

April 15, 2020
Statement of Jagdeep Singh Bachher
Chief Investment Officer of the University of California
Board of Regents
Regarding the
Japan Stewardship Code
As Revised in March, 2020

The Office of the Chief Investment Officer (“UC Investments”), 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/sustainableinvestment/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 regularly review 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.

UC Investments believes that companies should manage their operations in the best interests of shareholders, and seek to enhance long-term value. In addition, UC Investments believes that ESG risks should be treated the same as any other material risk in the investment process and we seek to integrate ESG into all aspects of our investment process.

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

Principle 1 – Institutional investors should have a clear policy on how they fulfill their

stewardship responsibilities, and publicly disclose it.

UC Investments 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 UC Investments' public disclosure of how it includes shareholder responsibilities into its investment objectives.

UC Investments retains external proxy 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.

UC Investments expects its external managers to have effective policies addressing conflicts of interest. This includes conflicts arising from matters of stewardship and investment practice.

UC Investments also has its own Code of Conduct, which covers conflicts that may arise through the course of investment duties. In addition, the Board of Regents of the University of California, has a conflicts of interest policy regarding investments.

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. UC Investments 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 may 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, UC Investments 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. Generally accepted standards of fiduciary care also establish that proxy voting rights must be diligently exercised as an aspect of our fiduciary duty. UC Investments actively votes all directly held equity securities according to our proxy voting guidelines, which we make publicly available on our website. While we generally vote in accordance with management's recommendations on routine business matters, UC Investments' proxy voting guidelines pay particular attention to risks and opportunities associated with ESG factors, consistent with our Sustainable Investing Framework. We retain a third party proxy advisory and voting service and make our proxy votes publicly available on our website. For shares in external managers' commingled portfolios, UC Investments expects the external manager to vote in all available opportunities and to do so in a way that is consistent with long-term shareholder value.

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.

UC Investments is a part of a public institution with accountability to the University of California Board of Regents. In addition, as a public institution, UC Investments makes extensive disclosures to its clients and the general public via its website and the UC Board of Regents' website. We retain a third party proxy advisory and voting service and make our proxy votes publicly available on our website.

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 judgements in fulfilling their stewardship activities based on in-depth knowledge and their business environment and consideration of sustainability consistent with their investment management strategies.

UC Investments 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.

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.

UC Investments supports the Code’s recognition that proxy services and investment consultants play an important role in the corporate governance “value chain.” UC Investments expects its consultants to do their part to assist us in fulfilling our stewardship responsibilities under the Code.