

Japan Stewardship Code Letter

The Office of the Chief Investment Officer (“OCIO”), on behalf of The Regents of the University of California, supports the Japan Stewardship Code and its aim to promote the sustainable growth of investee companies through investment and dialogue. Adoption of the Code is consistent with our core beliefs and reflects our commitment to sustainable investing. By incorporating responsible ownership into our investment perspective, our team engages with investee companies as well as supporting and monitoring the stewardship activities of our external fund managers.

We publish our corporate governance policies, which can be found in the sustainable investment section of our website <http://www.ucop.edu/investment-office/sustainable-investment/index.html>.

Investors have an important role to play in influencing the quality, sustainability and continuity of companies and markets. We believe that it is our responsibility to use our voice as shareholders to promote transparency and disclosure, corporate social responsibility and corporate sustainability in order to help ensure a healthy economy and preserve our ability to achieve sustainable long-term returns. As such, we are developing a set of engagement guidelines and are reviewing our proxy voting policy to ensure that our engagement with portfolio companies via dialogue, shareholder resolutions and proxy voting is in alignment with our sustainability values and goals. We aim to partner with external fund managers, other asset owners and industry initiatives to magnify our voice and influence as shareholders.

The OCIO believes that companies should manage their operations in the best interests of shareholders, and seek to enhance long-term value. OCIO is a signatory to the Japan Stewardship Code, and in accordance with the Code's requirements to disclose how it proposes to fulfill its stewardship responsibilities, sets forth below the manner in which it implements the principles contained therein.

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

The OCIO supports the Code by thoughtfully voting proxies, monitoring and supporting the engagement of external managers, and through engagement with portfolio companies as applicable. These responsibilities are incorporated into our investment process and should be read in conjunction with our Proxy Voting Policy and our Framework for Sustainable Investing. This statement and the policies noted above are published on our website. This statement is the OCIO's public disclosure of how it includes shareholder responsibilities into its investment objectives.

The OCIO retains external voting advisory and execution services to ensure that its voting rights are routinely exercised in support of corporate governance best practices. It also incorporates

advice and voting recommendations from its external managers in regards to Japanese equities. Additionally, the investment team may engage with portfolio companies to promote sustainable growth.

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.

The OCIO relies upon external managers to have effective policies addressing conflicts of interest. This includes conflicts arising from matters of stewardship and investment practice. The OCIO also has its own Code of Conduct, which covers conflicts that may arise through the course of investment duties. This includes policies and procedures as a public institution.

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

The responsibility for managing our equity holdings is delegated to external managers, who are expected to monitor companies and engage when appropriate. The OCIO may engage with management as necessary through the partnership with managers, asset owners, and occasionally independently.

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.

Constructive engagement is critical to enhancing long term returns. Engagement is largely through our external manager relationships which include corporate governance strategies. This may occur through review of publicly disclosed information, written correspondence, verbal, or personal interaction in a confidential manner without publicity. Our investment team and external managers expect management teams to clearly and openly discuss shareholder's concerns. However, the OCIO and its external managers reserve the right to publicize their concerns if the company fails to adequately address an issue.

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 mechanical checklists: it should be designed to contribute to sustainable growth of investee companies.

The right to vote is a basic right and responsibility of share ownership in which we actively vote all directly held equity securities. It is also part of the generally accepted standards of fiduciary care that proxy voting rights must be diligently exercised as an aspect of our fiduciary duty.

In general, but with certain exceptions, proxy issues that are of a routine business management nature, are voted in accordance with the recommendations of management. Other issues will be reviewed case-by-case and are generally voted according to existing Office of the Chief Investment Officer's Proxy Guidelines as well as Institutional Shareholder Services' (ISS) SRI Proxy Voting Guidelines.

For all shares in external managers' portfolios, OCIO appoints a third party organization, such as ISS, to vote all proxies in accordance with the Chief Investment Officer's Proxy Guidelines as well as ISS' SRI Guidelines, and to provide a written summary of all proxy votes on all Fund assets on an annual basis. These guidelines address several items, including environmental, social, corporate governance, and compensation issues.

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.

The Office of the Chief Investment Officer is a public institution with accountability and disclosure to the UC Regents and its clients. All public information is available on our website.

Principle 7 – To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgements in fulfilling their stewardship activities.

The OCIO takes its investing responsibilities very seriously and strives to understand its portfolio companies and external managers to the best of its abilities. We recognize the need for sound investment principles and effective stewardship. As part of our core investment beliefs we collaborate with global partners to better understand our investments and risks.

This statement, our core beliefs, and our policies and procedures are available on our website and will be reviewed and updated as appropriate.

Sincerely,

Jagdeep Singh Bachher
Chief Investment Officer
Office of the CIO, UC Regents