

July 30, 2020 Accept
December 23, 2025 Update

**Acceptance of the
<<Japanese Stewardship Code>>,
Principles for “Responsible Institutional Investors”**

The Institutional Investors Collective Engagement Forum (hereinafter referred to as “IICEF”) endorses the purport and expresses its acceptance of the Japanese Stewardship Code*, as a “provider of services for institutional investors” which support stewardship activities of institutional investors.

IICEF leads the “Institutional Investors Collective Engagement Program (hereinafter referred to as the “Program”)” in which multiple institutional investors as asset manager collaborate to engage in constructive and “purposeful dialogues” with companies, contributing to appropriate stewardship activities of institutional investors. While IICEF itself does not provide funds, conduct the investment to equity or similar securities or exercise rights as a shareholder, in line with the purport stated in No. 5. of Aims of the Code in the Stewardship Code mentioning that “Principle 8 of the Code specifically applies to service providers for institutional investors. The other principles of the Code, including guidance, also apply to them as far as the principles do not conflict with Principle 8,” IICEF is committed to complying with the Principles as described below.

* Official translation is hereinafter shown on Appendix.

[Principle 1: Stewardship policy]

The Program is established to support the activities of participating institutional investors (hereinafter referred to as the “Participating Investors”) in fulfilling their own stewardship policies appropriately. IICEF believes that the continued operation of the Program constitutes the fulfillment of stewardship responsibilities.

In the Program, IICEF serves as the coordinator/secretariat (hereinafter referred to as “Secretariat”). At first, IICEF, together with the Participating Investors who take part in the Program, will discuss key issues of target companies and come up with common engagement agendas which reinforce ongoing constructive dialogues. The Secretariat of IICEF holds collective dialogues for each agenda with multiple companies which are targets of such dialogues, sends

letters summarizing common views, and holds meetings, while at the same time conducts activities such as publication of agenda material and provision of explanations at seminars for many companies which face similar issues as the target companies, and thereby promotes collective dialogues between multiple institutional investors and companies.

The Participating Investors are investors who engage in their activities with a focus on a sustainable increase in corporate value and strong awareness of the stewardship responsibilities. All of the Participating Investors are investors who invest broadly in Japanese shares from a long-term perspective such as passive investment and stable management of long-term funds.

Collective dialogues under the Program aims to contribute to an increase in corporate value and sustainable growth, not to pursue near-term shareholder returns, so that the dialogues results in enhanced medium- and long-term investment returns for customers and beneficiaries of the Participating Investors. In order to achieve this, when setting agendas for collective dialogues, IICEF strongly takes into account the medium- to long-term sustainability including Environmental, Social and Governance (ESG) elements of the target companies of the relevant dialogues through discussion with the Participating Investors.

In addition, IICEF does not intend to require material changes in the business activities of the target companies or intervene in details of management; rather, IICEF intends to support management in accordance with the independent management policy of companies through promotion of sharing of recognition of issues faced by the companies among the Participating Investors and companies.

[Principle 2: Management policy against conflicts of interest]

Based on the recognition that managing conflicts of interest of Executive Directors of IICEF is indispensable for appropriate operation of collective dialogues by the Participating Investors, IICEF has set forth and manages the “Policy Concerning Prevention of Conflict of Interest for Executive Directors” as follows, and discloses the policy on IICEF’s website. (<https://www.iicef.jp>)

The Participating Investors manage their conflicts of interest in accordance with their own stewardship policies.

<Policy Concerning Prevention of Conflict of Interest for Executive Directors>

IICEF has established policy as described below from the viewpoint of preventing conflict of interest between IICEF’s Executive Directors and the Participating Investors.

1. If any of IICEF’s Executive Directors (including any corporations and/or organizations with which the Executive Director is affiliated) is engaged in business with a company participating in collective engagement meetings (hereinafter referred to as the “Company

- Participating in Collective Engagement Meetings”) or has any other special interest in such a company, the said Executive Director shall not participate in collective engagement meetings with the said Company Participating in Collective Engagement Meetings.
2. IICEF’s Executive Directors may not commence business with a Company Participating in Collective Engagement Meetings or give rise to any other special interest in such a company during the period in which collective engagement meetings with the said Company Participating in Collective Engagement Meetings continue.
 3. The provisions of the preceding two paragraphs shall not apply to an IICEF’s Executive Director if the other Executive Directors and the Participating Investors agree to do so.

[Principle 3: Accurately understanding companies’ situations]

Under the Program, the Secretariat of IICEF and the Participating Investors hold preliminary discussion prior to collective dialogues with companies. In the preliminary discussion, multifaceted discussions are made on recognition of issues common to Japanese companies which are voiced from a broad range of parties including investors, companies, relevant associations and experts and management issues of individual companies recognized by any of the Participating Investors, among other issues, and common agendas which contribute to constructive dialogues are set. Based on the discussions, common views of the Participating Investors for each agenda are summarized.

In addition, depending on agendas, the Secretariat of IICEF holds meetings with companies to which IICEF sent letters inquiring on how to proceed with collective engagement, and/or asking answers to the letter, to understand the situations of the companies.

Through these processes, the Secretariat of IICEF and the Participating Investors deepen the understanding of the relevant agenda and the situations of the target companies for it.

[Principle 4: Sharing of recognition with companies and solving problems]

After summarizing common views from the Participating Investors, IICEF sends letters describing the common views to the target companies under the joint names of IICEF and the Participating Investors participating in the agenda. Such letters explain investors’ common views identified in preliminary discussion, their backgrounds and thoughts of the Participating Investors. The letters are not meant to unilaterally impose the thoughts of the Participating Investors but to promote sharing of issue recognition, and IICEF responds to questions, inquiries and feedback from companies. Depending on agendas, IICEF may only send letters, ask for explanations and/or answers from companies through the Secretariat of IICEF or hold direct dialogues attended by multiple Participating Investors.

In meetings attended by multiple Participating Investors in particular, IICEF provides

explanations on the common views and investors' thoughts and/or theories underlying such views and inquire about the current situations, thoughts, policies, etc. of companies.

In the meantime, because naturally there is a limit to the number of letters IICEF can send or companies with which IICEF can hold meetings, IICEF publicize agenda material on our website and provide explanations through seminars, etc. and thereby broadly notify many Japanese companies facing similar issues indicated in the agendas.

Through the processes described above, IICEF discuss differences and common points in the thoughts of both companies and investors, promote sharing of recognition with companies and endeavor to remedy issues of the Japanese companies as a whole.

Since IICEF does not conduct the investment to equity or similar securities, Guideline 4-2 does not apply. Furthermore, as the Program does not require disclosure of participating investors' shareholdings, even if requested by a company during collaborative dialogue, IICEF cannot provide explanations regarding the shareholdings of individual participating investors. Responses to requests from companies shall be left to the discretion of each participating investor in accordance with their own stewardship policies.

[Principle 5: Exercising voting rights]

IICEF does not conduct the investment to equity or similar securities or exercise rights as a shareholder. Therefore, Principle 5 does not apply.

Each Participating Investor exercises voting rights in accordance with their own policies for exercising voting rights.

[Principle 6: Reporting to customers]

Because IICEF provides institutional investors with services to support their dialogues, IICEF's customers are the Participating Investors. IICEF holds regular meetings with the Participating Investors to not only examine agendas but also report on the progress of agendas, the status of activities and operation of the forum.

The Participating Investors report the status of the Program, etc. to their customers, i.e., asset owners, in accordance with their own stewardship policies.

[Principle 7: Development of skills and resources]

IICEF summarizes common agendas and common views from a long-term or super-long term perspective based on in-depth discussion between the Participating Investors and companies and engages in collective dialogues. The perspective of sustainability including the eye for ESG issues is the foundation for the agendas addressed in collective dialogues. When setting each agenda, IICEF utilizes a system which promotes deep understanding from the both theoretical and

practical standpoints by, for example, sharing insight of each of the Participating Investors and listening to opinions of academics and experts in the subject fields on an as-needed basis.

[Principle 8: Service providers' stewardship responsibilities]

IICEF recognizes that the Program plays an important role in the investment chain, supporting and deepening the engagement function of institutional investors. In operating the Program, IICEF is working to enhance its collective dialogues function in line with the purport of the Stewardship Code as seen in the above descriptions of how IICEF complies with Principles 1 through 7.

At IICEF, the Executive Directors who have long years of experience in investment management and researches and exercise of voting rights on the institutional investors' side and IR and SR activities and practical operations concerning shares on the companies' side, among other things. In respect of legal points of issue, IICEF also obtains advice from the legal counsel who has a high level of expertise in the field of stewardship responsibilities. The details of IICEF's activities can be found on IICEF's website. (<https://www.iicef.jp>)

<Guidance 8-1> The system for managing conflicts of interest is as described in Principle 2.

<Guidance 8-2> Not applicable.

<Guidance 8-3> Not applicable.

Appendix: <<Japan's Stewardship Code>> revised on June 26, 2025

1. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
3. Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.
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.
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 a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.
6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
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 judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.
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 responsibility.

(Guidance)(excerpt)

8-1. Service providers for institutional investors including proxy advisors and investment consultants for pensions should identify specific circumstances that may give rise to conflicts of interest, put in place a clear policy how to manage them effectively, develop structures for conflicts of interest

management, and disclose such measures.

8-2.

Proxy advisors should develop appropriate and sufficient human and operational resources to effectively communicate with stakeholders, including companies, by setting up a business establishment in Japan in order to provide asset managers with proxy recommendations based on accurate information on specific companies. They should also disclose with specificity the voting recommendation process, including the above measures to assure transparency.

8-3. In providing proxy recommendations, proxy advisors should rely upon corporate disclosure, and actively exchange views with companies upon necessity.

Upon the request from a company that is the subject of a proxy recommendation, it is considered to contribute to secure accuracy of the information that is the basis for the recommendation and transparency that the proxy advisors provide the company with an opportunity to confirm whether such information is accurate, etc., and provide the submitted opinion of the company to their clients together with the recommendation.