce negative impacts on sustainability factors. SMTAM targets investee companies based on their ESG maturity alongside twelve topics, which cover sustainability factors.

SMTAM's three pillars of stewardship activity:

A. Engagement
   At SMTAM, we view engagement activities as opportunities to seek best practices from companies, and the ESG experts in our Stewardship Development Department will work together with industrial corporate analysis professionals in the Research Investment Department to conduct in-depth engagement from both an ESG and business perspective.

B. Exercise of voting rights
   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

C. Addressing ESG issues
   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. 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 client.

Engagement policies

The mission of SMTAM's engagement policies is to raise the level of medium-to-long-term corporate value and of the overall market and secure excess returns which will help us in maximizing medium-to-long-term investment returns for our clients. In order to achieve this goal, SMTAM is also focused on making our engagement activities more efficient and effective by identifying the challenges that each of our investee companies face.

Adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting.

As a reflection of our commitment, SMTAM became a signatory of the UNPRI . Signatories of the UN PRI have to respect principles that encourage the integration of ESG criteria in investment decision-making processes and in monitoring policies, which are necessary to consider principal adverse impacts of investment decisions on sustainability factors.
SMTAM also encourages our investee companies to follow the UN Global Compact Principles, which are which are corporate sustainability values that meet responsibilities in the areas of Human Rights, Labour, Environment and Anti-Corruption.

SFDR Article 5 Disclosure
Integration of Sustainability Risks into the Remuneration Policy

In the DPM services, Sumitomo Mitsui Trust Bank, Luxembourg, S.A. (SMTB Lux), will delegate its portfolio management function to Sumitomo Mitsui Trust Asset Management Co., Ltd.(SMTAM). The authorization of the delegation and monitoring of the delegated portfolio management is the responsibility of the senior management of SMTB Lux.

SMTB Lux regards its Remuneration Policy to be consistent with and promoting sound and effective risk management including sustainability risks given that:

- As part of its Guiding Principles, SMTB Lux does not encourage excessive risk taking, including that of sustainability risks.
- Annual salary determination and annual performance review take into account general behaviour of the senior management and other employees, including those that are consistent with the internal policies regarding the integration of Sustainability Risks.
- National Staff (NS) employees' annual review may include the consideration of Sustainability Risks based on the type of products elected by clients served by that employee.