

SMTIL Remuneration Policy Disclosure (Website Version)

This disclosure summarises our policy on remunerating our staff.

1. General Principles

The remuneration policy ("**the Remuneration Policy**") of Sumitomo Mitsui Trust International Limited ("**the Company**") is structured to accord with the Company's overall business strategy, objectives, values and long-term interests of the Company's operations in London and having regard to the long-term interests of shareholders, investors and other stakeholders in the firm and the public interest. In particular remuneration is structured between fixed salary and bonus in a way that does not encourage excessive risk-taking having regard to the risk-tolerance of the Company and that of relevant professional clients.

Care is taken in the fixing of bonuses to ensure that a holistic approach is taken of performance that does not focus exclusively on current financial results but looks at these items in the context of the potential effect on longer term performance and risk. The Remuneration Policy forms part of the Company's corporate governance oversight. It is reviewed at least annually by the compliance function and the Company's Board to ensure that this policy remains consistent with the firm's operational procedures, business objectives and compliance controls.

2. Proportionality Framework & Governance

In view of the internal organisation, the relatively small size of the Company's headcount in London and the nature, scope and complexity of operations, no separate remuneration committee has been appointed. Instead, remuneration matters are handled by the Company's Board, acting as a de-facto remuneration committee. When sitting as a remuneration committee, the Board is always chaired by the Chairman or another non-executive director. The Board (working with group head office in Tokyo the case of any staff seconded from Japan) oversees the operation of the Remuneration Policy and reviews it annually, having regard to relevant regulatory guidance.

The Board acts as the Company's Remuneration Committee. The Board considers remuneration matters at least three times in a year to consider annual pay awards and bi-annual awards of bonus and may also meet more frequently if convened by any member of the Board or following a request by the Chair of the Company.

3. Description of content

This policy regulates the scope and application of the remuneration structure for employees including fixed salary (basic salary), variable pay (bonus payments) and benefits.

The Remuneration Policy is formulated in accordance with the objectives laid down by the strategy of the company which are:

- A balance of fixed to variable remuneration.
- Measurement of performance.
- A structure of variable remuneration to base salary to align remuneration with the long term interests of the Company and its clients.

4. Material Risk Takers

To meet the requirements of the FCA, the Company has identified a number of “**Material Risk Takers**” who are subject to the Remuneration Policy, working in the Company at senior management and middle management level. The Company undertakes a quarterly review to identify Material Risk Takers as part of its quarterly compliance review. Following the extension of the Senior Managers and Certification Regime, the Company has decided to treat all staff in Senior Management Functions and Certified roles as being Material Risk Takers subject to this policy, on the basis that they each have a “significant impact” in terms of direct input into the direction and volume of business transactions and development and a material impact on the firm’s risk profile and therefore fall into the category of Material Risk Takers.

This category also includes those employees who operate at a lower level but whose activities and risk profile can have a direct and significant effect on the business profit and/or the level of risk that their operations carry, (as opposed to a role that carries an element of inherent controlled risk), and/or whose professional activities have a material effect on the Company’s risk profile.

Non-executive directors of the Company are also identified as Material Risk Takers and are also subject to the Remuneration Policy.

Material Risk Takers are informed in writing of their classification and their status is subject to quarterly review by the Company's compliance function.

5. Risk management and risk tolerance, Conflict of interest

The aim of the Remuneration Policy is to promote robust and efficient risk management that does not encourage risk-taking which is inconsistent with the risk profile of our business. The Company is averse to high-risk business strategy and values medium to long term business relationships and this is reflected in the policy. As such, the Remuneration Policy promotes sound and effective risk management and does not encourage risk-taking that exceeds the tolerated level of risk. It has also been designed so as not to create any conflicts of interest.

6. Control functions

The internal audit function is outsourced from the Company to SMTB London Branch Internal Audit Department (IAD) and is separate from the Company's compliance function. IAD staff are subject to the SMTB London Branch Remuneration Code/Policy.

7. Remuneration structures

The forms that “remuneration” takes for staff are:

- i) basic salary
- ii) half-yearly bonus
- iii) various monthly allowances
- iv) pension contribution

Interim payments are not paid.

No other forms of payment are made to employees and the Company does not have long-term incentive plans, options, or pay hiring bonuses (including formal buy-out award schemes) or retention awards. This, and the design and quantum of the half-year bonus payments are designed to ensure that remuneration or performance assessment of staff does not in any way conflict with the duty of the

Company to act in the best interests of its clients. Non-executive directors are not awarded bonuses or any other form of variable remuneration. The Company does not provide guaranteed variable remuneration.

8. Annual salary reviews and assessment of performance

Employees' annual salaries are reviewed once a year. All annual salaries are reviewed against certain criteria and the individual's performance, as well as information about comparable industry salaries will also be taken into account in determining whether any increase in salary is appropriate.

Examples of certain criteria which is considered for some staff include Professional/Market Knowledge, Work Quality, Self-Management, Adherence to Compliance, Regulatory and Internal Procedures and Requirements.

Care is taken to ensure that the performance measures do not remunerate or assess the performance of its staff in a way that conflicts with the Company's duty to act in the best interests of its clients.

The total level of variable remuneration is monitored to ensure that it does not limit the firm's ability to strengthen its capital base.

The decision on individual salaries is either taken by the Managing Director or the Head Office in Tokyo. These decisions are subject to oversight by the Company's Board acting as a remuneration committee.

9. The Policy in Respect of Bonus Payments

All bonus schemes and payments are non-contractual and are paid at the discretion of the Company's Board acting as a remuneration committee. The board decides the bonus pool and the allocation of variable remuneration components from the Company having regard to the SuMi Trust Group and consideration of the Company's overall performance for the previous semester, taking in account of the all types of current and future business risks.

The amount of bonus paid to each employee is linked to performance which is reviewed by regular assessment (semi-annually). Individual's performance is generally assessed according to quantitative elements as well as qualitative targets that have been previously discussed and agreed.

The bonus amounts are paid to employees every six months in June and in December.

The Company's intention is that each employee is treated fairly. Therefore, the Company will inform each employee in writing of the factors that have influenced the decision to pay an individual bonus or not.

10. Performance adjustment for Material Risk Takers

Any variable remuneration awarded to Material Risk Takers is subject to the application of in-year performance adjustment and clawback.

SMTIL will be able to recover paid variable remuneration ("**Clawback**") from its Material Risk Takers in various circumstances. These include circumstances where that Material Risk Taker engaged in misconduct; contributed through fraudulent or grossly negligence behaviour to the Company incurring significant financial losses; negatively impacted the Company's risk profile or regulatory compliance; is the subject of disciplinary measures; or failed to meet appropriate standards of fitness and propriety.

The Clawback period will run from the date on which the variable remuneration is awarded until the date which is three years following the date of award.

11. Proportionality of the Remuneration Policy

The Company complies with FCA rules and guidance on remuneration in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities. The Company is not subject to various FCA rules including:

- a) SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);
- b) SYSC 19G.6.22R and SYSC 19G.6.23G (bonus retention policy);
- c) SYSC 19G.6.24R to SYSC 19G.6.29R (bonus deferral);
- d) SYSC 19G.6.35R(2) (Discretionary pension benefits); and
- e) MIFIDPRU 7.3.3R (1) (requirement for a separate Remuneration Committee).

12. Pension payments

Contributions to employees' defined contribution pension scheme are age-related in accordance with the approved levels. No discretionary pension benefits are paid and there are no variations from this. There is no early retirement scheme in operation.

13. Redundancy payments

There is no formal redundancy scheme. If redundancy payments are made in addition to the statutory entitlements these are based on a multiple of years of service determined by reference to the market practice at that time and are not designed to reward failure.