

Japan's Stewardship Code

- Japan's Stewardship Code has now been established. It defines principles for institutional investors to fulfill their fiduciary responsibility and to promote the sustainable growth of investee companies.
- Investors' Action based on this stewardship code will enhance both mid-to-long term corporate value and investment return, and will also contribute to the growth of the Japanese economy as a whole.

Summary of the Code's Principles

Institutional investors should:

1. Disclose a clear stewardship policy
2. Properly manage conflicts of interest
3. Monitor the status of investee companies
4. Seek common understanding with investee companies and solve problems through engagement
5. Have a clear voting policy and disclose voting activity
6. Report to clients/beneficiaries
7. Have skills and resources necessary for engagement

<Features of Japanese Version>

- ✓ Importance placed on “sustainable growth of investee companies”
- ✓ Stresses ‘constructive engagement’ between institutional investors and investee companies
- ✓ In-depth knowledge of the investee companies and their business environment required to conduct meaningful dialogue with companies
- ✓ A list of institutional investors who publicly disclose their intention to accept the Code is published
(to be released in early June, and updated every three months)