

## **Shiozumi Asset Management Proxy Voting Policy and Guidelines**

### **1. Policy for Proxy Voting**

#### **(1) Policy Outline**

Shiozumi Asset Management Co., Ltd. (hereafter referred to as “SAM”), has the fiduciary duty to do our best to enhance returns for our clients as an investment manager. Proxy voting rights in investee companies are the most important right granted to shareholders in order to increase investee companies’ mid to long-term corporate value and in order to fulfill our fiduciary responsibilities, SAM sets forth this policy and setting out how we exercise our proxy voting rights from an independent standpoint and solely in the interests of our clients and beneficiaries. Since SAM was founded, we have always employed an investment strategy of investing in growth stocks for the long term and in order to ensure the prosperity of our clients over the long term, we engage with investee companies as appropriate and encourage investee companies to adopt appropriate management practices in order to help them to enhance corporate value and achieve sustainable growth. Through our proxy voting activity and constructive dialogue with the companies on material issues, including ESG issues, we also encourage them to operate their businesses in the best interests of their shareholders over the long-term.

#### **(2) Principles for Decision Making**

Proxy voting decisions must be made in the interests of the trust assets, and shall not be used in order to promote the interests of SAM or a third party other than the beneficiary or clients. Proxy voting instructions will not be accepted from clients. However, if there is any specific agreement under a Discretionary Investment Agreement, such an agreement will be factored into decisions. If a client retains partial authority to issue instructions regarding the exercise of voting rights and issues instructions that in SAM’s view are not in the clients best interests, SAM will communicate this to the client.

SAM assesses voting matters on a case-by-case basis, taking into account a company’s circumstances. When analyzing voting, we may engage an independent third party proxy voting advisor to provide research and recommendations in connection with the voting of proxies, however, the Investment Management department retains the final authority and fiduciary responsibility for the voting all of the proxies.

### **2. Standards for Proxy Voting Decisions**

#### **(1) Proxy Voting Guidelines**

When exercising proxy voting rights, each resolution item will be carefully examined in accordance with these Guidelines. Where the necessary information is not provided, we will engage with the company concerned. If resolutions are deemed harmful to shareholder value, SAM will vote against those resolutions. Where we are intending to vote against management on material matters, SAM will normally look to inform management and

provide our rationale. In making a judgment on the exercise of proxy voting rights, SAM regards any misconduct, violation of laws and regulations and rules of stock exchanges, or any act that is deemed questionable in view of efforts directed at ESG issues or social norms, as being harmful to shareholder value.

(2) Review of Guidelines

This Proxy Voting Guidelines will be reviewed periodically to reflect evolution of market standards and to comply with regulatory changes. When a client requests guidance regarding the exercise of voting rights, these Guidelines shall be presented to the client for discussion.

**3. Decision-making Authority and Maintenance of Proxy voting Records**

(1) Decision-making Authority

The Investment Management Department shall be responsible for instructing the exercise of voting rights for individual stocks. The Investment Management Department will make decisions on each proxy proposals in accordance with the principles and the guidelines set forth below. Questions or issues, if any, will be referred to the Research Department and Compliance Officer as necessary.

(2) Maintenance of Proxy Voting Records

The Fund Administrators will maintain all voting records for each client. All proxy voting records will be retained for 5 years. The Compliance officer will review the proxy voting decisions exercised by Investment Department as appropriate. When a client makes a request to disclose the voting outcome and decision-making basis for an individual stock, disclosure shall be made, only in respect of those stocks managed within the client's assets.

## **Provisions on Proxy Voting Guidelines**

### **<General Principles>**

- SAM will vote all proxies as far as possible. SAM votes all proxies with the objective of maximizing shareholder value and promoting good corporate governance.
- Where the necessary information has not been provided in a timely manner, SAM will engage with the company concerned. Where this information is not forthcoming SAM normally votes to abstain on proposals.

### **1. Election of Directors**

- (1) Resolutions on the appointment of directors will be opposed where doubts arise when considering the following:-
  - a. It is determined that there are personal character issues including abilities and experiences that may make the candidate unsuitable as a director
  - b. It is determined that the composition of the board of directors will prevent a director from performing in an appropriate capacity
  - c. It is determined that the director has a poor attendance record at board meetings without reasonable reason
- (2) If the company is found to have engaged in any activity that is materially harmful to shareholder value and the director is found to be responsible for this activity, resolutions on reappointment of the director shall be opposed. SAM regards any misconduct, violation of laws and regulations and rules of stock exchanges, or any act that is deemed questionable in view of efforts directed at ESG issues or social norms, as being harmful to shareholder value.
- (3) SAM believes that outside directors should be independent. If a proposed outside director candidate is assessed to lack independence, we will oppose the appointment of director concerned.

### **2. Election of Auditors**

The provisions outlined in the Election of Directors also apply to proposals for the appointment of statutory auditors.

Appointments of independent auditors, shall in principle, be approved. However, if a proposed outside auditor is assessed to lack independence we will, in principle oppose the election of the outside auditor.

### **3. Appointment of Accounting Auditors**

Resolutions to appoint account auditors, shall in principle, be approved except where it is found that:

- The accounting firm lacks independence.
- Doubts arise over the appropriateness of audit implementation

### **4. Executive Remuneration**

- (1) If the company is found to have engaged in any activity that is materially harmful to shareholder value, resolutions to increase executive remuneration and the payment of

executive bonuses, shall be opposed, unless a satisfactory explanation is made.

(2) A decision regarding a proposed resolution to grant stock options to directors shall be made taking into consideration the following:

- a. Whether the number granted is reasonable
- b. Where the strike price comes with a clause allowing downward revision, whether the basis for this is reasonable
- c. If stock options are exercised, the degree of dilution of other shareholders' equity

#### **5. Retirement Bonus**

(1) A resolution on the payment of a retirement bonus to an executive who has been involved in any activity that is materially harmful to shareholder value or who is found to be responsible for serious misconduct shall, in principle, be opposed.

(2) A resolution on the payment of a retirement bonus to an executive shall be opposed when the grantee's contributions to the company's overall business and the basis for its calculation has not been made clear.

#### **6. Capital Policy (Mergers, Acquisitions, Corporate Separation, Capital Increase, etc.)**

Resolutions proposing changes to capital policy shall be approved, if they are deemed appropriate in consideration of the contents of respective resolutions, the possibility of conflict of interest with minority shareholders, effects on shareholder value, basis and rationality of management judgment, fair disclosure, etc., from an overall perspective.

#### **7. Increase in Authorized Shares**

Resolutions to increase authorized shares shall be approved if the company provides adequate explanation as to why such an increase in the authorized shares promotes shareholders' long-term interest, and if there are no concern on erosion of shareholder value from such a proposal.

#### **8. Shareholder Resolutions**

Shareholder resolutions shall be examined and considered on a case by case basis from the perspective of maximizing shareholder value.

The above guidelines will be reviewed and revised periodically.