

Consideration When Establishing Provisions for Exercise of Voting Rights by Instruction

Established on March 13, 2003
Revised on September 21, 2007
Revised on September 12, 2008
Revised on March 18, 2010

An investment trust management company (meaning the investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”); hereinafter the same shall apply) shall bear the following points in mind when establishing provisions for the exercise of voting rights by instruction in accordance with the provisions in Article 2, Paragraph 2 of the Rules on Full Member’s Business Operations, etc.

1. Consideration in Establishment

(1) Purpose of establishment of provisions and basic stance on exercise of voting rights by instruction

In consideration of the fact that the exercise of voting rights by instruction is only for the benefit of beneficiaries, the purpose for establishing the provisions and the basic concept for exercising voting rights shall be clearly stated.

(2) Development of decision-making process and system for exercising voting rights by instruction, etc.

When exercising voting rights by instruction, the decision-making process and the authority and responsibility for the decision-making shall be clearly described, and the system for such decision-making shall be established.

(3) Screening standards

In order to contribute to the effective exercise of voting rights by instruction, an investment trust management company may establish screening standards. However, when such standards are established, the contents thereof shall be specified.

(4) Storage of supporting data

In accordance with the provisions such as matters specified in (1) through (3) above, an investment trust management company shall determine whether any individual proposal is an issue, and if any proposal represents an issue, the investment trust management company shall store the notice of the General Meeting of Shareholders relating to such proposal, and records on which the reason for the issue and the reason for the decision-making, etc. are based for a period of five years after the end of the accounting period to which the day of giving the instruction belongs. In addition, the retention period shall be specified in such provisions. When exercising voting rights by instruction, it should be noted that instructions shall be prepared and preserved in accordance with Article 26 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations and Appendix 1.

2. Other Considerations

(1) Disclosure

- (i) An investment trust management company shall specifically disclose items specified (1) to (3) above as principles for exercising voting rights.
 - (ii) An investment trust management company shall set forth, in its internal rules, items to be disclosed and other necessary matters with regard to the result of the exercise of voting rights for domestic shares, and in principle, shall compile the results of the exercise of voting rights at the General Meeting of Shareholders held in May and June and disclose them by the end of August.
- (2) Exercise of voting rights pertaining to foreign shares by Instruction

It should be noted that in accordance with the provisions of the Investment Trust Act and the Business Regulations and Operational Rules, instructions shall be given based on the circumstances of the country concerned.

[Examples of Disclosure Items for Result of Exercise of Voting Rights by Instruction]

Proposed Agenda	Compiled Items
1. Company Proposals (i) Appropriation of surplus (ii) Election of Directors (iii) Election of Auditors (iv) Partial amendment of the Articles of Incorporation (v) Payment of retirement allowance (vi) Revision of remuneration amount for officers (vii) Issuance of stock acquisition rights (viii) Appointment of accounting auditor (ix) Reconstruction (x) Other Company Proposals 2. Shareholder Proposals	(i) Number of proposals (ii) Number of approval votes (iii) Number of opposition votes

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on May 1, 2010.