JAPAN'S STEWARDSHIP CODE

SEPTEMBER 2024

Active stewardship guided by purpose *– to promote sustainable growth of companies through investment and dialogue.*

Jupiter's approach

INTRODUCTION

This document explains adherence by Jupiter Asset Management (Jupiter) with the principles of Japan's Stewardship Code ("the Code"). These principles are aligned to our core investor beliefs and given their broad significance to our firm and client-base, we recommend this policy document is also referenced with Jupiter's Annual Stewardship Report which details our organisational capabilities and efforts linked to stewardship outcomes.

Jupiter has a long track record of investing in the Japanese market, having launched our first single strategy Japanese equity fund in September 2005.

Jupiter supports the Japan Code and recognises the evolution in this framework through the Council of Experts (March 2020). We move forward by pursuing sustained value creation for our clients and with an understanding that consideration of ESG factors does not only concern risk mitigation, but good stewardship is about understanding opportunities and supporting companies to grow.

Transparency around stewardship activities is also key to our stakeholders. To this extent we have enhanced our voting disclosure over the period. We have also installed a new engagement record keeping system and will continue to develop our engagement reporting in a manner that is direct, meaningful and accessible to our stakeholders.

We recognise that stewardship is a long-term process. When selecting companies in which to invest, we ultimately look for those with management teams who we believe will act in the best interests of investors. We recognise that we live in a very polarised world, and investors must navigate complex issues thoughtfully and purposefully. At Jupiter, we adopt an engaged approach with companies and, where relevant, with other market participants to ensure that we are making insightful investment decisions.

Ashish Ray,
Head of Stewardship

PRINCIPLE 1

Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.

JUPITER'S POSITION ON PRINCIPLE 1:

- Jupiter's approach is publicly disclosed on its website through the Annual Stewardship Report. This document provides an overview of our organisational structure, resourcing and internal governance with respect to the discharge of our stewardship duties through our investment chain. The report also provides extensive commentary on our approach to direct / collaborative engagement, ESG integration and utilisation of our rights and responsibilities.
- These statements should also be read in conjunction with Jupiter's Proxy Voting Policy and Jupiter Responsible Investment Policy.

JUPITER'S APPROACH TO PRINCIPLE 1:

Jupiter is a specialist, high-conviction, active asset manager whose purpose is to generate long-term returns to our clients through investment excellence. As an active manager, stewardship plays an important role in our pursuit of sustained value creation and our contribution to wider society and other stakeholders.

A materiality-led approach to ESG informs our investment decision making and risk analysis. Accountability for stewardship decisions and actions rests with the individual investment managers for their portfolios. However, at an organisational level, responsibility for Jupiter's stewardship efficacy and the shaping and application of relevant policies falls under the remit of the Head of Equities and Head of Fixed Income, with input from the Head of Stewardship and Head of ESG Research & Integration.

Our investment teams maintain dialogue with companies to inform their investment decisions and carry out strategic engagement, in partnership with resource available from the Stewardship and ESG Research & Integrations teams. Our investment-led approach is in line with the Code's guidance for company engagements to be constructive, purposeful and to foster sustainable growth over the medium to long term.

As per Code guidance, our investment led approach brings forth in-depth knowledge of companies and reinforces the effectiveness of the dialogue so that it is consistent with the overall investment strategy. We do not believe that volume of engagement is a reliable indicator of successful active ownership or a meaningful representation of our clients' interests.

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.

JUPITER'S POSITION ON PRINCIPLE 2

- Jupiter is an independent investment management company whose parent company is Jupiter Fund Management plc (JFM). We are not owned by a separate listed group which simplifies matters with respect to conflict of interests. Our objective as investment managers is always to act in our clients' best interests, including when considering matters such as voting and engagement, and to properly manage any potential conflicts of interest. Our funds may not invest in the shares of JFM.
- In accordance with UK Financial Conduct Authority requirements, Jupiter maintains a Conflicts of Interest Policy appropriate to our size and organisation and to the nature, scale and complexity of our business. This policy is an internal document; however, in the interests of transparency, we also publish our Conflicts of Interest Statement publicly on our website.
- Specific conflicts of interest policies linked to stewardship and proxy voting are publicly disclosed within Jupiter's Annual Stewardship Report and Proxy Voting Policy.

JUPITER'S APPROACH TO PRINCIPLE 2

Confidence in the ability of our stewardship practices to manage potential conflicts of interest is vital if we are to retain the trust of our clients and stakeholders. Jupiter takes all appropriate steps to prevent conflicts of interest. Where a conflict of interest cannot be prevented, Jupiter takes all appropriate steps to manage and monitor such conflicts of interest.

The following measures are in place to guard against conflicts of interest in the voting process. Examples of potential conflicts of interest include:

i) Where an investment manager decides to invest client money into an investment trust that is also managed by the same individual, conflicts are considered where the manager has vote discretion. **The investment manager will not have direct voting authority in these cases.**

Where a Jupiter-managed fund invests in a Jupiter-run listed vehicle, the AGM / EGM ballot will be reviewed by the Stewardship Team with reference to this policy and independent third-party guidance. A voting outcome will be resolved by the Non-Executive Directors of the fund Board who will exercise the voting rights as they deem appropriate. The Head of Equities is also informed of this process.

ii) Conflicts may arise where a director or employee of Jupiter or its entities is a director at one of our investee companies.

iii) Conflicts may arise where we hold the listed securities of a client-related organisation. For instance, Jupiter may have client relations with an insurance arm of a financial services group in which we are invested.

iv) Conflicts may arise in the case of mergers and acquisitions, where a single investment strategy owns securities issued by both the acquiring company and the target company. The investment manager will have access to third-party research and the Stewardship Team to consider any ESG concerns relating to the deal.

Voting discretion and accountability remain with the investment manager under scenarios ii to iv. Use of independent third-party data and guidance from the Stewardship Team is also applied in these circumstances.

These conflicts of interest cases are discussed within our internal governance structures (for investment management). Further details can be found within Jupiter's Annual Stewardship Report.

.

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.

JUPITER'S POSITION ON PRINCIPLE 3

- Monitoring through regular company meetings provides the opportunity to question and challenge directors about issues that affect corporate value.
- Investment managers and ESG specialists seek to understand how sustainability risks impact long-term performance through monitoring.
- The monitoring of companies forms an integral part of our stewardship duties and through this we gain investor insights and understand risks and opportunities linked to medium to long-term growth potential.
- Monitoring takes various forms but ultimate accountability for voting and engagement resides with the investment managers, who have accountability to our clients.
- The monitoring of companies is conducted in a variety of ways and incorporates an array of factors, including materially relevant 'non-financial' matters. Investment teams will assess financial statements and market updates as well as engage with management teams. They also receive information from brokers and other intermediaries and market participants. The Stewardship and ESG Research & Integration teams will also supplement this monitoring through their activities.

JUPITER'S POSITION ON PRINCIPLE 3

Jupiter monitors investee companies by hosting and attending regular meetings with company management teams. The majority of these are held post the announcement of preliminary or interim results. In order to stay abreast of ESG developments and to contribute to industry and policy matters, Jupiter selectively engages in dialogue with industry bodies, policy makers and government agencies on issues considered relevant to the interests of our clients.

Investment managers and specialists monitor companies and work together to identify ESG issues and organise engagement on a continuous basis, making use of extensive internal research. Jupiter also makes use of third-party research in the assessment of ESG issues (see the section on Proxy Advisers within Principle 5, below). Stewardship related engagement is recorded on an internal database. This is used to track the progress of dialogue and assists with the scheduling and identification of future engagement.

Through our Responsible Investment Policy, we have developed a process for identifying systemic and strategic ESG risks. We have identified a core set of material issues that our investment managers are able to interpret as appropriate for their asset classes and investment processes.

Engagement supports our approach to tackling material ESG issues and encourages well-functioning markets by addressing systemic risks directly with our investee companies. We have identified the following material issues:

- Climate;
- Biodiversity;
- Human rights;
- Human capital;
- Health and safety; and
- Corporate governance.

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.

JUPITER'S POSITION ON PRINCIPLE 4

- Jupiter believes in purposeful, constructive and effective engagement and our investment-led approach to stewardship underpins this position.
- We are aligned to the Code's principles of advancing medium to long-term value, optimising capital efficiency and promoting sustainable growth. However, growth trajectories are rarely linear, and companies contend with a host of challenges while executing their longer-term strategies. There will be periods where strategic execution may be faltering, or performance is not meeting expectations.
- Holding companies to account is part of our responsibilities, but we have learned that only reacting to events may not be advantageous. The foundation of this responsibility is connected to Principle 3. It is through the continued monitoring of companies and associated engagement where we can build ongoing relationships and discuss matters connected to a company's long-term success and sustainability.

JUPITER'S APPROACH TO PRINCIPLE 4

Engagement can play an important role in how we seek to preserve and enhance the value of assets that have been entrusted to us. It also advances our responsible investment goals, builds relationships with companies and provides our investment teams with greater investment insights.

Stewardship themes can be broad in nature and meaningful change can take many years to play out. It is also worth noting that the determinants that govern corporate change can be multifaceted and complex.

Jupiter's Annual Stewardship Report outlines our approach to prioritising engagement, and this also covers collective dialogue and where relevant, our approach to escalating concerns with companies.

Engagement priorities may be positioned by considering a specific element or a combination of the following themes (in no particular order):

- Thematic issues such as climate risk, biodiversity and human rights (see Responsible Investment Policy);
- Corporate performance / failure;
- Corporate governance;
- Regulation and conduct;
- General meetings and proxy voting issues or action points from previous occasions;
- Third-party assessments and controversy flags;
- Routine monitoring or relationship meetings; and
- Client-sponsored initiatives

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 sustainable growth of investee companies.

JUPITER'S POSITION ON PRINCIPLE 5

- Jupiter seeks to utilise its voting rights and responsibilities for all shares held. This is contingent on whether clients have issued the relevant voting mandate and powers of attorney are in place (where the client has authority to procure the legal documentation). Certain markets also operate with share blocking which (temporarily) restricts liquidity for a given period around the vote. Consequently, we may vote partial shares in a blocking market to preserve liquidity.
- Jupiter's Proxy Voting Policy is available from its website. In line with the Code guidance, this policy is not a mechanical checklist, but we outline our position on technical voting matters but crucially link this to our active investment approach and the pursuit of sustained value creation.
- We have enhanced our public voting disclosure to offer additional transparency. Voting disclosure for our fundamental equity portfolios is now available on a line-by-line basis. Individual company records can also be accessed by searching for issuers on the website. This disclosure contains rationales for voting against.
- Voting for systematic equities is also disclosed separately on a line basis and both types of disclosure are update on a monthly basis.
- Our Annual Stewardship Report includes engagement case studies which outline the engagement pathway and details the voting outcomes. In addition, this report also has a section on significant votes.

JUPITER'S POSITION ON PRINCIPLE 5

The exercise of rights and responsibilities through informed voting is fundamental to Jupiter's active management and active ownership approach. Proxy voting is a representation of our clients' interests and underpins both accountability and the alignment of interests between asset owners and beneficiaries. Voting serves as an intersection between companies and investors. Consequently, we have adopted an investment-led approach where judicious voting plays an important role in effective stewardship, the promotion of good governance and our goal in pursuing sustained value creation.

In order to assist in the assessment of corporate governance and sustainability issues, Jupiter subscribes to external corporate governance and sustainability research and data providers. While Jupiter takes the proxy adviser's recommendations into account, stewardship activities are not delegated or outsourced to third parties, for fundamental equities, and recommendations are not routinely followed when deciding how to vote. The principal ESG research providers are Institutional Shareholder Services (ISS), Aladdin Climate, MSCI, Institutional Investor Advisory Services (IiAS), Sustainalytics and RepRisk.

Please refer to Jupiter's Proxy Voting Policy for further details.

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.

JUPITER'S POSITION ON PRINCIPLE 6

- Please see information under Principle 5, where voting disclosure is discussed.
- As discussed, Jupiter publishes an Annual Stewardship Report which is an extensive disclosure and outlines how we fulfil our stewardship responsibilities, including engagement outcomes and voting responsibilities.
- Institutional clients may receive bespoke stewardship reporting as part of their individual agreements.
- Specific sustainability labelled investment products will also have periodic reporting which may incorporate stewardship elements.

JUPITER'S APPROPACH TO PRINCIPLE 6

Our main periodic stewardship disclosure is Jupiter's Annual Stewardship Report and our monthly voting disclosure. We continue to evolve our stewardship reporting and have invested in further capabilities over 2024 to better track and monitor engagements. This is an ongoing project, and we are also enhancing our reporting capabilities in tandem with this development and anticipate further refinements to stewardship reporting in H1, 2025.

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.

JUPITER'S POSITION ON PRINCIPLE 7

- We understand effective dialogue with companies requires skill, investment leadership, experience and resourcing. However, the stewardship agenda can only be advanced within an investment organisation if an appropriate culture exists within the investment teams and these expectations are supported by the wider firm.
- Appropriate resourcing, training and communication within investment management firms is important to meet our objectives. Jupiter has reformed its Investment Management governance which incorporates oversight on matters connected to ESG regulations, ESG commitments, conflicts of interest and stewardship outcomes.
- As investors, we may have to confront systemic issues such as climate change and biodiversity risks. There may be other occasions where we need to leverage our voice on a company specific issue, due to our holding size. Collective engagement is part of our stewardship toolkit and can be useful in these circumstances. Collective engagement is also helpful when considering policy advocacy in order to further our stewardship goals.
- We believe in effective stewardship and continually review our activities through our governance structures, specific investment team ESG reviews and through industry dialogue.

JUPITER'S APPROACH ON PRINCIPLE 7

We are always seeking to deliver good investment outcomes, with these efforts supported by an ongoing focus on our responsibilities to be effective stewards of our clients' capital. However, we understand that effective stewardship is not only determined by resource, systems and processes. These are all important components, but success requires the appropriate active-ownership culture in our Investment Management department.

Jupiter's Head of Equities and Head of Fixed Income play a crucial role in advancing the stewardship culture within the investment management department.

Please refer to Jupiter's Annual Stewardship Report which comprehensively details how our investment beliefs and governance supports effective stewardship. This report also identifies our approach to working with other market participants, utilising our rights and responsibilities and helping to deliver stewardship outcomes.

Contact details

For further information please contact

Stewardship@jupiteram.com

101966-09.24