

Policy of Stewardship Responsibilities

Invesco Asset Management (Japan) Limited

Enforced on August 27, 2014

Updated on September 18, 2020

Revision or abolition authorized by : Responsible Investment Committee

Revision/Abolition

Enforced	Description
October 31, 2014	Shifted authority to revise/abolish the Policy from the Management Committee to the Corporate Governance Committee.
April 15, 2016	Added regulatory authorities and industry participants, etc. to the target of constructive dialogue. Added the management of insider information.
April 30, 2017	Changed the name of “Proxy Voting Guidelines”.
November 27, 2017	Reflected the revision of Japan’s Stewardship Code.
April 5, 2019	Reflected the establishment of the Conflict of Interest Management Committee
August 1, 2019	Changed the name of organization
September 18, 2020	Reflected the revision of Japan's Stewardship Code

Policy of Stewardship Responsibilities

Invesco Asset Management (Japan) Limited

1. Basic Policy for Fulfilling Stewardship Responsibilities

This Policy is developed by Invesco Asset Management (Japan) Limited (hereinafter referred to as either "Company", "we", "us" or "our") for fulfilling the Company's stewardship responsibilities as an institutional investor. We position ongoing understanding of the status of investee companies from the medium- to long-term perspective and contribution to sustainable growth of corporate value through constructive dialogue with these companies as our important responsibilities as an investment professional. We shall ensure that investee companies make decisions for the best interests of shareholders and in the manner consistent with appropriate corporate governance through constructive dialogue, and other opportunities

We have declared application of Japan's Stewardship Code.

We believe that it is important to acknowledge that as a shareholder of companies we are in the position not just to expect a short-term rise in share prices but to provide necessary capital for growth of companies. It also includes responsibility to strive to improve issues through dialogue, etc. in the cases, for example, where corporate value of investee companies is likely to be impaired, taking into account circumstances of those companies and dialogue with them. It is important for institutional investors and investee companies to foster mutual understanding through dialogue from the medium- to long-term perspective, and we shall make every effort and enhance the internal system to fulfill our stewardship responsibilities with an aim to contribute to sustainable growth of investee companies. The importance of initiatives to stewardship activities is shared among Invesco group companies, and our management will promote enhancement of stewardship activities including organizational structure construction.

Our Global Commitment to ESG Investing

<https://www.invesco.com/corporate/about-us/esg>

We believe that our stewardship responsibilities lie in understanding investee companies and their business environment, etc. deeply and contributing to corporate value enhancement and sustainable growth of those companies through constructive dialogue, etc. with an aim to maximize the medium- to long-term investment return for our clients. It should be noted that we are not intended to get involved in day-to-day operations of those companies.

Also, in terms of how to get involved in investee companies, we do not deny the case where sale of holding shares is considered to meet the best interests of clients.

Our decision-making process on stewardship activities and proxy voting are supervised by the Responsible Investment Committee, of which Director in charge of the investment division, Head of Compliance and Responsible Investment Officer are members among others. Our stewardship activities are reported to the Responsible Investment Committee from time to time.

2. Scope of Application

The Policy is applicable to the Japanese equity strategies in which we make investment decisions. For strategies in which overseas offices make investment decisions, please refer to the stewardship report of Invesco.

Invesco Environmental, Social and Governance Investment Stewardship Report

<https://www.invesco.com/corporate/dam/jcr:5e1d4647-3c11-4142-8094-a7ef4a6fca8d/Investment-Stewardship-Annual-Report-2019.pdf>

3. Responsible Proxy Voting

Proxy voting is an integral part of our stewardship activities. While we vote proxies based on "Proxy Voting Guidelines " that we developed independently, in the cases, for example, where the client with which we enter into a discretionary investment management agreement provides specific guidelines, the client's guidelines may supersede our guidelines. We disclose the full text of the Proxy Voting Guidelines on our website, and publish clear criteria of voting decisions for clients and investee companies.

Our Proxy Voting Policy and Results

<http://www.invesco.co.jp/footer/proxy.html>

We strive to vote proxies on all investee companies. We believe that we should actively get involved in proxy voting on investee companies with duty of care of a prudent manager in the same manner as any other asset management businesses, and we make voting decisions on proposals, taking into account the status of investee companies and dialogue with those companies, etc.

We may abstain from voting proxies as a tool to express our disagreement on specific matters to investee companies. In addition, we generally abstain from voting proxies on specific matters if they post conflicts of interest between the Company and our clients.

We disclose voting results of every individual agenda on our website annually. We also make efforts to have an opportunity of constructive dialogue with investee companies to foster understanding of voting results and our guidelines.

While we may use services of an external proxy advisory firm (ISS) based on our guidelines, voting decisions are made by our own judgment, in accordance with our proxy voting guidelines, taking into account whether or not those decisions contribute to further enhancement of corporate value of the investee company, based on our own engagement with them. We also have an engagement with the external proxy advisory firm, where appropriate, to check its service operation policy, etc.

In voting proxies on companies that may induce a conflict of interest, Compliance Department scrutinizes the voting process and results to examine whether the voting has been properly conducted or not, and reports to the Conflict of Interest Committee. Any cases which are considered important from the standpoint of constructive dialogue with the investee companies, are disclosed in the self-assessment part of our stewardship report.

4. Policy on Management of, and Response to Conflict of Interest

Integrity, fairness and priority on clients' interests are the most important part of our management philosophy and code of conducts. As an asset management company, we identify, manage and record conflicts of interest that actually occur, or are likely to occur, between the Company (including our directors, employees and any other persons directly or indirectly related to us) and our clients or among our clients, based on our own "Conflict of Interest Policy", and if any matter falls under a conflict of interest, we shall take necessary actions with respect to disclosure thereof, etc. stipulated in such policy, etc.

The Policy applies to any business activities conducted by the Company, and we also publish "Conflict of Interest Policy," which illustrates specific cases falling under a conflict of interest.

<http://www.invesco.co.jp/footer/stewardshipcode.html#riekisouhan>

Compliance Department is responsible for a company-wide oversight on the management of conflicts of interest. Compliance Department is independent from investment and sales divisions, and shall not receive any instruction or order from investment and sales divisions with respect to the matters concerning compliance with the laws and regulations, including the matters concerning conflict of interest.

The Company does not have a capital relationship with any banks, insurance companies or securities companies, and is a Japanese arm of Invesco Group, which is led by Invesco Ltd, an independent asset management company operating globally. Invesco Ltd. (Atlanta, Georgia) is listed on the New York Stock Exchange. The Board of Directors of Invesco Ltd. is entirely consisted of outside directors except CEO.

We put in place the governance system by setting up the Responsible Investment Committee. Compliance department, a member of the committee, has a reporting line to the global compliance function, also independent from investment and sales division globally. We also put in place more robust control system by setting up the internal audit division that reviews the control system, independent from all other divisions including the compliance division.

Our proxy voting and stewardship activities are to be reported to Responsible Investment Committee and approved by the Committee. Further, the Compliance Department reviews appropriateness of proxy voting activities from a conflict of interest viewpoint and then reports to Conflict of Interest Committee. Those results are reported to Tokyo's Executive Committee and global Proxy Advisory Committee.

The Conflict of Interest Committee, chaired by Head of Compliance, is consisted of Head of Administration Division, Head of Internal Control Management Division, Head of Risk Management and Head of Legal Department, and with Auditor and Internal Audit also participating as observer, has a function to monitor and manage conflicts of interest, independently from business areas such as sales and investment divisions.

Invesco Group shares the recognition globally that we assume important role and responsibilities with regards to enhancement of governance and conflicts of interest, and our management team actively take initiative in accordance with such recognition.

5. Constructive Dialogue with Investee Companies

We believe that constructive dialogue with companies is important for sustainable growth of corporate value. We shall engage in dialogue with management teams, etc. of investee companies upon mutual understanding of purposes, in line with our investment approach. Such engagement includes regular company visit, company briefing and other meetings.

Internal stake-holders of the company, particularly company management, more deeply

understand their own company business. Therefore, it is usually appropriate to let the company management implement business strategies. However, if such strategies do not work well, or if it is deemed necessary to seek alternative strategies, we shall engage in constructive dialogue on strategic direction of such company to the extent possible. We believe that the long-term growth of corporate value ultimately contributes to greater returns for our clients through a rise in share prices and an increase in dividends, and we shall strive to ensure that invested capital on behalf of our clients is effectively utilized to the extent possible. As we often take into account these factors at the time when we initially make investment decisions, directions of business strategies that investee companies look for are largely consistent with our views. However, these matters need to be regularly reviewed, and dialogue with investee companies is crucial.

We believe that establishment of a relationship with companies where we can keep such constructive dialogue enables straightforward and open discussion. This may result in divergence of views between company management and us, but we strive to work with investee companies to find realistic solutions towards sustainable growth of corporate value, by deepening understanding of reasons for such divergence and background of respective views. If divergence of views is significant, selling shares of such company is always an effective option, but we believe that there may be the case where consecutive and constructive dialogue with the company is preferable, even though it may take time.

We believe that engagement in dialogue not only with investee companies but broadly with regulatory authorities and industry participants is an option. We shall also not exclude the possibility of engaging in dialogue jointly with other institutional investors.

We pay attention to the status of compliance with the laws that are applicable to investee companies and existence of anti-social acts. In analyzing long-term enhancement of corporate value and sustainable growth of these companies, we also take into account the following factors (but not limited to these):

- Sustainability including ESG factors (governance, social and environmental matters)
- Business strategies
- Capital policy (including capital structure and return to shareholders)
- Capital efficiency (including return on capital)

Our investment professionals taking a long-term view within an investment chain, we strive to keep constructive dialogue focused on sustainable growth of corporate value in consideration for

sustainability and discloses such cases in the stewardship report.

6. Financial and Non-Financial (including ESG) Information

We believe that both financial and non-financial information in fundamental research from the medium- to long-term perspective are critical for sustainable growth of investee companies.

Our investment professionals acknowledge that ESG-related information is an integral part of investment. The system which provides support to collection of ESG information is globally established, and investment professionals make judgment and use of ESG information according to investment strategies.

We believe that the materiality of ESG issues in a company and the way in which it should be handled differ depending on the business environment and growth stage of each company. With this in mind, we strive to understand the materiality that should be considered based on information obtained through in-house research and external resources and through constructive dialogue with companies.

Our stewardship report provides details of our view on medium- to long-term sustainability including ESG integration and ESG factors

Invesco has signed the United Nations Principles for Responsible Investment (UNPRI) and believes that it is important to use ESG information for investment decisions. For Invesco's response to the Principles for Responsible Investment, please refer to the following:

Invesco's PRI Transparency Report

<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/69C83234-99C6-4CA5-A912-96F0A176112A/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>

7. Disclosure and Reporting

Given that active engagement with investee companies for the purpose of long-term enhancement of corporate value and sustainable growth is an important responsibility as an investment professional, we disclose information to our clients in a timely manner. However, in the cases where individual reporting is not practicably possible, we may separately publish details that can be made public instead of individual reporting.

Constructive dialogue with companies is not intended to obtain insider information. We properly

manage insider information. We have established the system where investment professionals shall, when obtaining insider information, immediately report to the internal information control manager and adequate measures shall be taken as an organization.

We acknowledge initiatives to enhance transparency, while we also acknowledge importance of our own fiduciary duties and confidentiality obligation to our clients, as well as protection of the interests of all clients. Therefore, we may not disclose information, if disclosure of information relating to dialogue with investee companies should have a negative impact on invested assets and ultimately may not benefit all clients or violate our confidentiality obligation to clients. This is mainly intended to protect the interests of our clients and allow our investment professionals to make investment for the interests of all clients.

Self-assessment of stewardship activities is conducted by the Responsible Investment Committee and the results are published on our website on an annual basis. In the self-assessment, we disclose cases of constructive dialogue and proxy voting conducted in the previous year, and strive to secure effectiveness and transparency of stewardship activities from the perspective of medium- to long-term corporate value enhancement and sustainable growth of the investee companies.

We will continue to make efforts to adequately fulfill stewardship responsibilities.

DISCLAIMER: The English version is a translation of the original in Japanese for information purposes only. In case of a discrepancy, the Japanese original will prevail. You can download the Japanese version from our website:
<http://www.invesco.co.jp/footer/stewardshipcode.html>