The Unique Aspects of Our proxy Voting

1 Systematic and ongoing efforts to influence companies

Along with engagement, we aim to realize desirable management styles.

2 Effective and robust process

Thorough discussions by the Responsible Investment Committee + real-time monitoring of conflicts of interest by the Responsible Investment Council.

3 High level of accountability

We disclose the reasons for voting in favor of or against all proposals. We give detailed reasons for proposals requiring special explanation.

4 Standards that go beyond simply listing conditions for opposition

We have clearly stated our stance of supporting a transition to monitoring boards through our proxy voting standards.

The Outline of Proxy Voting

In proxy voting, we focus on the corporate governance of portfolio companies. The basic structure of corporate governance is that directors and auditors are elected at a shareholders' meeting, and directors (the board of directors) and auditors supervise senior management through nominations, compensation matters, and audits.

Accordingly, the following three aspects are particularly important in proxy voting: the election of directors (nomination), executive compensation (compensation) and the election of auditors (audit). In addition, the appropriation of surplus is important when it comes to Japanese companies because Japanese companies are often criticized for retaining a large amount of cash and deposits and being unwilling to return profits to shareholders through dividends and share buybacks. Moreover, proposals submitted by shareholders have also been increasing in recent years. Due to differences in legal systems, it is easier to make shareholder proposals in Japan than in Europe and the United States, and these proposals can often have a direct impact on the management of companies. Accordingly, these proposals must be considered carefully.

We regard proxy voting as part of our engagement with portfolio companies, and we make judgments on proposals by all portfolio companies in accordance with our own proxy voting guidelines.

The four points noted in above are the unique aspects of our proxy voting.

Basic Corporate Governance Structure

Shareholders' meeting → **Election** → Directors (Board of Directors) / Auditors → **Oversight** (nomination, compensation, audit) → Senior management

Proxy Voting

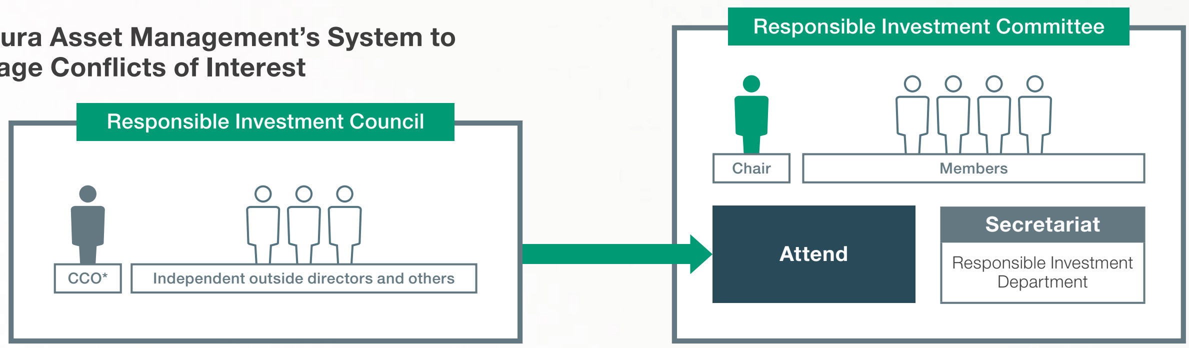
Promoting the transition to monitoring boards through disciplined proxy voting

System to Manage Conflicts of Interest

Members of the Responsible Investment Committee, the highest decision-making body, include, in principle, only persons involved in investment and research decision making, while people in a position with a conflict of interest or people with the possibility of acting on behalf of such persons are excluded. In addition, under the Audit and Supervisory Committee, we have established a Responsible Investment Council comprising only the Chief Conflict Officer and persons in independent positions in our company, including independent outside directors. This Responsible Investment Council monitors the Responsible Investment Committee's decisions as well as its overall management. This council monitors stewardship activities, especially proxy voting involving conflicts of interest, to make sure that decisions are made that do not adversely affect the interests of clients as a result of conflicts of interest.

As required, the Responsible Investment Council recommends improvements to the Executive Management Committee and/or the Responsible Investment Committee, and reports on this to the Board of Directors and the Audit and Supervisory Committee. Furthermore, members of the Responsible Investment Council attend Responsible Investment Committee meetings, and are able to immediately state their opinions.

Nomura Asset Management's System to Manage Conflicts of Interest

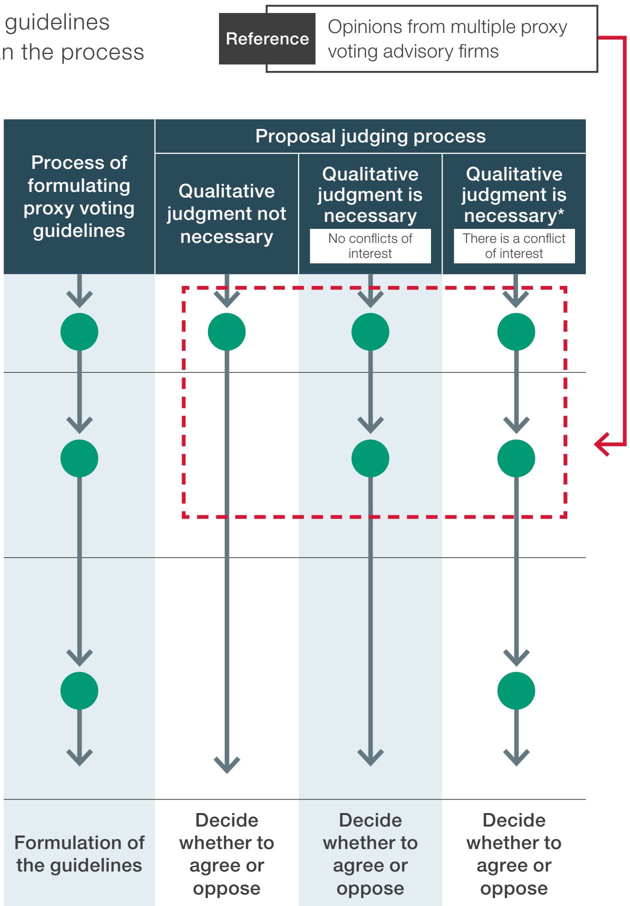


*Chief Conflict Officer

Proxy Voting Process for Japanese Equities

The proxy voting process is as shown in the figure below. The process for proposals that can be judged in accordance with the proxy voting guidelines (proposals that do not require qualitative judgment) is different than the process for other proposals (that do require qualitative judgment).

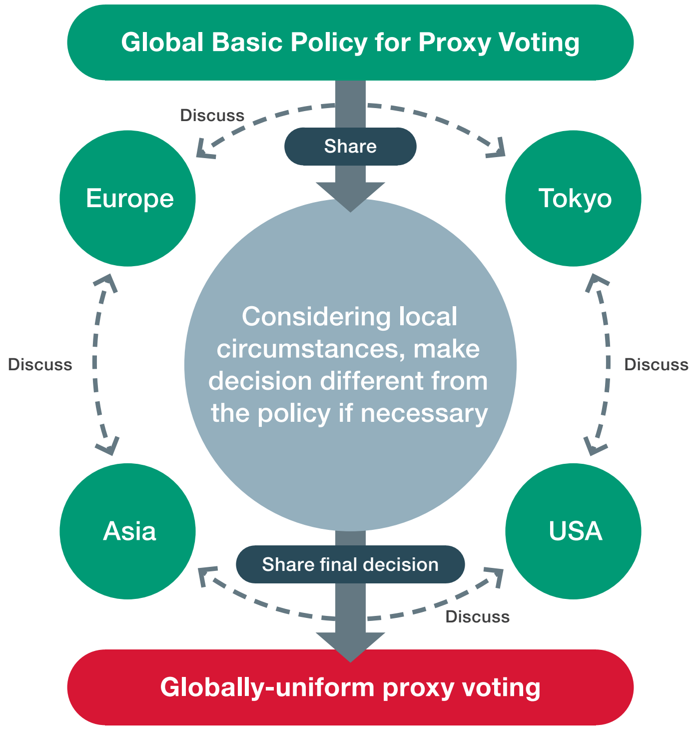
	Members (as of December 2021)	Role
Secretariat	Responsible Investment Department	Preparation of proposals
Responsible Investment Committee	Five people involved in decision-making for investment and research (The Responsible Investment Council members participate in Responsible Investment Committee meetings)	Holds deliberations and makes decisions based on the secretariat's proposals Makes revisions to the secretariat's proposals as required
Responsible Investment Council	One (1) Chief Conflict Officer Outside directors: 2 Outside experts: 1	Reviews from the perspective of conflicts of interest Advises the Executive Management Committee and/ or the Responsible Investment Committee to make improvements as required and reports to the Board of Directors and the Audit and Supervisory Committee



*This includes proposals of group affiliates.

Proxy Voting Process for Global Equities

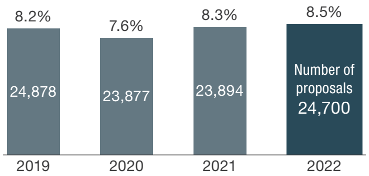
For proxy voting (excluding Japanese equities), we generally decide to vote for or against a proposal in accordance with our Global Basic Policy on Proxy Voting. However, if the investment managers and analysts possessing a deep understanding of local conditions determine it to be necessary, we may, upon deliberation, make a decision that differs from the basic policy on proxy voting. The final decision is then shared with all offices, and proxy voting is then carried out uniformly on a global basis.



Changes in Results of Exercise of Voting Rights for Japanese Companies (calendar year)

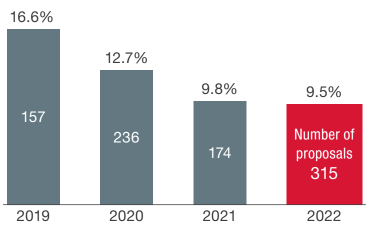
Total Company proposals

The ratio of votes against is shown in the chart below.
See details on the right.



Total Shareholders' proposals

The ratio of votes for is shown in thechart below.



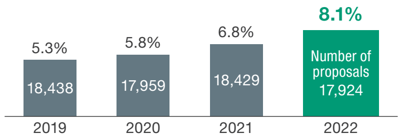
In 2022, the number of proposals increased, mainly regarding articles of incorporation. We voted in favor of proposals that we confirmed would be effective in improving shareholder value or strengthening governance.

Proposals on company organizational structure

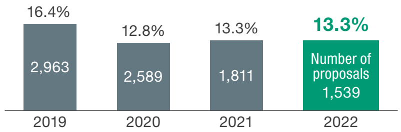
(Ratio of votes against, same as below)

Our ratio of votes against proposals increased in 2022. The main reasons for this were in November 2021 we raised the ratio of outside directors that we are asking companies with a controlling shareholder to have on the board, in January 2022 we reinstituted a business performance standard, and in November 2022 we adopted a standard of voting against proposals if there are no female directors.

Election and dismissal of directors



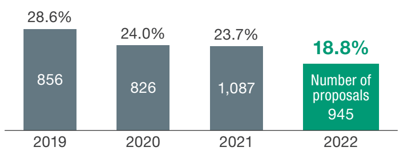
Election and dismissal of auditor



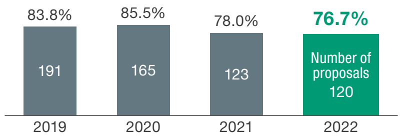
Proposals on executive compensation

Our ratio of votes against proposals declined in 2022. The main reason for this was the improvement in compensation governance that continued from the previous fiscal year.

Executive compensation*1



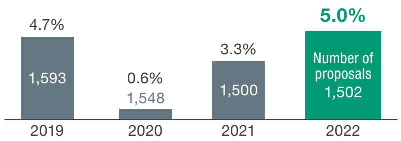
Payment of retirement benefits to retiring executives



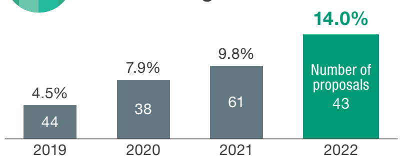
Proposals on capital policies (excluding proposals on articles of incorporation)

Our ratio of votes against proposals increased in 2022. The main reason is that from June 2021 we reinstituted our standard for appropriations of surplus. In addition, the number of proposals related to organizational restructuring and other capital policies decreased from the previous fiscal year, but the ratio of proposals we voted against increased. Please also refer to examples of reasons for voting for or against proposals on Pages 81-82.

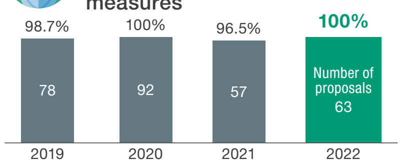
Appropriation of surplus



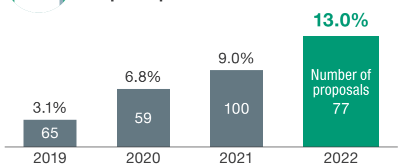
Organizational restructuringrelated*2



Introduction, update and abolition of takeover defense measures

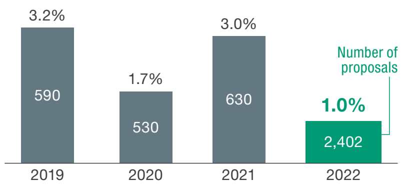


Proposals on other capital policies*3



Proposals on articles of incorporation

Proposals on articles of incorporation



*In addition to the above, in 2022 we voted on 83 proposals related to the election and dismissal of accounting auditors, and two other proposals. We voted against 0% and 50% of these proposals, respectively.

*1 Revisions of executive compensation amounts, issuance of stock options, introduction/revision of performancelinked compensation plans, executive bonuses, etc.

*2 Mergers, business transfers/assumptions, share exchanges, stock transfers, company splits, etc.

*3 Share buybacks, reduction in statutory reserves, capital increases via third-party allotment, capital reductions, share mergers, issuance of class shares, etc.

Reference

Results of Proxy Voting for Global Companies January-December 2022

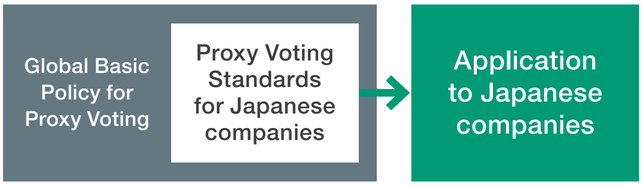
	Company proposals	Shareholders' proposals	Total
Votes for	18,083	451	**18,534**
Votes against	2,034	293	**2,327**
Total	20,117	744	**20,861**
Ratio of votes against	10.1%	39.4%	**11.2%**

Overview of Proxy Voting Standards for Japanese Companies

Here, we explain our Proxy Voting Standards for Japanese Companies (the "Proxy Voting Standards"). Please refer to our website for details. In addition, for companies and sectors particularly impacted by COVID-19, and for which we thus determined that it would not be appropriate to apply business performance standards (see table below), we made judgments flexibly based on considerations of the individual circumstances of the company and/or sector.

Reference https://global.nomura-am.co.jp/responsibility-investment/vote.html

Proxy Voting Guidelines Structure



Key Point	Thinking	We may vote against a company proposal in the cases below
Reflect engagement status	We will reflect the outcome of engagement aimed at realizing desirable management (Refer to Page 21-22)	▌If a portfolio company has not made adequate efforts and improvements are not expected despite the fact that during engagement we pointed out that efforts to realize desirable management were insufficient and urged action.
Rigorously judge corporate actions, transactions involving a conflict of interest, and responsibility taken for outcomes	Judgment made and the responsibility taken to deliver business results by the management and the board of directors will be scrutinized and rigorously judged.	▌If actions that significantly damage shareholder value (misconduct, etc.) are found ▌If ROE is slumping[*1]. In the case of a monitoring board[*2], if ROE is stagnating and there is no effort being made to improve management (business performance standard) ▌If cross-shareholdings are particularly large[*3] ▌If a financially-sound listed subsidiary with a large amount of net financial assets is lending money to the parent company[*4] ▌If minority shareholders' interests are not protected in M&A, etc.
Diversity of the board of directors	Diversity is important for a board of directors to function properly.	▌If there are no female directors[*5]
Board of directors' independence	In order to supervise the senior management team, it is necessary to have a certain number of outside directors. In addition, outside directors must have independence.	▌If the number of outside directors is below a minimum level (two outside directors or one-third of the total number of directors, whichever is lower, or a majority if there is a controlling shareholder (including listed subsidiaries)) ▌If the term of office of an outside director is 12 years or more, if the notification as an independent director is not confirmed, or if the outside director has worked for a company that is a major shareholder
Effectiveness of outside directors	Outside directors are required to effectively supervise management.	▌Attendance at board meetings is less than 75% ▌When it is clear that they have not fulfilled their expected roles, such as the selection and dismissal of senior management or the supervision of conflicts of interest between the company and its management, controlling shareholders, etc
Appropriate compensation governance	Because the process for determining executive compensation must be transparent, there must be appropriate supervision (compensation governance).	▌If there is a proposal concerning executive officer compensation or executive officer retirement bonuses above a certain level [*7](for a company that does not have compensation governance[*6] in place)
Appropriate incentives	Although stock compensation is important as a management incentive, it can be counterproductive if not properly designed.	▌The stock compensation is designed so as to encourage the management team to be short-term oriented ▌The persons to whom the stock compensation is given are not appropriate ▌The stock compensation could lead to excessive dilution
Effective utilization of financial assets	It is essential that financial assets are utilized effectively to enhance corporate value.	▌Financial assets are not utilized effectively[*8], and shareholder returns (dividends and share buybacks) are not appropriate

[November 2022 Revisions]
*1 Changed the threshold for ROE. The lower of 5% and 25th percentile in sector → the lower of 5% and 33rd percentile in sector
*2 Changed the monitoring board requirements as follows.
■At least one female director → At least 10% female directors ■Cross-shareholdings less than 10% of invested capital → less than 25% of net assets for financial institutions (no change for non-financial companies)
*3 Newly established a standard to vote against proposals for election of board chairperson/CEO, etc. as director if cross-shareholdings are particularly large (non-financial company: more than 25% of invested capital; financial institution: more than 50% of net assets).
*4 Will vote against proposals for election of board chairperson/CEO, etc. or outside director as director, if a financially-sound listed subsidiary with a large amount of net financial assets is lending money to the parent company, etc. (added to the existing standard)
*5 Newly established a standard to vote against a proposal for the election of board chairperson/CEO, etc. as director if there are no female directors.
*6 Raised the standard for judging a company's compensation governance. The requirement is now to have a compensation committee, at least two (2) outside directors as committee members, and the number of inside directors must not exceed the number of outside directors.
*7 For executive retirement benefits of a certain amount, in addition to having solid compensation governance, we added a requirement that the majority of directors must be outside directors.
*8 Raised the ROE standard from 8% to 10%. Here, if a company is financially-sound and has a large amount of net financial assets, and the ROE level is low, we judge the company to be "not effectively utilizing financial assets."

Changes to Proxy Voting Standards for Japanese Companies

-The same number is used for the same type of key point.
-Particularly important revisions are highlighted.

Month/Year of Revision	Proposal Category	Key Point	Key Change
NAM Created the Proxy Voting Committee (2001)			
March 2006	**Director election/ executive compensation**	**❶ Business performance standard based on ROE**	**NEW (ROE threshold = 3%, take management improvement efforts into consideration)**
March 2007	Director election/executive compensation	① Business performance standard based on ROE	Raised ROE threshold from 3% → 5%
	Director election	② Requirements for independence of outside directors	NEW (Applied to companies with committees at the time)
January 2010	Director election	③ Number of outside directors (listed subsidiaries)	NEW (Minimum of one (1) outside director if there is a director who came from parent company)
METI Ito Report* indicated ROE of 8% (August 2014) ISS Introduced business performance standard based on ROE (February 2015)			
April 2015	Director election	① Business performance standard based on ROE	In addition to 5%, references relative values (industry median value)
		④ Number of outside directors	NEW (Minimum level of one (1) outside director, will vote in opposition if ROE is less than 8%)
Tokyo Stock Exchange Enactment of Corporate Governance Code(June 2015. Revised in June 2018, re-revised in June 2021)			
April 2016	Director elections/Auditor elections	⑤ Effectiveness of outside executive officers	NEW (Will vote in opposition if attendance rate is below 75%)
April 2017	Director elections	④ Number of outside directors	Raised minimum from one (1) to two (2) outside directors
		③ Number of outside directors (listed subsidiaries)	Raised minimum from one (1) to two (2) outside directors
		② Independence requirements for outside directors	Specifies requiring independence for all companies Reference independent director notification
November 2017	Director election	② Independence requirements for outside directors	Added requirements related to large shareholders
	Shareholder proposals	**❻ Changes to articles of incorporation**	**Stipulated types of proposals we will vote in favor of**
November 2018	**Director election**	③ Number of outside directors (listed subsidiaries)	Integrate into ④
		④ Number of outside directors	Abolish requirements for ROE If there is a controlling shareholder: Raised minimum from two (2) to one-third
		❺ Effectiveness of outside directors	**NEW (We will vote against proposals if it is clear that outside directors were unable to fulfill the role expected of them)**
	Executive compensation	**❼ Compensation governance**	**NEW (Relaxed requirements to vote in favor of company proposals if it is determined that compensation governance is in place)**
	Revisions of articles of incorporation	⑧ Board of directors authorization for dividend	Specifies that general shareholders' meetings will not be ruled out, and that, in principle, we will vote in favor of proposals if the surplus appropriation and the number of outside directors meet the minimum standards.
November 2019	Director election	④ Number of outside directors	If there is no controlling shareholder: Raised the minimum from two (2) to one-third for companies other than a company with a board of company auditors If there is a controlling shareholder: Abolished requirements for ROE
	orporate restructuring/ capital policy	⑨ M&A, finance related	Specifies the stance of taking conflicts of interest with minority shareholders, etc. into consideration
June 2020	Director election/ appropriation of surplus	⑩ COVID-19	Abolished the application of some standards related to business performance and appropriation of surplus
November 2020	**Director election**	**⓫ Monitoring board requirements**	**NEW (Established eight requirements to be met, including gender diversity, cross-shareholdings, etc.) → Support for the transition to monitoring boards**
		④ Number of outside directors	Raised the minimum for a company with a board of corporate auditors from two (2) to one-third
		② Independence requirements for outside directors	Added term in office (12 years)
	Executive compensation	⑪ Monitoring board requirements	NEW (Relaxed requirements related to business performance, etc., if company has a monitoring board)
			NEW (Vote in favor of making payment of stock compensation satisfying certain requirements to outside directors, etc., if company has a monitoring board)
June 2021	Director election/ appropriation of surplus	⑩ COVID-19	Reinstated the application of some standards related to appropriation of surplus
November 2021	**Director election**	**⓬ Incorporate engagement outcomes**	**NEW Encourage the realization of desirable management (gender diversity, cross-shareholdings, etc., including initiatives targeting ESG issues)**
		① Business performance standard based on ROE	Lowered threshold of comparative value to 25th percentile of industry median value Take management improvement efforts into consideration only when company has a monitoring board
		④ Number of outside directors	There is a controlling shareholder: Raised minimum from one-third → majority
January 2022	Director election	⑩ COVID-19	Reinstated application of business performance standard
November 2022	**Director election**	① Business performance standard based on ROE	Raised the comparison value threshold from 25th percentile in industry to 33rd percentile in industry.
		⓭ Diversity of board of directors	**NEW (We will vote against a proposal if there are no female directors**
		⓮ Cross-shareholdings	**NEW (We will vote against a proposal if there is a particularly large amount of cross-shareholdings)**

*Final report of the "Competitiveness and Incentives for Sustainable Growth – Building Desirable Relationships Between Companies and Investors –" project

Disclosure of Proxy Voting Results (Reasons for voting for or against proposals)

Since the October – December 2019 quarter, we have been disclosing the reasons that we voted for or against all proposals, and we have been providing detailed explanations of the reasons for those proposals we feel require special explanation. This is an effort to further increase visibility with respect to appropriate proxy voting.

Here, we introduce some specific examples of disclosure with respect to proposals we feel require special explanation.

Proposals we made voting decisions on that differ from our proxy voting standards

We sometimes make decisions that differ from our proxy voting standards based on engagement with a company.

GSM type	Proposer	Proposal classification	Voting result	Reason for proxy voting result
Ordinary GSM	Company	Director election/ dismissal	Voted for	Although ROE is struggling and does not meet our standard, we voted for the proposal, taking into consideration the fact that the deterioration in financial indicators such as ROE has been limited better than other companies in the same industry in Japan and overseas.
Ordinary GSM	Company	Director election/ dismissal	Voted against	A proposal for the election of a newly elected candidate belonging to a major shareholder of the company. Although this candidate satisfies our standards, there are concerns that the current board of directors is too sensitive to the wishes of certain major shareholders and that diverse opinions are not being valued. Therefore, we voted against the proposal, determining that there was a possibility that the election of this candidate would exacerbate these concerns.

Proposals we determined to require special accountability

In addition to proposals related to M&A and capital policy, there were proposals asking companies to increase board diversity.

GSM Type	Proposer	Proposal classification	Voting result	Reason for voting result
Ordinary GSM	Company	Director election/ dismissal	Voted against	Improper information disclosure was identified. We judged that our standards regarding the duties as a director were not satisfied, and voted against the proposal in accordance with our standards.
Ordinary GSM	Company	Director election/ dismissal	Voted against	Inappropriate related-party transactions were identified, but the nomination committee did not sufficiently pursue responsibility. We judged that our standards regarding the responsibilities of a director were not satisfied, and voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Director election/ dismissal	Voted for	This was a proposal requesting the election of an outside director. The proposer's assertion pointing out the slump in capital efficiency was reasonable to a certain extent, there was room for improvement in the composition of the board of directors, and the board of directors had not made a persuasive counterargument to the proposer's assertion. Considering the above, in accordance with our standards, we voted in favor of the proposal for a candidate that was consistent with the assertion.
Ordinary GSM	Shareholder	Director election/ dismissal	Voted against	This was a proposal requesting the election of an outside director. Although the proposal regarding the capital allocation policy is reasonable to a certain extent, we judged that the influence of candidates for which there are concerns about independence may become excessive, and we therefore voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Appropriation of surplus	Voted against	This was a proposal seeking additional shareholder returns. We judged that the proposing shareholder had not fulfilled its accountability for the company's business and financial strategies and its own large-scale purchase of shares, so we voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Appropriation of surplus	Voted for	This was a proposal seeking additional shareholder returns. After considering the large amount of financial assets held relative to the scale of the business, the unclear use of financial assets, and the fact that the impact on financial soundness is minimal, we determined that it would contribute to the improvement of shareholder value, and voted for the proposal in accordance with our standards.
Ordinary GSM	Company	Organizational restructuring-related	Voted for	This was a proposal regarding the overseas business integration with the parent company. Because we recognized the reasonableness of management decisions, and confirmed that a certain amount of efforts are being made to protect the interests of minority shareholders, we voted in favor of the proposal in accordance with our standards. Although it did not lead to us voting against the proposal, we pointed out to the company our concerns about issues such as weak corporate governance, conflicts of interest with minority shareholders, and insufficient information disclosure.
Special GSM	Company	Proposal related to other capital policy	Voted against	This was a proposal regarding the third-party allotment of common stock. In addition to the purchase of treasury stock, this proposal aimed to reduce the share ownership ratio of a certain major shareholder, and we judged that the board of directors had not fulfilled its accountability for protecting the interests of minority shareholders, so we voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted for	This was a proposal seeking at least one male director and at least one female director. Judging that it would contribute to the improvement of gender diversity on the board of directors, we voted in favor of the proposal in accordance with our standards.

*We have omitted places mentioning individual company names.

In the individual disclosure for April – June 2022, in addition to explaining the reasons for the decisions made on each of the proposals submitted by shareholders with respect to the issue of climate change, we provided a comprehensive explanation about the background behind our decisions on climate change-related proposals as a whole.

Climate change-related proposals submitted by shareholders

- A proposal to amend the articles of incorporation was submitted to a number of companies asking them to address the issue of climate change. The issue of climate change is one of the environmental and social issues that we believe to be particularly important for the sustainable improvement of corporate value, and there have been multiple cases in the past in which we voted in favor of similar proposals after deliberating on them individually. However, we have a policy of voting against proposals in the following cases, and there were no proposals that we could vote in favor of this time.
  - If it contains content that may impose specific restrictions on the execution of business
  - When there is a possibility of restricting the execution of business due to excessively detailed content
  - When the proposing shareholder has not fulfilled its accountability with respect to the reasons for the proposal
- In addition, some of the proposing shareholders indicated that they would like the proposal to be judged on as a recommendation to the company, rather than as a change to the articles of incorporation. Our policy is to fully consider the impact if the proposal were to be passed, and although we will flexibly judge the appropriateness of specifying a company's response to environmental and social issues in the articles of incorporation, we do not believe it is appropriate to deliberate on this as a recommendation.

GSM Type	Proposer	Proposal classification	Voting result	Reason for proxy voting result
Ordinary GSM	Shareholder	Proposals related to articles of incorporation	Voted against	This was a proposal to change the articles of incorporation regarding disclosure of efforts to address the problem of climate change. Although we agree with the importance of climate change issues with respect to medium- to long-term corporate value, we determined that the details of the proposal included content that could impose specific restrictions on business activity and that it would not be appropriate to include such content in the articles of incorporation, so we voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Proposals related to articles of incorporation	Voted against	This was a proposal to change the articles of incorporation regarding disclosure of efforts to address the problem of climate change. Although we agree with the importance of the climate change issue with respect to medium- to long-term corporate value, the proposal included overly specific content and could restrict the execution of business, and we determined that it would not be appropriate to include such content in the articles of incorporation, so we voted against the proposal in accordance with our standards.
Ordinary GSM	Shareholder	Proposals related to articles of incorporation	Voted against	This was a proposal to amend the articles of incorporation regarding disclosure related to the problem of climate change. We judged that the proposer was not fulfilling its accountability because there was no specific indication of the company's risks and business opportunities arising from climate change issues, so we voted against the proposal in accordance with our standards.

Proposals involving the possibility of a conflict of interest

We give detailed explanations for proposals of group affiliates, including our parent company Nomura Holdings as well as for discussions related to matters involving group affiliates. Here, we discuss proposals in which Nomura Securities, a group affiliate, was involved in acquisitions or organizational restructurings as a financial advisor and third-party assessor.

GSM Type	Proposer	Proposal classification	Voting result	Reason for proxy voting result
Ordinary GSM	Company	Proposal related to other capital policy	Voted for	This was a proposal to squeeze out shareholders who did not participate in the tender offer by the parent company. We voted in favor of the proposal in accordance with our standards, taking into consideration the fact that efforts to protect the interests of minority shareholders were confirmed and that the economic terms were reasonable. **Nomura Securities, a group affiliate, was involved in this deal as a financial advisor and a third-party assessor.**
Special GSM	Company	Organizational restructuring-related	Voted against	This was a proposal regarding a share exchange. If it went through, the company would become a listed subsidiary of a major shareholder, which raised concerns about a conflict of interest with minority shareholders, and the effort to protect the interests of minority shareholders were insufficient, and we determined that accountability had not been fulfilled with respect to the economic terms being unfavorable, so we voted against the proposal in accordance with our standards. **Nomura Securities, a group affiliate, was involved in this deal as a financial advisor and third-party assessor.**
Special GSM	Company	Proposal related to other capital policy	Voted against	This was a proposal to squeeze out shareholders who did not tender in a tender offer made for a management buyout (MBO). The conflict of interest with minority shareholders was significant, and we determined that the board of directors had not fulfilled its accountability with respect to the fact that the economic terms were inadequate compared to other similar tender offers, so we voted against the proposal in accordance with our standards. **Nomura Securities, a group affiliate, was involved in this matter as a financial advisor and third-party assessor.**

*We have omitted places mentioning individual company names.

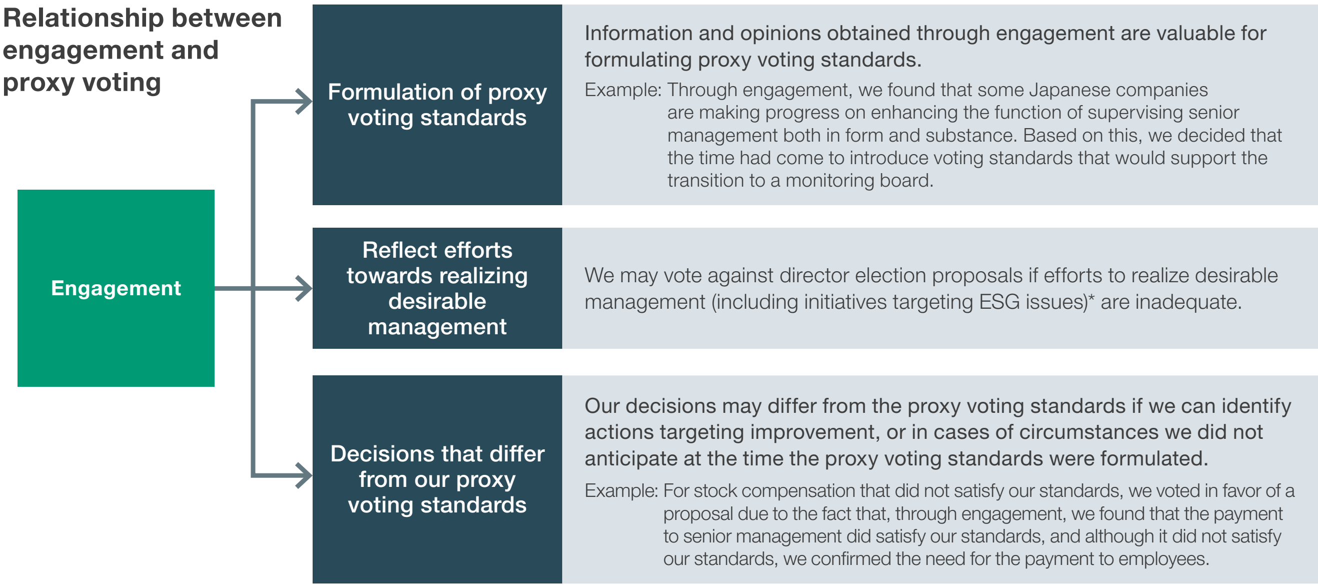
Proxy Voting FAQ

Q Can engagement have an impact on proxy voting?

A We carry out engagement and proxy voting so that portfolio companies implement desirable management (including efforts on ESG issues)*, and to encourage them to improve corporate value and realize sustainable growth. We reflect the opinions of portfolio companies and information about portfolio companies obtained through engagement in our revisions of our proxy voting standards. Additionally, we take the information we attain through engagement into consideration to make highly-effective decisions when actually carrying out proxy voting.

In addition, following this most recent revision, we may vote against a director election proposal if, despite our indicating through engagement to a portfolio company that its efforts to realize desirable management are inadequate and our urging the portfolio company to take corresponding action over the medium to long term, the portfolio company has not taken adequate steps and improvement is not expected.

Relationship between engagement and proxy voting



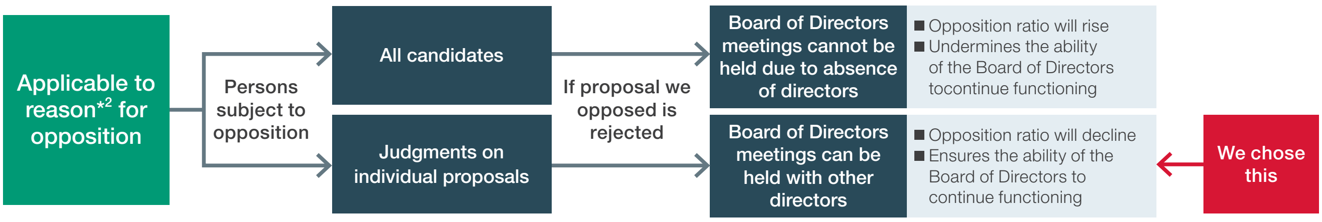
*Refer to Page 21-22 for information about desirable management

Q It seems like you vote against company proposals only a small percentage of the time. Can you comment on that?

A Proposals concerning the election of directors are the most common type of proposal, and therefore have a large impact on our opposition ratio. Taking into consideration the continuity of the board of directors*1, we limit director election proposals we oppose to candidates holding the responsibility for individual matters. This is the reason why our opposition ratio looks relatively low (see chart below). Our opposition ratio for proposals to elect directors is 7% (April-June 2022), but the percentage of companies for which we opposed one or more candidates within a proposal was 40% (same period), which is not a particularly low level. On the other hand, since the number of proposals is low, the overall impact is small, but our opposition ratio appears to be relatively high with respect to proposals related to executive compensation or capital policy. The effectiveness of corporate governance comes into question particularly for proposals related to M&A and financing, so we carefully discuss these issues, including the impact that a rejection of the proposal would have, and we vote against the proposal if we decide that it will not contribute to the interests of minority shareholders.

Furthermore, we aim to achieve desirable corporate governance and improve corporate value by working on portfolio companies through a combination of proxy voting and engagement. We position proxy voting as one of the means to do this, and we do not believe that our opposition rate is indicative of our stance.

Guideline for Director Election Proposals



*1 Under the Companies Act, a minimum of three directors is necessary in order to hold a Board of Directors meeting. *2 Shortage of outside directors, low ROE, etc.

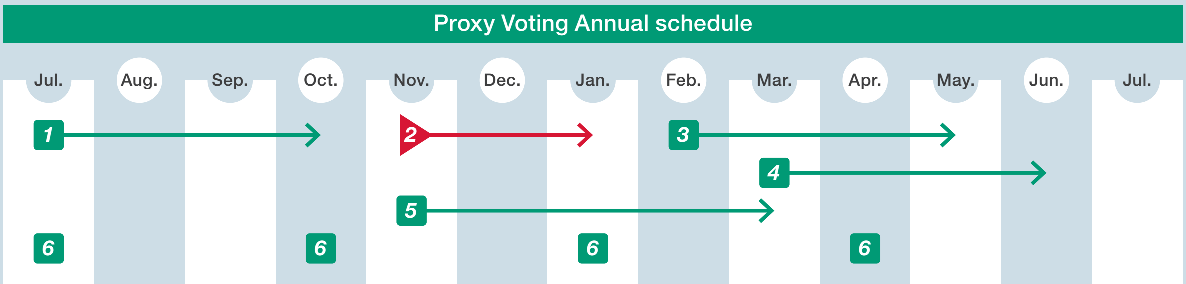
Q What about proxy voting with respect to group affiliates?

A As with other portfolio companies, we make decisions about whether to support or oppose proposals for group affiliates based on our guidelines. As a proposal with a conflict of interest, the Responsible Investment Committee will discuss the proposal referencing the opinions of multiple proxy voting advisory firms. Members of the Responsible Investment Council attend the Responsible Investment Committee meeting and participate in the deliberations. Also, following the conclusion of the Responsible Investment Committee meeting, the Responsible Investment Council holds a meeting where it closely examines the issue from the perspective of conflict of interest.

COLUMN

Annual Schedule of a Proxy Voting Representative

June, followed by March and May, are the months in which the largest numbers of Japanese companies hold their general shareholders' meetings. We exercise our voting rights for about 1,600 portfolio companies in June alone, and more than 1,900 portfolio companies in these three months. Below, we discuss the approximate annual schedule for proxy voting, focusing on this period with a high concentration of shareholders' meetings.



1 Revisions to Proxy Voting Guidelines

July – October

As soon as the busy season for shareholders' meetings ends, we start reviewing our Proxy Voting Guidelines. Taking into consideration the actual conditions of Japanese companies, which we have learned through engagement and proxy voting, we make revisions to reflect changes in laws and regulations, such as revisions to the Corporate Governance Code.

2 Engagement to inform companies about the revisions to our Proxy Voting Guidelines

November – January

We conduct engagement mainly with the portfolio companies that we think will be significantly impacted by the revisions to our Proxy Voting Guidelines. We communicate our views and encourage them to strengthen their corporate governance. In addition to individual meetings with portfolio companies, we also explain our views at seminars.

3 Engagement in anticipation of the general shareholders' meeting.

February – May

As the busy season approaches, we ramp up engagement with an eye towards shareholders' meetings. This is the time when companies are finalizing the proposals they will make at shareholders' meetings (the proposals have already been finalized in some cases), so portfolio companies tend to be most interested in the prospects for individual proposals. However, we try to keep these discussions focused on strengthening corporate governance over the medium to long term.

4 Period when most general shareholders' meetings are held

March – June

This is a period when we need to accurately judge a large number of proposals. We exercise voting rights for roughly 100 companies per day during the peak period in June, so it also happens to be the period when we most want companies to provide information disclosures that are clear and easy to understand.

5 Engagement to strengthen corporate

All year, particularly November – March

We explain our proxy voting philosophy and let portfolio companies explain to us how they are working to strengthen their corporate governance, and we then talk with them about their efforts.

6 Disclosure of proxy voting results

January/April/July/October

After the end of each quarter, we disclose the results of our proxy voting, and the reasons behind our voting activities, on our corporate website.