

Voting Record at General Shareholder Meetings (Japan-listed companies) held during April-June 2017

1. Company Proposals

	For (‘Yea’)	Against (‘Nay’)	Abstention	Total	% against	% against (last year)
Surplus disposal plans	1,115	73	1	1,189	6.1%	3.5%
Appointment of Directors	12,245	1,855	15	14,115	13.1%	11.1%
Appointment of Auditors	1,337	129	0	1,466	8.8%	9.6%
Changes to the Articles of Incorporation	448	25	1	474	5.3%	2.0%
Payment of retirement Bonuses	107	68	0	175	38.9%	45.7%
Executive remuneration Revision	515	32	0	547	5.9%	2.1%
Issuance of stock options	59	16	0	75	21.3%	24.2%
Appointment of Accounting Auditors	35	0	0	35	0.0%	0.0%
Restructuring-related (*1)	21	0	0	21	0.0%	0.0%
Other company proposals (*2)	357	43	0	400	10.8%	17.9%
Of which takeover defense measures	70	39	0	109	35.8%	39.3%
Totals	16,239	2,241	17	18,497	12.1%	10.2%

(*1) Mergers, business acquisitions and dispositions, share swaps, transfers and splits

(*2) Treasury stock acquisitions, decrease in statutory reserves, rights issues, decrease in capital, reverse stock splits, takeover defense measures, etc.

2. Shareholder Proposals

	For (‘Yea’)	Against (‘Nay’)	Abstention	Total	% against	% against (last year)
Totals	5	207	0	212	97.6%	98.5%

3. Exercise of Voting Rights - Summary

We have exercised appropriately, by adhering to our evaluation criteria (guidelines) and based on engagements, in the voting on each individual proposal. For those requiring qualitative judgment, we deliberated the appropriateness of the interpretation of guidelines and the judgment itself at the Stewardship Activity Advisory Committee and exercised our voting rights taking into consideration the Committee's opinions.

During the General Shareholders Meeting of April-June 2017, there were 18,709 proposals submitted at 1,710

companies. 18,497 were company proposals of which 16,239 were voted for, and 2,241 were voted against (a nay ratio of 12.1%) There were 212 shareholder proposals of which 5 were voted for, and 207 were voted against (a nay ratio of 97.6%). We abstained on all proposals for Sumitomo Mitsui Trust Holdings, Inc., the holding company of Sumitomo Mitsui Trust Bank, Limited (hereinafter “SuMi TRUST”).

The client flag displayed on the chart of individual voting records is based on data provided by a third party information vendor and indicates companies where SuMi TRUST is the largest lender and where the shareholder registry administrator is our group affiliate. While the nay ratio for SuMi TRUST client company proposals was 12.3%, the nay ratio for company proposals was 12.1%, indicating a similar ratio.

In aggregating the number of proposals, we took into consideration and disclosed on a secondary or sub-proposals basis that counted one candidate per proposal, in addition to individual voting records by company as well as by candidate. The nay ratio for company proposals during the General Shareholders Meeting of April-June 2017 on a primary proposal basis, which was used until last year, was 14.5% (Last year, it was 13.7%).

We explain below our voting policy and results by major proposal categories, such as the appointment of Directors with high nay number, retirement bonus proposals with high nay ratio and takeover measures.

On the appointment of Directors, we voted against candidates for Directorship where a company did not have a minimum of 2 external Directors, companies that had not met the business performance criteria according to our guidelines, companies which introduced or updated the takeover measures by resolution of the Board of Directors, or where the candidate was a major shareholder or was from a business affiliate or client. We voted against all external Directorship candidates who we felt would jeopardize the independence of the Board. Hence our nay ratio was 13.1%.

On retirement bonus proposals, we voted against proposals which included external Directors or Auditors as recipients, or where the company did not meet our business performance criteria. We voted against 68 proposals (Nay ratio of 38.9%).

On takeover measures, in principle, we voted against any proposal unless all conditions below were met (Nay ratio of 35.8%).

- The proposed takeover defense measures are designed to be neutral and fair to both the acquirer and acquiree
- Corporate governance is ensured by appointing two or more independent outside directors; and as a result, the relevant company's capital efficiency is maintained at an appropriate level for the medium term
- The proposed takeover defense measures must have a mechanism to ensure that, when the measures are invoked, an independent committee comprising of members with confirmed independence will give prior consideration to the invocation, or to confirm the shareholders' intention by submitting a proposal for invocation of the measures at the shareholders' meeting

- The period of Takeover Defense Measures is limited (effective period, review period)

On stock contributions to foundations included under other company proposals, in principle, we voted against them unless all conditions below were met (Nay ratio of 75.0%).

- Avoid a substantial dilution of shareholder value
- the general incorporated foundation's social engagement activities would contribute to the improvement of the company's enterprise value
- the voting rights exercise guidelines are clearly stated and are exercised or not exercised independently of the company

We have in principle voted against the set up of a new advisory board, and voted for the abolition of the advisory system as proposed by shareholders. Of 6 proposals, we judged 5 in accordance with our principles and we judged 1 based on our engagement.

On anti-social behavior, we voted against 26 proposals including the appointment of Directors, retirement bonus proposals and amendment of remuneration for directors by 15 companies for inappropriate accounting practices and antitrust violations.

We at SuMi TRUST believe that the exercise of voting rights is an important part of our stewardship activities which leads to higher shareholder value. We will strive to improve our voting criteria, and through engagement with companies, we aspire to raise the enterprise value of investee companies and induce sustainable growth.

We will disclose the lists of individual voting records only in Japanese.