

## Official Statement of Commitment to the Stewardship Code

Acadian Asset Management LLC ("We") hereby declares the acceptance of the Japan's Stewardship Code:

**Principle 1: Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.**

Guidance

- 1-1. Institutional investors should aim to enhance the medium- to long-term return on investments for their clients and beneficiaries by improving and fostering investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment and consideration of sustainability (medium- to long-term sustainability including ESG factors) consistent with their investment management strategies.
- 1-2. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities (hereafter, "stewardship policy") and publicly disclose it. The stewardship policy should cover how they define the responsibility and how they fulfill it, in view of their role in the investment chain running from their clients and beneficiaries to the investee companies. Institutional investors should clearly specify how they take the issues of sustainability into consideration in their policy, consistent with their investment management strategies.
- 1-3. Asset owners, in line with their size and capabilities, etc., should encourage asset managers to engage in effective stewardship activities to secure beneficial owners' interests while taking their viewpoints into consideration. When asset owners directly manage funds and exercise their voting rights, in line with their size and capabilities, etc., they should engage in stewardship activities, such as holdings dialogues with investee companies.
- 1-4. When selecting or issuing mandates to asset managers, asset owners, in line with their size and capabilities, etc., should clearly specify issues and principles to be required in conducting stewardship activities, including the exercise of voting rights, in order to ensure effective stewardship activities. In particular, large asset owners should proactively consider and clearly specify issues and principles to be required in conducting stewardship activities, including the exercise of voting rights, keeping in mind their positions and roles in the investment chain, instead of mechanically accepting asset managers' policies without any verification.
- 1-5. Asset owners, in line with their size and capabilities, etc., should monitor whether their asset managers conduct stewardship activities in line with asset owners' policies, making use of asset managers' self-evaluations. In conducting such monitoring, asset owners should put emphasis on the "quality" of stewardship activities such as dialogue between asset managers and investee companies, etc., instead of mechanically

checking the number of meetings held between them, the duration of such meetings and the “for” or “against” ratio of proxy voting, etc..

Responsible Investing is an integral part of our investment process, as we believe that sustainable companies generate stronger performance over time.

We believe active ownership is an important piece of our responsible investing practice. Institutional investors have a fiduciary responsibility to address ESG-related issues associated with their investments; therefore, we have developed an effective active ownership program consisting of voting and engagement activities.

Our Proxy Voting Policy and Procedures are made public and available via the following link. <https://www.acadian-asset.com/about-acadian/legal-disclosures-and-terms>

Our approach to engagement emphasizes elements that inherently align with our investment process which is highly systematic and uses quantitative models to assess stocks.

**Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

Guidance

2-1. While institutional investors should put the interest of their client and beneficiary first in conducting stewardship activities, they inevitably face the issue of conflicts of interest from time to time, for example when voting on matters affecting both the business group the institutional investor belongs to and a client or beneficiary. It is important for institutional investors to appropriately manage such conflicts.

2-2. Institutional investors should put in place and publicly disclose a clear policy on how they manage key categories of possible conflicts of interest.

In particular, asset managers should identify specific circumstances that may give rise to conflicts of interest which may significantly influence the exercise of voting rights and/or dialogue with companies, and set out and disclose specific policies on measures for avoiding such conflicts and effectively eliminating the influences, thus securing the interests of clients and beneficiaries.

2-3. Asset managers should establish and disclose governance structures, such as an independent board of directors or third party committees for decision-making or oversight of voting, in order to secure the interests of clients and beneficiaries and prevent conflicts of interest.

2-4. The management of the asset managers should recognize that they themselves have important roles and responsibilities in strengthening the governance of asset managers and managing conflicts of interest, and should take action on such issues.

We put the interest of our clients first. We strive to prevent conflicts of interest and to manage and mitigate any conflicts of interest that arise from our investment process. Specific procedures are addressed within our Proxy Voting Policy and Procedures. Controls including account coding, separation of roles, and permission controls, have been adopted and built into our quantitative investment process to manage conflicts and ensure no account is favored over another.

**Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**

Guidance

- 3-1. Institutional investors should appropriately monitor investee companies so that institutional investors can fulfill their stewardship responsibility with the aim of enhancing the medium- to long-term corporate value and capital efficiency and supporting the sustainable growth of the companies.
- 3-2. Institutional investors should monitor investee companies continuously and review as appropriate the effectiveness of the monitoring.
- 3-3. When investors monitor investee companies, a variety of factors, including non-financial ones, may be considered as relevant. Factors may include, for example, the investee companies' governance, strategy, performance, capital structure, business risks and opportunities (including risks and opportunities arising from social and environmental matters), and how the companies address them. Relevance of a factor may depend on each investor's investment management strategy and may differ according to specific investee companies. Institutional investors need to use their own judgment in choosing which factors to focus on in light of their stewardship responsibilities. They should endeavor to identify at an early stage issues that may result in a material loss in the value of investee companies.

Acadian seeks investments that are likely to generate the best risk-adjusted returns, inclusive of ESG considerations. We believe that such investments are characterized by strong financial health, solid business prospects, effective corporate governance, and upside potential - traits that are likely to be embodied by sustainable and responsible businesses. Our investment approach is highly systematic and uses quantitative models

to assess stocks, and we incorporate Environmental, Social and Governance (ESG) considerations in our investment process.

Ultimately, we believe it stands to reason that fundamentally well-governed, sustainable businesses have the potential to generate strong results in our portfolios over time. We seek to direct our capital toward companies with not only attractive valuations and strong growth potential but also those with strong financial statements and prudent company management.

**Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.**

Guidance

- 4-1. Institutional investors should endeavor to arrive at an understanding in common with investee companies through constructive dialogue with the aim of enhancing the companies' medium- to long-term value and capital efficiency, and promoting their sustainable growth. In case a risk of possible loss in corporate value is identified through the monitoring of and dialogue with companies, institutional investors should endeavor to arrive at a more in-depth common understanding by requesting further explanation from the companies and to solve the problem.
- 4-2. When they engage in the issues of sustainability, institutional investors, should consciously engage in dialogue that is consistent with their investment management strategies and that leads to the medium- to long-term increase of corporate value and the sustainable growth of companies.
- 4-3. Because passive management provides limited options to sell investee companies' shares and needs to promote their medium- to long-term increase of corporate value, institutional investors should actively take charge of engagement and voting from a medium- to long-term perspective.
- 4-4. Institutional investors should have a clear policy in advance on how they design dialogue with investee companies in various possible situations.
- 4-5. In addition to institutional investors engaging with investee companies independently, it would be beneficial for them to engage with investee companies in collaboration with other institutional investors (collaborative engagement) as necessary.
- 4-6. In principle, institutional investors can well have constructive dialogue with investee companies based on public information, without receiving information on undisclosed material facts. The "G20/OECD Principles of Corporate Governance" and the Tokyo Stock Exchange's "Japan's Corporate Governance Code" set the principle of the equitable treatment of shareholders, which applies to the handling of undisclosed material facts. Institutional investors that have dialogue with investee companies should be aware that the companies are expected to abide by the principle

and should in essence be discreet in receiving information on undisclosed material facts.

We believe that engagement with investee companies is meaningful and constructive when the engagement policy is well designed based on the asset manager's investment philosophy and process.

Our process relies on a systematic analysis of high volumes of data, hence we are keen to promote data disclosure and transparency in the marketplace. When engaging with companies, our objective is typically to communicate best practices and improve corporate behavior and promote transparency of ESG data.

We use multiple avenues to engage with companies, including partnership with a third party, collaborative engagements, and direct communication with investee companies.

**Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of investee companies.**

Guidance

5-1. Institutional investors should seek to vote on all shares held. They should decide on the vote in light of the results of the monitoring of investee companies and dialogue with them.

5-2. Institutional investors should have a clear policy on voting and publicly disclose it. Institutional investors should try to articulate the policy as much as possible. The policy should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of the investee company.

5-3. Institutional investors should at a minimum aggregate the voting records into each major kind of proposal, and publicly disclose them.

Furthermore, to enhance visibility of the consistency of their voting activities with their stewardship policy, institutional investors should disclose voting records for each investee company on an individual agenda item basis. If there is a reason to believe it inappropriate to disclose such company-specific voting records on an individual agenda item basis due to the specific circumstances of an investor, the investor should proactively explain the reason.

At the time of their voting records disclosures, it is also considered beneficial in enhancing visibility for institutional investors, to explicitly explain the reasons why they voted "for" or "against" an agenda item. In particular, institutional investors should disclose their voting rationale with respect to either "for" or "against" vote, which are considered important from the standpoint of constructive dialogue with the investee

companies, including those perceived to have conflicts of interest or those which need explanation in light of the investors' voting policy.

5-4. When institutional investors use the service of proxy advisors, it is important that they use the service based on an understanding of the voting recommendation process, including the human and operational resources of the advisors. They should not mechanically depend on the advisors' recommendations but should exercise their voting rights at their own responsibility and judgment based on the results of the monitoring of the investee companies and dialogue with them.

When disclosing their voting activities, institutional investors using the service of proxy advisors should publicly disclose the name of the advisor and how they utilize the service in making voting judgments specifically.

We exercise voting rights in accordance with the Proxy Voting Policy and Procedures. Unless otherwise directed by a client, we vote all proxies through partnerships with Institutional Shareholder Services (ISS). We have adopted their proxy voting policies, having confirmed that their ESG objectives align with ours. The policies have been developed based on independent, objective analysis of leading corporate governance practices and their support of long-term shareholder value.

Relying on a third party to vote proxies is intended to help ensure that we vote in the best interest of our clients and insulates our voting decisions from any potential conflicts of interest. We monitor our agents' voting recommendations, and we also reserve the right to override the recommendations if we believe that voting contrary to the recommendation is in the best interest of our clients.

In addition to the research and recommendation service, we utilize the services of ISS to help manage the proxy voting process and vote proxies on behalf of Acadian's clients who have instructed Acadian to vote proxies on their behalf.

**Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.**

Guidance

6-1. Asset managers should in principle report periodically to their direct clients on how they fulfill their stewardship responsibilities through their stewardship activities.

6-2. Asset owners should in principle report at least once a year to their beneficiaries on their stewardship policy and on how the policy is implemented.

6-3. When reporting to their clients and beneficiaries, institutional investors should choose the format and the content of the reports in light of any relevant agreement

with the recipients and the recipients' convenience, and the costs associated with the reporting, and should aim to deliver effective and efficient reports.

- 6-4. Institutional investors should maintain a clear record of their stewardship activities, including voting activities, to the extent necessary to fulfill their stewardship responsibilities.

We record actual stewardship activities and report details to our clients as stated within each client contract.

**Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.**

Guidance

- 7-1. To make dialogue with investee companies constructive and beneficial, and to contribute to the sustainable growth of the companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Institutional investors should have the necessary internal structure to have appropriate engagements and make proper judgments.

- 7-2. In particular, the management of institutional investors should have appropriate capability and experience to effectively fulfill their stewardship responsibilities, and should be constituted independently and without bias, in particular from their affiliated financial groups.

The management of institutional investors should also recognize that they themselves have important roles and responsibilities to carry out stewardship activities such as enhancing dialogue, structure their organizations and develop human resources, and take action on these issues.

- 7-3. Exchanging views with other investors and having a forum for the purpose may help institutional investors conduct better engagement with investee companies and make better judgments.

- 7-4. Institutional investors should endeavor to improve their policies based on the Code and the quality of their stewardship activities by reviewing at an appropriate timing the status of their implementation of each principle, including guidance.

In particular, asset managers should regularly conduct self-evaluations with respect to the status of their implementation of each principle, including guidance, disclose the results toward continued improvement of their governance structures, conflicts of interest management, and stewardship activities, etc., and disclose such results together with the results of their stewardship activities including dialogue with companies<sup>26</sup>. In doing so, asset managers should be conscious that these are consistent with their investment management strategies and lead to the medium- to long-term increase of corporate value and the sustainable growth of companies.

Acadian utilizes a rigorous and robust research approach to ensure that the ESG factors that we invest upon are material drivers of risk and return. Given our conviction in the materiality of specific ESG factors, we dialogue with corporate management teams on those specific ESG issues that we believe will be drivers of their companies' long term returns.

Acadian participates in a number of forums to ensure that we are adopting best practices as the field of Responsible Investing advances. As examples, we are a signatory of the UN PRI; we were the first quantitative asset manager to become a signatory, when we signed on in 2009.

We regularly review our engagements and disclose the results.

**Principle 8: Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.**

Guidance

- 8-1. Service providers for institutional investors including proxy advisors and investment consultants for pensions should identify specific circumstances that may give rise to conflicts of interest, put in place a clear policy how to manage them effectively, develop structures for conflicts of interest management, and disclose such measures.
- 8-2. Proxy advisors should develop appropriate and sufficient human and operational resources, including setting up a business establishment in Japan in order to provide asset managers with proxy recommendations based on accurate information on specific companies. They should also disclose with specificity the voting recommendation process, including the above measures to assure transparency.
- 8-3. In providing proxy recommendations, proxy advisors should rely upon corporate disclosure, and actively exchange views with companies upon necessity. Upon the

request from a company that is the subject of a proxy recommendation, it is considered to contribute to secure accuracy of the information based on the recommendation and transparency that the proxy advisors provide the company with an opportunity to confirm whether such information is accurate, etc., and provide the submitted opinion of the company to its clients together with the recommendation.

This principle is not applicable to Acadian.

## Annual Review of Commitments under the Japan Stewardship Code

Acadian Asset Management LLC maintains its commitment to the Japan Stewardship Code. Our objective is to add value and improve the governance of Japanese corporates in which we have holdings. In support of this, we took the following actions in the fiscal year (April 2019 – March 2020).

1. Governance of our own processes: Our Responsible Investing Committee met regularly to oversee our governance activities including our active ownership policies. In addition, we adhered to our proxy voting policy and continued to communicate voting outcomes to issuers.
2. Proxy voting: We Publicly disclosed on our website a summary of our voting history for all Japanese securities. We held due diligence meetings with our proxy voting research providers. Finally, we voted on over 16,000 issues of Japanese companies held within accounts managed by Acadian where we had authority to vote proxies in accordance with our proxy policies.
3. Corporate engagement: We communicated with the management of over a dozen Japanese companies about climate disclosure, social issues such as employee safety, executive compensation, votes against management, and corporate governance best practices.
4. Industry Collaboration: We, or one of our global affiliated companies, participated in industry events, including the annual PRI in Person conference, and as a Lead contributor to collaborative initiatives including the High Meadows Institute, and Australasian Advisory PRI Committee, and supporting member of engagements such as Climate Action 100+.
5. ESG Integration: We incorporate a range of ESG considerations into our investment process where we believe they can improve the investment outcomes for our clients. We expanded and enhanced these factors over the past year and continue to pursue an active research agenda in this area.



## Results of Exercise of Proxy Voting Rights to Japanese Companies

(Exercised within the fiscal year from April 2019 to March 2020)

### Company Proposal

	Abstain (*)	Against	For	Total
Preferred/Bondholder	16	-	-	16
Routine/Business	-	16	1,151	1,167
Directors Related	-	1,561	12,316	13,877
Capitalization	-	3	15	18
Reorg. and Mergers	-	19	328	347
Non-Salary Comp.	-	210	463	673
Antitakeover Related	-	55	-	55
Total	16	1,864	14,273	16,153

(\*) refers to delisted securities

### Shareholder Proposal

	Abstain	Against	For	Total
SH-Routine/Business	-	36	32	68
SH-Dirs' Related	-	23	6	29
SH-Corp Governance	-	-	11	11
SH-Compensation	-	2	3	5
SH-Health/Environ.	-	40	-	40
Total	-	101	52	153

Voting results based on a client-specific voting policy are excluded.

### Examples of agenda item

Routine/Business	Approve Allocation of Income and Dividends
Directors Related	Elect Director, Appoint Internal Statutory Auditor(s)
Capitalization	Authorize Share Repurchase Program
Reorg. and Mergers	Approve Merger Agreement, Amend Articles of incorporation
Non-Salary Comp.	Approve Restricted Stock Plan
Antitakeover Related	Adopt, Renew or Amend Shareholder Rights Plan (Poison Pill)
SH-Routine/Business	Amend Ordinary Business Items
SH-Dirs' Related	Removal of Existing Board Directors
SH-Corp Governance	Initiate Share Repurchase Program
SH-Compensation	Increase Disclosure of Executive Compensation
SH-Health/Environ.	Phase Out Nuclear Facilitie