**Re: Revision, etc. of Japan's Corporate Governance Code Based on the Proposal of the Council (Third set of revisions pertaining to cash equity market restructuring)**

As a leading global investment management and research firm, AB believes that promoting better corporate governance for our portfolio companies is the foundation of responsible investing. Long-term shareholder and broader stakeholder value creation is contingent on effective governance that actively considers the impact of the way a company conducts its business. AB has been integrating this principle to our investment process as reflected in our performance track record, proxy voting and company engagements. Although Japan has made great strides in improving overall corporate governance practices in recent years, there is always room for an improvement. Recognizing the increasing demand from investors for businesses to advance themselves as responsible corporate citizens, we believe that good corporate governance is a strategic element rather than a compliance exercise. Here are key topics where AB believes Japanese companies can make further enhancements.

+ Board Independence: Boards should be consisted of majority independent directors to ensure proper oversight. In Japan, we have been assessing board's independence level by looking at the ratio of outsider representation. Beginning 2021, we will assess Japanese companies in the same way we have been assessing boards of our portfolio companies in other markets from independence, where all affiliated directors, including affiliated outsiders, will be considered non-independent. We will vote against the top management if the board fails to meet majority independent outsider representation. Controlled companies will be exempted from this independence requirement.

+ Three-Committee Structure: The three-committee structure closely aligns with AB expectations of board oversight, and thus would be an exception to the above rule. Rationale behind supporting the three-committee structure is because it is required by law to have a majority of the members of each committee be outside directors. Thus, responsibility to appoint the CEO, evaluate management's performance, recruit directors, and set management compensation are separated from conflict of interest, and we encourage companies to adopt the three-committee structure.

+ Board Diversity: Diversity is an important element of assessing the board's quality, as it promotes wider range of perspectives to be considered for companies to both strategize and mitigate risks. We believe that boards should develop, as part of their refreshment process, a framework for identifying diverse candidates for all open board positions. With this backdrop, we will begin including Japan in our voting Policy to require at least one female director on board in 2021. We have also been encouraging disclosure of a skill matrix for each board member, noting that this is a key indicator of assessing a board's capacity to offer meaningful oversight from a strategic point of view.

+ Workforce Diversity: We ask companies to provide workplace diversity data and policy to assess the effectiveness of their talent management. Breakdown of gender and foreign ethnic representation at senior management, mid-level and junior level employees offers a helpful overview to understand and ensure that the company's overall culture and workforce captures diverse pool of talent.

+ Capital Allocation: COVID-19 has raised a question on whether broad expectation of minimum 5% ROE on average over 5 years will be upheld to the same degree as prior years. Similarly, a discussion evolved around dividend payments and share repurchase, questioning whether companies should rather be expected to reserve their capital to navigate through the unprecedented pandemic environment.

However, not all businesses suffered from the pandemic. A number of sectors actually benefited through this time, which means lowering the bar on ROE requirement would not be reasonable. Capital allocation is also an area that should be considered with company specific contexts. Fundamental research should be the basis in determining which course of action is most sensible for the issuer. If the company has sufficient capital to pay their employees as well as shareholders maintaining the normal course of business, dividend payments and/or share repurchase can be supported.

+ De-concentration of AGM Dates: Most Japanese companies' annual general meetings (AGM) occur through latter part of June. Although this is partly due to an established practice stemming from financial reporting and audit timeframe demanded by the regulatory requirement, AB supports the idea of de-concentrating the AGM dates over greater time period. This will encourage more meaningful engagements to occur before and after AGMs between shareholders and companies instead of rushing through the voting process just to meet the deadline. Providing electronic vote options and English disclosure for companies listed in foreign markets is also critical to enable all shareholders to vote proxies.

+ ESG and Sustainability: AB believes environmental sustainability as well as management of other ESG topics material to the business impacts company's long-term value. Disclosure of current status is the first step, and we encourage companies to provide such information based on broadly adopted standards such as TCFD.

Please contact the AB's Proxy Team at **ProxyTeam@alliancebernstein.com** if you desire additional information about this statement.