

**Our Principles for Exercising Voting Rights
(for Foreign Stocks)
as a Responsible Institutional Investor**

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Effective as of January 2025

I. Purpose of Exercising Voting Rights

Sumitomo Mitsui Trust Asset Management Co., Ltd. (hereinafter, “SMTAM,” “we,” “us,” or “our”), as a responsible institutional investor, considers our exercise of voting rights in connection with entrusted assets (hereinafter, “exercise of voting rights”) to be one of the most important elements of our stewardship activities, and we will strive to ensure that our exercise of voting rights enhances the corporate value and encourages sustainable growth of investee companies, in order to maximize the medium to long term investment returns for our clients (beneficiaries).

II. Basic Policy on the Exercise of Voting Rights

1. Our exercise of voting rights must aim to contribute to the sustainable growth of investee companies thereby maximizing the medium to long term investment returns for our clients (beneficiaries). Based on investee companies’ conditions and details of engagements with those companies, we will exercise voting rights not only pursuant to the formal criteria for decision making, but after comprehensively considering the extent to which our exercise of voting rights would contribute to the sustainable growth of investee companies (and to the maximization of medium to long term investment returns for our clients (beneficiaries)). Furthermore, if a proposal has several interchangeable options, we will make our decision by prioritizing the option that would contribute most to sustainable growth.
2. In exercising voting rights, we will encourage investee companies to efficiently utilize the shareholder’s equity regarding sustainable growth and to actively develop appropriate corporate governance systems, such as ensuring separation of management supervisory functions and independence of outside officers (directors or corporate auditors), among others. In addition, we will encourage the investee companies to conduct corporate activities appropriately by fully considering the environment and society under soundly developed corporate governance systems.
3. If any act that disregards the interests of shareholders, controversies or anti-social behavior by an investee company or its management occurs, or its corporate value is damaged due to problems

such as poor medium to long term performance, we will consider such act as a serious issue in the investee company's corporate governance, and we will exercise voting rights in a way that would improve the investee company's corporate governance. We require investee companies that have been involved in misconducts to provide a full explanation of recurrence prevention measures, progress of improvement measures, and efforts towards improvement of their corporate governance, and we will arrive at a decision on the exercise of voting rights based on the explanations.

III. Management of Conflicts of Interest in the Exercise of Voting Rights

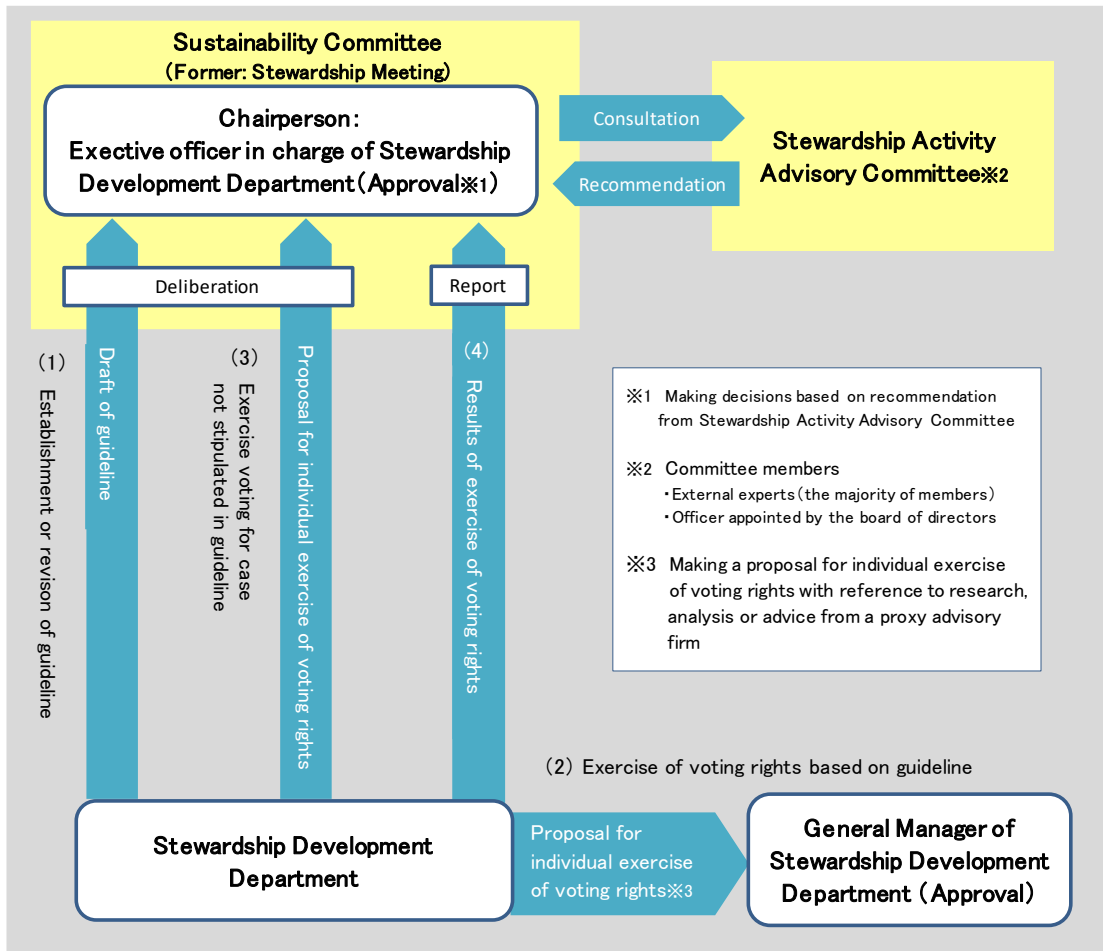
1. With the view of prioritizing the interests of clients (beneficiaries), we strictly manage conflicts of interest that could arise in connection with our exercise of voting rights in accordance with the Conflict of Interest Management Rules, the Investment Operation Rules, and other relevant internal rules. Since conflict-of-interest management systems must be independent in particular when exercising voting rights, we have established the "Stewardship Activity Advisory Committee" (the "Advisory Committee") which consisting of the majority of outside experts, and we will strive to exercise voting rights with high transparency by respecting the Advisory Committee's recommendations to the maximum extent.
2. In order to enhance the visibility of appropriateness of our exercise of voting rights, we will improve the disclosure of information regarding our exercise of voting rights by publishing our guideline for the exercise of voting rights that contains clearly defined criteria to guide decision making.

IV. Structure for the Exercise of Voting Rights

1. At SMTAM, the Executive Officer in charge of the Stewardship Development Department (hereinafter, “the Officer”) exclusively holds all authority relating to our exercise of voting rights, independent from the authority to execute other business activities. In addition, in order for the Officer to appropriately exercise voting rights, we have established the Sustainability Committee that deliberates on our exercise of voting rights, and we have established the Advisory Committee as an advisory body for the Officer.
2. The Sustainability Committee is a committee to deliberate on our exercise of voting rights, engagements, ESG-related activities and various other activities under Japan’s Stewardship Code. In relation to our exercise of voting rights, the committee formulates original plans for the establishment, revision, or abolition of the guidelines for exercise of voting rights and original plans to individually exercise voting rights for a proposal not stipulated in the guidelines. The committee consists of the Chairperson(eligible for making decisions) who is Officer in charge of Stewardship Development Department, and General Manager of Stewardship Development Department, Officer in charge of Business Planning Department, General Manager of Business Planning Department, Officers in charge of Market Front Departments, General Managers of Market Front Departments, Officer in charge of Investment Risk Management Department, General Manager of Investment Risk Management Department, Officer in charge of Compliance Department, (and General Manager of Product Development and Promotion Department also joins when deliberating ESG product agenda).
3. The Advisory Committee is a body established to make recommendations for various activities under Japan’s Stewardship Code to the Officer. Regarding our exercise of voting rights, the committee will make recommendations for the establishment, revision, or abolition of the guidelines for the exercise of voting rights, decisions concerning whether to support a proposal not stipulated in these guidelines, appropriateness of interpretation of these guidelines for an individual proposal, and verification and improvement of the decision-making process on the exercise of voting rights on a proposal in connection with which a conflict of interest may occur. The committee consists of outside advisory members (outside experts) and officers appointed by the board of directors, General Manager of the Compliance Department, and its secretariat

is the Stewardship Development Department.

4. The Officer will make decisions on various matters taking full account of the recommendations of the Advisory Committee. If the officer receives recommendations from the Advisory Committee regarding improvement of its exercise of voting rights, the Officer will promptly take measures necessary for the correction or improvement, giving due respect to the recommendation.
5. Our exercise of voting rights will be performed as follows:
 - (1) the guidelines for exercise of voting rights shall be established, revised, or abolished with the approval of the Officer after deliberating at the Sustainability Committee and consultation to the Advisory Committee.
 - (2) a decision to exercise the voting regarding a proposal that is stipulated in our guideline shall be made with the approval of the General Manager of the Stewardship Development Department.
 - (3) a decision to exercise the voting rights regarding a proposal that is not stipulated in our guideline or that requires individual interpretation shall be made with the approval of the Officer after individual deliberation at the Sustainability Committee and after consultation to the Advisory Committee.
 - (4) the result of exercising the voting rights shall be reported to the Sustainability Committee and the Officer.



V. Guidelines for the Exercise of Voting Rights

Our way of thinking for Exercise of Voting Rights for Foreign Equities

Our basic evaluation criteria are laid out below. However, we will make judgments, in terms of exercising voting rights, based on the circumstances for each country, specifically, its economic, political, social and historical foundation and how it has shaped the law, commercial practice and corporate governance.

1. Board of Directors and the Appointment of Directors

【Approach to Proposals】

We believe that the Board of Directors as an executive body that governs corporate management, should be comprised of members with sufficient competence to make prompt and appropriate management decisions, and should dedicate itself to adequately performing management supervisory functions by separating its management functions and supervisory functions.

It is our belief that the Board of Directors should be structured in such a way that appropriate knowledge, experience, and abilities are provided as a whole and that diversity is considered with the aim of achieving sustainable growth and improving corporate value over the medium to long term. We believe that outside directors with appropriate qualities should be appointed as a minimum proportion of total. Regarding board diversity including gender and so on, we believe that it is necessary to implement measures to make pipelines for internal human resource promotion. Further, in order for outside directors to execute their roles appropriately, we do not believe that the number of companies in which they serve concurrently should be increased excessively. We will also demand Directors to attend and speak at Board meetings, and to make prompt and appropriate management decisions as part of the Board of Directors' management and supervisory function.

【General Rules of Exercise】

(1) In any of the following cases, we will dissent in principle from the proposals:

- ① Appointment of a candidate as a Director who concurrently executes business functions, or an outside Director who assumes a supervisory role, both of whom are expected to serve as representatives of shareholders, if found inappropriate for the position
- ② Appointment of a candidate whose performance is considered a cause for concern based

on his/her past Board of Directors meeting attendance record

- ③ Appointment of a Director deemed responsible for damaging enterprise value through a sharp decline in business performance and/or a fall in share price during his/her tenure
- ④ Appointment of a Director deemed responsible for damaging enterprise value through anti-social behaviors, etc. associated with him/her
- ⑤ Appointment of a candidate who is judged to be responsible, in the case of insufficient board composition for gender diversity and so on concerning the law, rule, and commercial practice of each country.

(2) We will make the following decisions on the exercise of voting rights in response to ESG issues:

• Regarding our response to climate change, we are opposed in principle to companies with relatively high levels of greenhouse gas emissions that fall into any of the following categories and do not provide a rational explanation for their actions.

① Cases where there has been inadequate disclosure in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) or equivalent framework.

② When there has been a failure to set medium- and long-term goals in line with the Paris Agreement or to disclose specific measures to achieve them.

③ When there has been no evidence of progress in reducing greenhouse gas emissions.

• We will consider objecting to companies proposals with the significant issues that we regard as an ESG materiality when they do not engage or have not made improvement of the situation despite continued engagement.

2. Audit Committee

【Approach to Proposals】

Control bodies, including the Audit Committee, must appropriately audit the company's financial statements, its construction and disclosure process, and internal control, whilst observing the fairness, accuracy and legality of the accounting process in accordance with each country's laws, regulations, commercial practices.

【General Rules of Exercise】

Appointed members of control bodies, including the Audit Committee, as well as statutory internal

auditors, must perform their audit functions objectively from an independent standpoint. In any of the following cases, we will dissent in principle from the proposals:

- (1)Appointment of a committee member with direct interest in the company
- (2)Appointment of a committee member who is an executive director or employee at the parent company or a related company whose independence is under question

3. Compensation for Officers

【Approach to Proposals】

We believe that compensation for officers should be set at a level or have contents that are in line with the company's business performance and the goal of maximum enhancement of shareholder value, and should be appropriate in terms of effectiveness as an incentive, among others. We also believe that it is desirable to be appropriate and reasonable in comparison with compensation level of a same country or peer companies, and the information on decision-making process and level of compensation should be disclosed sufficiently.

【General Rules of Exercise】

In any of the following cases, we will dissent in principle from the proposals:

- (1)These incidents do not take into account where the company's enterprise value is damaged through his/her anti-social behaviors, etc. and violation of fiduciary duty or through a sharp decline in business performance and/or a fall in share price during his/her tenure
- (2)Although in principle, a performance-linked compensation scheme based on stock options, etc. is acceptable, the introduction of a performance-linked compensation scheme based on stock options, etc. where there is a great concern in terms of maximizing medium-to-long-term shareholder profits
- (3)Stock options and/or performance-linked retirement compensation schemes for Outside Directors assuming a supervisory role (Non-Executive Directors) who share common interests with Executive Officers are not desirable. Introduction of stock options and/or performance-linked retirement compensation schemes for Outside Directors (Non-Executive

Directors) where there is a great concern in terms of maximizing medium-to-long-term shareholder profits.

4. Shareholder Returns

【Approach to Proposals】

Regarding stock dividends, we believe that an appropriate distribution of profits should be made in accordance with the stage of growth of the relevant company, taking into account the balance between returning profits to shareholders, retaining internal reserves and investment in growth based on the company's financial condition and business plan. We believe that share buyback is one of the effective measures to enhance enterprise value and shareholder value.

【General Rules of Exercise】

In any of the following cases, we will dissent in principle from the proposals:

- (1) Where shareholder returns are constantly excessively high or low, or where there are no shareholder returns without valid or rational reason
- (2) Where there is a proposal to prohibit cash dividends

5. Appointment of Accounting Auditors

【Approach to Proposals】

Accounting auditors must conduct appropriate audits to verify that the preparation of financial statements was based on fairness, conforming to accounting standards in accordance with each country's laws, regulations, and commercial practices. Moreover, it must ensure that full disclosure is made so that a company's assets and profit and losses can be ascertained.

【General Rules of Exercise】

In any of the following cases, we will dissent in principle from the proposals:

- (1)The appointment of accounting auditors who are independent from the company and can conduct audits objectively. An independent auditor with no interests in the company. The appointment of accounting auditors where there is some doubt as to their independence.
- (2)The compensation of corporate auditors shall be clearly divided into audit functions, which include traditional financial statement audits, and other non-audit functions. Compensation for non-audit functions shall be limited within the appropriate scope. Compensation for accounting auditors for non-audit functions which exceed the appropriate norm.

6. Takeover Defense Measures

【Approach to Proposals】

We believe that takeover defense measures must not be intended to protect the Board of Directors but should contribute to the improvement over the medium to long term shareholder value.

【General Rules of Exercise】

Takeover defense measures must be based on maximizing medium-to-long-term shareholder value. The exercise and steps of takeover defense measures and its release must be fully disclosed. Moreover, unless there is a proper system of governance that reflects the will of the shareholders, and prevents arbitrary acts by the Directors, we will dissent from the proposal in principle.

7. Acquisitions, Mergers and Capital Raising

【Approach to Proposals】

In raising new capital, affecting other changes to corporate financial structure, or readjusting scale and lines of business through a merger, transfer of business, acceptance of transfer of business, company split, etc., We believe that they must not damage the interests of shareholders or the future business development of the company.

【General Rules of Exercise】

(1)Proposals on financing the relevant company by issuing shares

- The issuance of new shares (both preferred and subordinated) and rights offerings and the authorized capital stock must be based on the maximization of medium-to-long-term shareholder value and rational reasons. We will support the proposal in principle if the content and scope of the action does not damage the rights of existing shareholders or the share of their voting rights.

(2)Proposals on a merger, transfer of business, acceptance of transfer of business, company split, etc.

- Regarding a proposal for merger, transfer of business, company split, share exchange, share transfer, etc., if we consider that the proposal is based on a justifiable reason in respect of the necessity and adequacy of consideration by containing measures to secure fairness through an external neutral appraisal organization or measures to avoid conflicts of interest (if any), we will support the proposal in principle.
- If we consider that the proposed merger, transfer of business, company split, share exchange, share transfer, etc., would have an adverse effect on the relevant company's earnings or would obviously be detrimental to the shareholders, we will dissent from the proposal in principle.
- Regarding a proposal for expansion of new business, if we consider that synergy with the relevant company and the possibility of using the company's strength for the new business have been fully taken into account, we will support the proposal in principle.

8. Amendments to the Articles of Incorporation, Other Proposals

【Approach to Proposals】

We believe that proposals for amendments to articles of incorporation or other policies must contribute to improving the medium to long term shareholder value and profits for clients (beneficiaries), and that the relevant company must fully perform its accountability obligation.

【General Rules of Exercise】

- (1)Regarding a proposal for amendment to the articles of incorporation, we will exercise voting rights in accordance with the following criteria:
- If the change in Articles over the fiscal year or quorum raises a clear concern over the maximization of medium-to-long-term shareholder value, we will dissent from the proposal in principle.
 - If the change in Articles over the company business raises a clear concern over the maximization of medium-to-long-term shareholder value, we will dissent from the proposal in principle.
 - If the change in Articles over the structure or size of the Board of Directors or staggered terms, raises clear concern over the maximization of medium-to-long-term shareholder value, we will dissent from the proposal in principle.
- (2)Financial statements and audit reports must be prepared under proper internal controls and must provide full disclosure. Otherwise, we will dissent from the proposal in principle.
- (3)Regarding the liability exemption of Directors, Corporate Auditors, members of the Compensation and Nominating Committees and Accounting Auditors, we will take into account the person subject to the liability exemption and the level of exemption. If we find that the exemption deviates from what should be a natural burden, we will dissent from the proposal in principle.
- (4)If proposals are unaccompanied by full and sufficient information, we will dissent from the proposal in principle.
- (5)Regarding anti-social behaviors, the below is how we will exercise our voting rights:
- For medium-to-long-term enterprise value creation, companies must bear a social responsibility. Anti-social behaviors may damage enterprise value. Companies that have performed anti-social behaviors or have been punished for such behaviors will be judged

as having a poor governance structure. However, we will judge companies that have taken remedial action or improved their governance structure with a proper explanation on a case-by-case basis.

In principle, the following acts are deemed misconducts whereby the relevant company has been judged to have been involved as an organization:

- Violation of antitrust laws and/or laws and regulations prohibiting bribery, corruption, etc.
- Inappropriate accounting practices and delay in the release of financial accounts
- Cases where fraudulent inspections and falsification of data, among others, have materially impacted the relevant company's management and operations
- Cases where socially unacceptable actions have resulted in the loss of social credibility of the relevant company
- Cases where significant governance failure is identified.
- Other acts which may have a profound impact on society and the environment

9. Shareholder Proposals

[Approach to Proposals]

We will make our decision on the shareholder's proposal in the same manner as with the relevant company's proposal, from the perspective of maximizing the medium to long term shareholder value.

[General Rules of Exercise]

In any of the following cases, we will dissent in principle from the proposals:

- It is not in line with the company's management policy and measures.
- It is intended to resolve a specific social or political issue.
- The reasons for the proposal are considered unreasonable.
- It seeks to change the articles of incorporation for preventing the management from business executions.

Regarding shareholder proposals that seek to address climate change, decisions will be made in accordance with the criteria described in "1. Composition of the Board of Directors, Appointment of Directors" of these Guidelines.

End