PROXY VOTING

We exercise voting rights with an emphasis on the effectiveness of our actions through a disciplined and robust decision making process

Characteristics of the Proxy Voting Process

Discipline	Robustness	Comprehensive discussions	Conflict of interest management
Judgments on proposals are made in accordance with the proxy voting guidelines	A robust decision-making process centered on the Responsible Investment Committee	The Responsible Investment Committee itself decides to agree with or oppose proposals, rather than simply ratifying the secretariat's proposal	Real-time monitoring by the Responsible Investment Council

Refer to Page 5~6 for more information about the Responsible Investment Committee

Proxy Voting Process

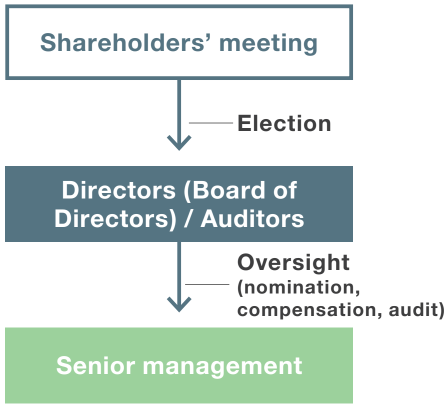
In proxy voting, we focus on the corporate governance of portfolio companies. The basic structure of corporate governance is that directors and auditors are elected at a shareholders' meeting, and directors (the board of directors) and auditors supervise senior management through nominations, compensation 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 the lower part of the previous page are the unique aspects of our proxy voting process.

Basic Corporate Governance Structure

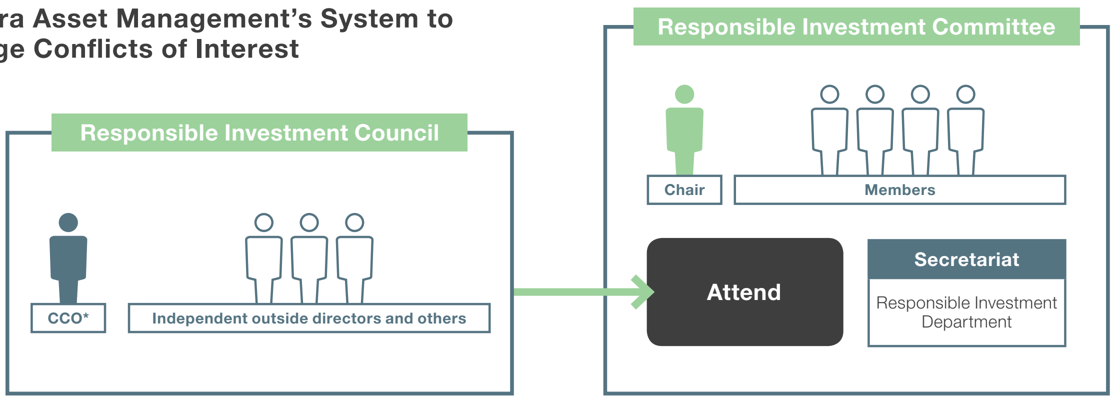


System to Manage Conflicts of Interest

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).

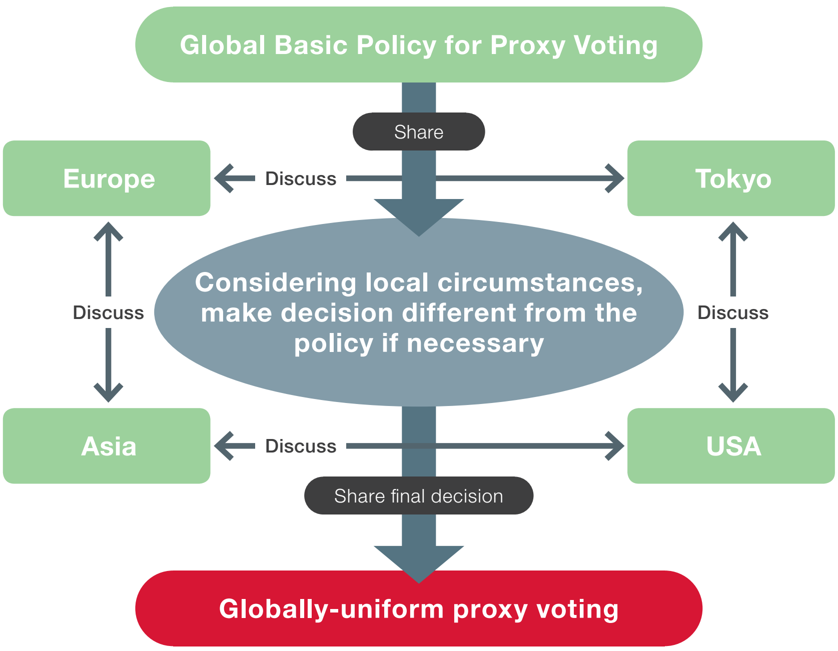
	Members (as of December 2021)	Role	Process of formulating proxy voting guidelines	Proposal judging process: Qualitative judgment not necessary	Proposal judging process: Qualitative judgment is necessary (No conflicts of interest)	Proposal judging process: Qualitative judgment is necessary* (There is a conflict of interest)
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				
			Formulation of the guidelines	**Decide whether to agree or oppose**	**Decide whether to agree or oppose**	**Decide whether to agree or oppose**

*This includes proposals of group affiliates.

Reference
Opinions from multiple proxy voting advisory firms

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.

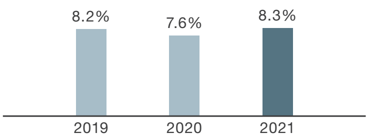


Changes in Results of Exercise of Voting Rights for Japanese companies (Calendar year)

Total Company proposals

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

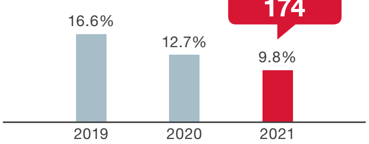
Number of proposals **23,894**



Total Shareholders' proposals

The ratio of votes for is shown in the chart below.

Number of proposals **174**

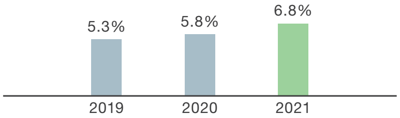


Proposals on company organizational structure

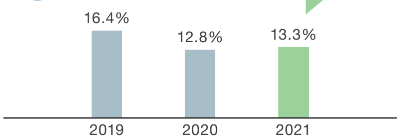
(Ratio of votes against, same as below)

Our ratio of votes against proposals increased in 2021. The main reason for this was our votes against outside directors and auditors with long tenures from November 2021 onward.

Election and dismissal of directors — Number of proposals **18,429**



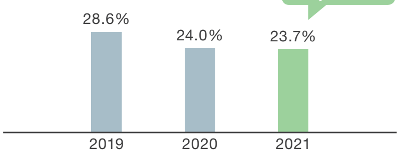
Election and dismissal of auditor — Number of proposals **1,811**



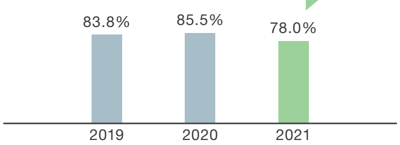
Proposals on executive compensation

The ratio of votes against decreased in 2021. The main reason for this is the progress in the development of compensation governance.

Executive compensation*1 — Number of proposals **1,087**



Payment of retirement benefits to retiring executives — Number of proposals **123**

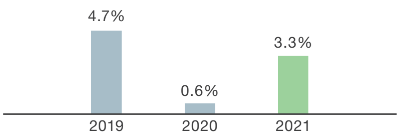


Proposals on capital policies

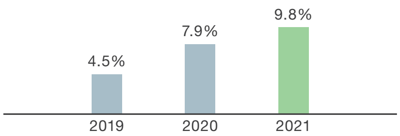
(excluding proposals on articles of incorporation)

The application of the criteria to the appropriation of surplus was suspended from June 2020 to May 2021 (see pages 65-66), which led to a decrease in the ratio of opposition in 2020 and 2021. In addition, in 2021, there were many proposals related to reorganization and other capital policies. Please see also the examples of reasons for approval and disapproval on page 68.

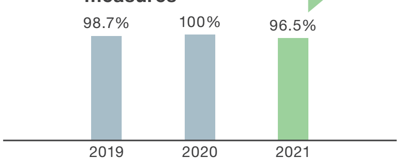
Appropriation of surplus — Number of proposals **1,500**



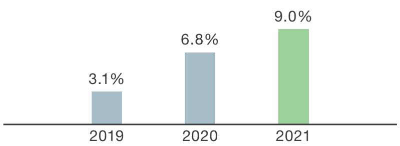
Organizational restructuring-related*2 — Number of proposals **61**



Introduction, update and abolition of takeover defense measures — Number of proposals **57**

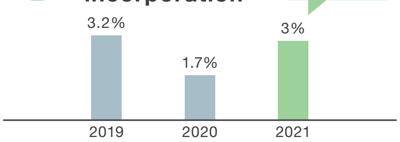


Proposals on other capital policies*3 — Number of proposals **100**



Proposals on articles of incorporation

Proposals on articles of incorporation — Number of proposals **630**



* In addition to the above, in 2021 we voted on 91 proposals related to the election and dismissal of accounting auditors, and five other proposals. We voted against 0% and 40% of these proposals, respectively.

*1 Revisions of executive compensation amounts, issuance of stock options, introduction/revision of performance-linked 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 2021

	Company proposals	Shareholders' proposals	Total
Votes for	20,358	403	**20,761**
Votes against	2,587	167	**2,754**
Total	22,945	570	**23,515**
Ratio of votes against	11.3%	29.3%	**11.7%**

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. Since June 2020, the application of some standards had been suspended due to the impacts of the COVID-19 pandemic, but we resumed the application of standards from January 2022. The situation surrounding COVID-19 remains unclear, and is having a considerable impact on the business performance of portfolio companies. For companies and industries for which the impact of COVID-19 is particularly large and the application of business performance standards is not considered appropriate, we conduct deliberations on an individual basis and made decisions flexibly.

Proxy Voting Guidelines Structure

Global Basic Policy for Proxy Voting
Proxy Voting Standards for Japanese companies → Application to Japanese companies

Proxy voting standards and overview
Reflect engagement status
Stringent judgment on corporate actions and responsibility for outcomes
Composition of (Board of) Directors
Independence of outside directors
Effectiveness of outside directors
Appropriate compensation governance
Appropriate incentives
Effective utilization of financial assets

Overview of Proxy Voting Standards Revisions (November 2021)

The highlights of this revision include the addition of a new item to reflect the outcomes of engagement in proxy voting, and the setting of different standards for return on equity (ROE) depending on whether a company's board falls into the category of a monitoring board or not. With the former, we are aiming to realize desirable management as presented on Page 21-22. Regarding the latter, before the revision, even if ROE was stagnating, if management improvement efforts were being made (judged by the trends for ordinary profit and net income), we did not use the ROE as a reason to vote against proposals. However, following the revision, we will limit this to cases in which the company's board falls into the category of a monitoring board.

Proxy voting standards and overview
Added new items to reflect engagement outcomes in proxy voting
Change to business performance standards
Raised the minimum level for the number of outside directors
For proposals on disposition of surplus, changed the definition of net financial assets*
For proposals to change articles of incorporation, added classifications that we will vote in favor of

	In the following cases, we will oppose a company's proposal
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, and if we determine that this is hindering the improvement of corporate value and sustainable growth, or is likely to hinder them over the medium to long term
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 minority shareholders' interests are not protected in M&A, etc. ■ If actions that significantly damage shareholder value (misconduct, etc.) are found ■ If ROE is slumping. In the case of a monitoring board, if ROE is stagnating and there is no effort being made to improve management
A certain number of outside directors is necessary to supervise the management team. Particularly in a company where there is a controlling shareholder (such as a listed subsidiary), there are concerns about a conflict of interest with the controlling shareholder, therefore a higher level of supervision is required.	■ The number of outside directors falls short of the minimum level Refer to "Overview of proxy voting standards revisions" below for the minimum level
In order to supervise senior management, outside directors are required to have a certain degree of independence. In order to prioritize effectiveness, we ensure that the standards for independence are not too stringent.	■ If the tenure of office is 12 years or more ■ When the notification as an independent director is not confirmed ■ If the director has been employed by a company in which the company is a major shareholder
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
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 (for a company that does not have compensation governance in place)
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
It is essential that financial assets are utilized effectively to enhance corporate value.	■ Financial assets are not utilized effectively, and shareholder returns (dividends and share buybacks) are not appropriate

Before revision	After revision
—	**We will vote against director election proposals in the following cases** • Despite the fact that during engagement we pointed out that efforts towards realizing desirable management are inadequate and urged action, • If the portfolio company is not making adequate efforts and improvements are not expected, • And, this is determined to be hindering the enhancement of corporate value and sustainable growth, or that it is likely to hinder them over the medium to long term
We will vote against director election proposals in the following case • ROE has been below the lower of either 5% or the median value in the industry for three consecutive fiscal years, • And, the company has not made an effort to improve management	**We will vote against director election proposals in the following cases** **(If board falls under the category of a monitoring board)** • ROE has been below the lower of either 5% or the 25th percentile in the industry for three consecutive fiscal years, • And, the company has not been making an effort to improve management **(If board does not fall under the category of a monitoring board)** • If ROE has been below the lower of either 5% or the 25th percentile in the industry for three consecutive fiscal years
• For a company which has a board of corporate auditors and which does not have controlling shareholders: Two or 20%, whichever is greater • For other companies: Two or 1/3, whichever is greater	• For a company which does not have a controlling shareholder: Two or 1/3, whichever is greater • For a company with a controlling shareholder: A majority
Net financial assets = cash and deposits + long- and short-term held securities – interest bearing debt	Net financial assets = cash and deposits + long- and short-term held securities/deposits paid – interest bearing debt
—	**We will vote in favor of the following proposals for changes to articles of incorporation, both from the company and from shareholders. Also, with respect to shareholder proposals, we will vote against proposals if there are items that apply to the articles of incorporation** • Proposals related to the formulation and disclosure of basic policy regarding ESG issues • For companies with listed subsidiaries, proposals related to initiatives in order to ensure the effectiveness of the listed subsidiaries' governance system • Proposals which make it possible to hold a virtual-only general meeting

*We will vote against dividend disposition proposals if the ratio of the net financial assets to total assets/sales exceeds 30%, and the shareholder equity ratio, ROE, and shareholder return ratio satisfy certain requirements.

Supporting an effective transition to a monitoring board

The Thinking Behind It

A monitoring board is a board of directors whose main role and responsibility is to supervise management. Traditionally, the board of directors of Japanese companies have mostly been management boards, but today, as the number of boards with outside directors is increasing, and those with outside directors are adding even more outside directors, this is now a turning point for companies to choose whether to transition to an advisory board or a monitoring board. For publicly-listed companies, the function of supervising the management team on behalf of an unspecified number of shareholders is absolutely necessary, and the board of directors is responsible for this. We expect the board of directors of a Japanese company to be responsible for the supervisory function as a monitoring board.

Some companies have introduced an executive officer system to separate supervision and execution, but if the board of directors is a management board, the board of directors will rank higher than the other executive bodies (management committee, executive committee, etc.), and high-ranking executive officers usually serve concurrently as directors. On the other hand, a board of directors which has transitioned to become a monitoring board oversees the executive bodies, so the hierarchical relationship with executive bodies no longer exists. There is also no rank hierarchy between directors and executive officers, as they each play different roles.

Management board

Main roles and responsibilities	Member composition
Management decisionmaking	Centered on inside directors (management team)

Advisory board

Main roles and responsibilities	Member composition
Management decisionmaking, advice to management team	Centered on inside directors (management team), but there are also a minority of outside directors

Monitoring board

Main roles and responsibilities	Member composition
Supervision of management team	Centered on outside directors

We expect companies to transition to this

In order to support effective transitions

The effectiveness of the supervisory function is what is important, and through proxy voting and engagement we urge companies to increase effectiveness. So as not to end up encouraging merely perfunctory transitions, our proxy voting standards include the following.

- Show the requirements for determining whether or not a board falls under the category of a monitoring board
- If the board does fall under the category of a monitoring board, we will ease the requirements for voting in favor of company proposals related to business performance standards and some standards related to executive compensation.
- We will not oppose company proposals on the reasoning that the company's board does not fall under the category of a monitoring board.
- Even if the board does not fall under the category of a monitoring board, we will ease the requirements for voting in favor of company proposals related to executive compensation for companies establishing compensation governance as an initiative aimed at transitioning to a monitoring board.

Monitoring board requirements

If a board satisfies all eight of the requirements listed on the right, we determine it to be a monitoring board. We view these requirements as the bare minimum for being a monitoring board.

1	A majority of the directors are outside directors
2	Has nomination committee and compensation committee with outside directors comprising a majority
3	Nomination and compensation committee chairpersons are outside directors
4	There is at least one woman director
5	The company has not introduced a takeover defense plan
6	The company does not hold strategic shareholdings in excess (less than 10% of invested capital)
7	If the company is a company with a board of corporate auditors, director's term in office is one year
8	If there are controlling shareholders, the chair of the board of directors is an outside director

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	Executive compensation	Voted for	Although it did not satisfy our standards regarding the period of stock compensation, we voted in favor of the proposal based on the fact that it would meet our standards for payments to senior management and we confirmed the need to make payments to employees.
Ordinary GSM	Company	Introduction/change/ abolishment of takeover defense plan	Voted for	We voted in favor of the takeover defense plan, determining that it is possible that the acquirer did not properly disclose information about the purpose of holding a large number of shares in the process of making a large-scale purchase.

Proposals we determined to require special accountability

There were a variety of proposals, but there were a large number of proposals related to M&A and capital policy.

GSM type	Proposer	Proposal classification	Voting result	Reason for proxy voting result*
Ordinary GSM	Company	Organizational restructuring-related	Voted against	Proposal related to a share transfer. We voted against the proposal, judging there to be a large conflict of interest with minority shareholders and deciding that the company had not fulfilled its accountability with respect to the fact that the financial terms were unfavorable.
Special GSM	Company	Proposal related to other capital policy	Voted for	Proposal about the issuance of class shares via third party allotment. The funds would be used to secure working capital and repay interest-bearing debt, and it was unclear whether this would contribute to improving corporate value. In addition, control rights would be affected if these shares were converted to common stock. Despite this, there were concerns about inadequate efforts to protect the interests of minority shareholders, but we voted in favor of the proposal considering the current situation in which business performance is sluggish due to the impacts of the COVID-19 pandemic.
Special GSM	Company	Proposal related to other capital policy	Voted for	Proposal concerning the issuance of preferred shares via third-party allotment. There were concerns about conflicts of interest and efforts to protect the interests of minority shareholders, but we voted in favor of the proposal based on the reasonableness of the management decision.
Special GSM	Company	Proposal related to other capital policy	Voted against	Proposal related to a share exchange and third-party allotment. If this proposal went through, the company would become a listed subsidiary of a major shareholder, so there were concerns about a conflict of interest with minority shareholders, and we judged that the efforts to protect the interests of minority shareholders were insufficient, and that the company had not fulfilled accountability for the financial terms of the deal. Therefore, and we voted against the proposal in accordance with our standards.
Special GSM	Company	Introduction/update/ abolishment of takeover defense plan	Voted against	Proposal related to the gratis allotment of stock acquisition rights in accordance with a takeover defense plan. This takeover defense plan would restrict the shareholders' right to freely buy and sell shares, and the Board of Directors did not provide a sufficient reason to justify the move, so we opposed it in accordance with our standards.

*We have omitted the sections that refer to individual company names.

Proposals involving the possibility of a conflict of interest

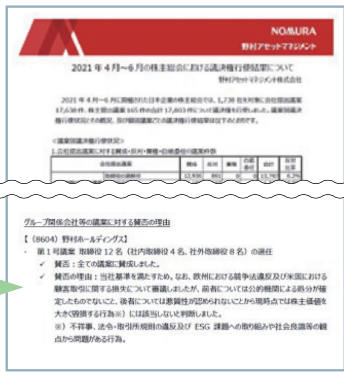
Here, we present our proxy voting results on proposals by Nomura Holdings, our parent company. Proposals by Nomura Holdings and other Group affiliates are not shown in a table, but are written about in detail in the opening text.

Reasons for voting results on Group companies' proposals

(8604) Nomura Holdings

- Proposal No. 1: Appointment of 12 directors (four inside directors, eight outside directors)
  - ✓ Result: We voted for all proposals.
  - ✓ Reason for voting result: Our standards were satisfied.
    We held thorough discussions about violating the antitrust law in Europe and losses related to client transactions in the U.S., but due to the fact that the punishments from the government institutions for the former had not been finalized, and there was no finding of maliciousness for the latter, we decided that at the current point in time these are not acts* that significantly damage shareholder value.

*Acts that are problematic due to being misconduct, violations of laws, regulations or trading exchange rules, or problematic from the standpoint of ESG efforts or being a good social citizen.


NOMURA
野村アセットマネジメント
2021年4月~6月の株主総会における議決権行使結果について
野村アセットマネジメント株式会社

グループ関係会社等の議案に対する賛否の理由
【(8604) 野村ホールディングス】
- 第1号議案 取締役12名(社内取締役4名、社外取締役8名)の選任
  - ✓ 賛否:全ての議案に賛成しました。
  - ✓ 賛否の理由:当社基準を満たすため。なお、欧州における競争法違反及び米国における顧客取引に関する損失について審議しましたが、前者については公的機関による処分が確定したものでないこと、後者については悪質性が認められないことから現時点では株主価値を大きく毀損する行為※)には該当しないと判断しました。

※) 不祥事、法令・取引所規則の違反及び ESG 課題への取り組みや社会良識等の観点から問題がある行為。

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

Engagement

Reflect efforts towards realizing desirable management

We may vote against director election proposals if efforts to realize desirable management (including initiatives targeting ESG issues)* are inadequate.

Formulation of proxy voting standards

Information and opinions obtained through engagement are valuable for formulating proxy voting standards.

Example: Through engagement, we found that some Japanese companies are making progress on enhancing the function of supervising senior management both in form and substance. Based on this, we decided that the time had come to introduce voting standards that would support the transition to a monitoring board.

Decisions that differ from our proxy voting standards

Our decisions may differ from the proxy voting standards if we can identify actions targeting improvement, or in cases of circumstances we did not anticipate at the time the proxy voting standards were formulated.

Example: For stock compensation that did not satisfy our standards, we voted in favor of a proposal due to the fact that, through engagement, we found that the payment to senior management did satisfy our standards, and although it did not satisfy our standards, we confirmed the need for the payment to employees.

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

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 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

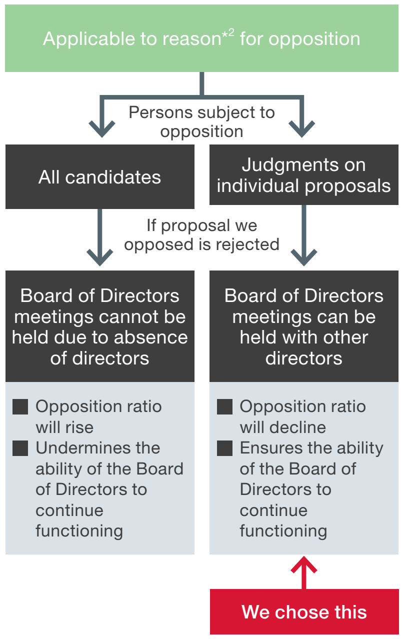
As the busy season approaches, we ramp up engagement with an eye towards shareholders' meetings. This is the time when companies are finalizing the proposals they will make at shareholders' meetings (the proposals have already been finalized in some cases), so portfolio companies tend to be most interested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

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 the continuity of the board of directors into consideration[*1], we limit our opposition to candidates who are responsible for individual cases in the election of directors. This is the reason why our opposition rate looks relatively low (see diagram on the right). We opposed 6% of director appointment proposals (April – June 2021), but we opposed one or more candidates in the director appointment proposals for 33% of companies (same period), so we do not view our opposition percentage as being particularly low.

Meanwhile, there are few proposals concerning executive compensation and capital policy, and therefore their overall impact is small, but our opposition ratio to these types of proposals seems to be relatively high. 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. We aim to combine proxy voting with engagement to appeal to portfolio companies, and encourage them to establish desirable corporate governance systems and enhance their corporate value. We position proxy voting as one means of accomplishing this, and we do not feel that our opposition rate indicates our stance.

Guideline for Director Election Proposals

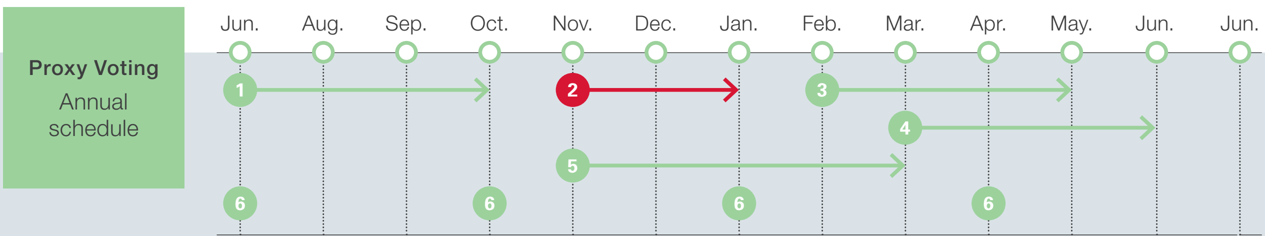


*1 Under the Companies Act, a minimum of three directors is necessary in order to hold a Board of Directors meeting.

*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.



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.