

## **Alma Capital London Ltd's (hereafter "ACL") statement with regard to Japan's Stewardship Code**

### **Introduction**

« Japan's Stewardship Code », first proposed in 2012 and then published in 2014 by the Financial Services Agency (FSA) of the Japanese Government, created guidelines that would encourage investors to promote the sustainable growth of Japanese listed companies through responsible investment and dialogue. The latest rendition of the code was published by the FSA on 26<sup>th</sup> June, 2025.

According to the Code, « Stewardship Responsibilities » are mostly aimed at institutional investors to enhance the long term return on investment for their clients and beneficiaries by improving and fostering the investee companies' sustainable growth through constructive engagement via in-depth knowledge of the companies and their business environment. It directly instructs investors to consider ESG factors as an integral part of their investment strategy.

The Code defines eight such regulatory principles that help investors to fulfill their stewardship responsibilities and establish fiduciary duties on behalf of their clients, beneficiaries and the investee companies.

However, the Code employs a « Soft-Law Approach » whereby it should not be treated as a legally binding covenant which allows institutional investors to interfere with the finer points of managerial matters in investee companies.

**Principle 1:** Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

### **Alma Approach:**

- ACL is an active investor, engaging with investee companies on various topics, including ESG. Sustainability factors and medium- to long-term vision are at the core of ACL's investment philosophy.
- ACL (through its parent company) is a signatory to the United Nations Principles for Responsible Investment ("UN PRI"). which aim to incorporate ESG issues into investment practices. Annual reporting is submitted to the UN PRI which issues an assessment report.
- ACL exercises voting rights on behalf of the funds it manages whenever it is practicable.
- When appropriate, the funds managed by ACL integrate sustainability factors as binding elements (such as a sector exclusion list) in their investment policy.
- ACL's parent company has adopted an ESG policy and set up an ESG Committee which aims to monitor sustainability practices on both the corporate and investment side. It has also publicly disclosed ESG and sustainability information on its website.

**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.

**Alma Approach:**

- ACL is an independent asset management company – the majority of which is indirectly owned by its management team – that prioritizes its clients’ interests first and identifies and manages potential conflicts of interest, including those that arise from proxy voting or engagement.
- ACL exercises voting rights on behalf of the funds it manages whenever it is practicable.
- ACL has its own conflicts of interest policy which is disclosed on its website. The identification of potential and actual conflicts of interest is also a standing item on the agenda of each Board meeting.

**Principle 3:** Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

**Alma Approach :**

- ACL performs due diligence on investee companies as part of the fundamental research and monitoring of the portfolio, taking into consideration a wide variety of factors that affect potential corporate value, including ESG aspects.
- ACL initiates and maintains ongoing dialogue with investee companies in order to stay abreast of developments on various fronts including growth and investment plans as well as capital and ESG policies.
- ACL believes that sound practices, including strong corporate governance, are instrumental to a company’s long-term growth and stock performance, which in turn is beneficial for its clients.

**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.

**Alma Approach:**

- ACL initiates direct engagements with their investee companies by maintaining an ongoing dialogue with management in order to not only assist them in their long-term growth vision but also to help safeguard their shareholders’ economic interest.
- ACL believes that such regular constructive engagement with investee companies carried out as part of the ongoing research process is an important input that helps shape the attitude of the management towards the various challenges it faces.
- ACL is acting as a long-term investor and as such, it takes a pragmatic and patient approach to its engagement framework in an effort to build mutual understanding that can drive effective results with issuers in which it invests.

**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 a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

**Alma Approach:**

- ACL has implemented a proxy voting policy which is publicly disclosed on its website.
- ACL exercises voting rights on behalf of the funds it manages whenever it is practicable.
- While proxy voting guidelines are in place to ensure that the stewardship guidelines are upheld, the portfolio managers consider each vote on its own merits and always act to ensure the long-term benefit of investee companies and, in turn, of their clients.

**Principle 6:** Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

**Alma Approach:**

- ACL aims to maintain records of all proxy voting activities and outcomes to ensure that voting activities and any updates to the proxy voting guidelines are properly documented and can be disclosed to its clients and beneficiaries upon request.

**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 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.

**Alma Approach:**

- The ACL investment process is based on detailed bottom-up fundamental research and necessitates a deep understanding of the investee companies' business structure, operating environment and management policy. This is also the knowledge required to be able to constructively engage with the companies and make proper judgments in fulfilling stewardship activities.
- The Investment Management team of ACL is supported by the ESG Committee of its parent company which provides sustainability-related information and delivers training on an ad-hoc basis.
- ACL and its parent company value participation in ESG and stewardship industry initiatives as a means to share and contribute their ESG expertise, helping to advance industry best practices and thought leadership.
- ACL (through its parent company) is a signatory to the United Nations Principles for Responsible Investment, and has committed to implementing the six Principles aimed at integrating ESG considerations into the investment process.