

## Proxy Voting Guidelines (Global Equity Excluding Japan)

### 1. Our purpose of formulating proxy voting guidelines

In order to ensure stable and continuous returns for beneficiaries on equity investments, it is important that investee companies operate business that respects the generation of shareholders returns and the maximization of consistent profits over a long term. To achieve this goal, it is essential that the companies have functional corporate governance structure.

We hereby set forth proxy voting guidelines. We believe that exercising proxy voting in compliance with the guidelines would ensure improvement of the companies' corporate governance structure, and thereby maximize long-term shareholders returns.

### 2. Relation between our voting activities and dialogue/ engagement

In proxy voting, we, as a long-term investor, determine whether to support or to vote against a proposal. This is an indication of our evaluation and intention on the governance framework of the investee companies based on the status and result of company dialogues and engagements.

For any proposal on which a decision is not in accordance or could not be determined in accordance with the proxy voting guidelines, we deliberate over the proposal at the Responsible Investment Committee and determine whether to support or to vote against the proposal.

### 3. Proxy voting guidelines

We determine our voting decision in light of the legal system and corporate governance code of each country, and by taking realities into consideration. We will vote against a proposal when disclosure on proposal is insufficient and inadequately explained.

#### (1) Composition on board of directors

We determine whether to support or vote against board and committee composition based on deliberations over the propriety and appropriateness and consideration of the legal system and corporate governance code of each country.

- Companies should preferably:
  - Have a sufficient size of the board to allow thorough discussions and prompt decision-making.
  - Have the board with diverse skillsets and backgrounds including gender to ensure appropriate supervision over business execution.
  - Appoint multiple independent outside directors to their boards of directors.

- Ensure that their boards of directors and respective committees (audit, compensation, nominating and other committees) sufficiently maintain independence.

(2) Board of directors – voting on director nominees

We determine whether to support or to vote against director nominees after deliberations over propriety on the nominees' career, qualifications, past business performance, and independence of outside directors.

- We will generally vote against:
  - Reappointment of director who is believed to have insufficiently engaged in actual activities as director (who attended less than 75% at board meetings and each committee meeting), unless reasonable and compelling explanation is provided.
  - Appointment of director who concurrently serves as directors at multiple listed companies, as we are concerned that such a director cannot secure sufficient time to work as director.
  - Reappointment of directors if the board or any applicable committee did not take appropriate steps against shareholder proposal that received majority support at the previous year's shareholders meeting.
- We generally will not support reappointment of directors where anti-takeover measures were adopted without shareholder approval, unless it is a proposal to ensure elimination of the management's arbitrary action.
- We generally will not support reappointment of an audit and supervisory committee member, if:
  - Excessive amount of non-audit fees is paid to auditors;
  - Inappropriate accounting acts are observed; and/or,
  - An inappropriate agreement of reducing liability concluded with auditors.
- We generally will not support reappointment of compensation committee member, if:
  - A negative correlation between shareholders return and CEO compensation exists
  - A change of exercise price on the stock option that could erode shareholder rights was made; and/or,
  - A compensation system or practices that are not preferable for shareholders exist.
- We conclude that there is a concern on independence of outside director, unless reasonable and compelling explanation is provided on following cases, if he or she :

- (i) Is a significant shareholder of the company, or an officer of, or otherwise; associated with, a significant shareholder of the company;
- (ii) Is dispatched from the parent or an affiliated company;
- (iii) Is dispatched from a major business partner;
- (iv) Has received an advisory fee other than director compensation from the company; and
- (v) Is a relative of an inside director of the company, etc.

(3) Supervisory board member – voting on nominees

We determine whether to support or to vote against a proposal by considering an eligible nominee's career, qualifications, past performance of executing duties, and independence of outside nominees.

- We will generally vote against:
  - Reappointment of outside nominees who are believed to have insufficiently engaged in actual activities as supervisory board (who attended less than 75% at board meetings), unless reasonable and compelling explanation is provided.
  - Appointment of nominees who concurrently serves as directors of multiple listed companies, as we are concerned that such nominees cannot secure sufficient time to work as supervisory board.
  - Appointment of outside nominees if their independence is not ensured.

The determination of independence applies the same criteria as the one for outside directors.

- We will not support if there is a serious concern on audit report and audit procedures.

(4) Auditor ratification

We generally will not support appointment of auditors if:

- (i) An auditor appears to have an interest in the company;
- (ii) An auditor appears to express incorrect opinions regarding the company's financial position; and/or,
- (iii) There is no separation between the audit fees and non-audit fees.

(5) Director compensations.

We expect director compensation to be well-devised to:

- Facilitate sustainable growth of corporate value,
- Designed to be linked to both the company-level and individual performance, and
- Reviewed at the compensation committee comprised of independent outside directors.

We also expect the compensation system to be disclosed sufficiently.

- (i) We will generally vote against director compensation if there are no reasonable grounds.
- (ii) Payment of retirement bonuses to outside directors and supervisory board members are preferred to be made in the form of director compensation.
- (iii) Stock options
  - We will generally support a proposal that we consider to be effective as an incentive program.
  - We will generally vote against stock options:
    - Where the potential dilution (including unexercised stock options) exceeds 5% of the issued shares.
    - Lowering an exercise price, unless reasonable and compelling explanation is provided.
    - Where the exercise price is set to be lower than the market price.
- (iv) Stock compensation, etc.
  - Standards on stock options apply mutatis mutandis.
- (v) Frequency of Say on Pay
  - We generally vote for annual advisory votes on compensation.

(6) Appropriation of surplus

We determine whether to support or to vote against appropriation of surplus based on deliberations over propriety with regard to dividend policies and the level of retained earnings, etc.

- We will generally support company proposals on appropriation of surplus.
- Provided, however, that we generally will not support on stock dividend with no option of selecting cash dividend provided, unless sufficient explanation that, for instance, selecting cash dividend would erode shareholder value, is provided.

(7) Capital policy

We determine whether to support or to vote against capital policy upon deliberations over a matter proposed with respect to its propriety including impacts on shareholder value.

- We will generally support company proposals for:
  - Mergers, transfer of business and corporate splits
  - Acquisition of treasury stock
  - Third-party allotment
  - Issuance of new shares and increase in number of shares authorized, etc.

Provided, however, we will generally not support proposals if:

- (i) It is believed to obviously erode shareholder value;
- (ii) It could be implemented during a takeover-bid period, and could serve as anti-takeover measures; and/or,
- (iii) Voting class shares will be issued.

(8) Anti-takeover measures

We determine whether to support or to vote against introduction or maintenance on anti-takeover measures based on thorough considerations on the notion of whether or not the purpose or specifics would contribute to enhancing shareholder value.

- We will generally not support following proposals which:
  - (i) Adopt a classified board structure;
  - (ii) Restrict or ban shareholders from convening an extraordinary shareholders meeting;
  - (iii) Grant the management authority of changing the quorum of the board without obtaining approval from shareholders;
  - (iv) Introduce super-voting shares or exchange with super-voting shares;
  - (v) Newly establish shares with superior voting rights;
  - (vi) Newly establish or expand shares with a different type of voting right; and/or,
  - (vii) Require supermajority vote for approval on merger .

(9) Amendments to the articles of incorporation

We determine whether to support or to vote against a proposal based on thorough considerations over the reason for the amendment with respect to its propriety and taking impacts on shareholder value into consideration.

- We will generally not support for supermajority vote requirements on amendment.
- We will generally support for proxy access or relaxing requirements of the introduction.
- We will generally support for easing vote requirements for shareholders to call special meetings.

(10) Potentially controversial business

We identify companies having conducted an act which is problematic from the standpoint of social responsibilities, such as legal violation, act on which an administrative punishment was imposed, accounting fraud, act being offensive to public order and morals, inappropriate action on environmental issues, as companies that have engaged in “potentially controversial business” and we determine whether to support or vote against a proposal based on considerations on the notion of strengthening corporate governance.

We will generally vote against:

- Reappointment of directors and/or supervisory board members who are liable in instances where the reappointment is deemed to clearly erode shareholder value.
- Payment of bonuses and retirement bonuses to directors and/or supervisory board members who are liable.

(11) Shareholder proposals

We determine shareholder proposals, which encompass a variety of realms from matters concerning social and environment issues to political activities, by taking the following matters into consideration:

- Whether the proposal contributes to enhancing shareholder value over the medium to long term;
  - Whether it better protects and strengthens the shareholders rights; and,
  - Whether the disclosure of such information would offer advantage to shareholders.
- In Proxy Contests, we will generally consider the following factors for Director Nominees in Contested Elections:
    - Business performance and past accomplishments of the management;
    - Background leading to proxy contest;
    - Qualifications and compensation of the candidate; and,
    - Business strategy and its feasibility on both the company and the shareholders, etc.

(12) Other proposals

- We determine whether to support or vote against any other proposal upon deliberations over impacts on stock value with respect to its propriety of the proposed matter and if sufficient explanation over the proposal is provided.
- We will generally support a company proposal seeking approval of the company's financial statements, business report and audit report, except for the instances below:
  - (i) There is some concern about account closing and auditing procedures; and/or,
  - (ii) The company does not answer questions from the shareholders regarding matters that must be disclosed.
- We will generally support routine proposals where some markets require shareholders to approve for procedural formalities as listed below:
  - (i) Opening a shareholders meeting;

- (ii) Confirmation on a proper convocation of the shareholders meeting;
- (iii) Convocation of the shareholders meeting processed in accordance with the applicable local laws and regulations;
- (iv) Meeting a quorum;
- (v) Proposals at the shareholders meeting;
- (vi) Election of chair of the shareholders meeting;
- (vii) Appointment of shareholders to jointly sign the minutes of the shareholders meeting;
- (viii) Submission of statutory documents;
- (ix) Nomination of inspector of the minutes of the shareholders meeting or a representative shareholder;
- (x) Nomination of two representative shareholders to approve and sign the minutes of the shareholders meeting;
- (xi) Permission of making questions;
- (xii) Issuance of the minutes;
- (xiii) Closing the shareholders meeting;
- (xiv) Granting authority of approving and executing resolution items to the board; and,
- (xv) Creation and approval of the shareholder register.