



SARASIN  
& PARTNERS

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# Disclosure of Commitment to the Japan Stewardship Code



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# Introduction

At Sarasin & Partners we believe that stewardship plays an important role in the management of our clients' assets.

This means that we are long term in our approach to investment and we seek to invest in businesses that will create enduring value for our clients. As part of our approach to stewardship, we implement the UK's Stewardship Code.

We also aim to adopt relevant best-practice codes or guidelines in other markets. The Japan Stewardship Code was introduced as part of a broad economic reform agenda in February 2014. It aims to enhance the quality of engagement between institutional investors and investee companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

We support the principles of the Japan Stewardship Code. This document explains how Sarasin & Partners meets the Code's requirements.

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# Principles of the Japan Stewardship Code

## Principle 1

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

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Our approach to responsible stewardship is outlined in our Framework for Implementing Responsible Stewardship. In brief, our approach to stewardship has three pillars: first, a long-term investment process that values robust governance structures and considers environmental and social impacts. Second, engaged ownership: once we have bought a company we stay close to it, speaking to board members and management as strategic or governance issues arise, and voting the shares we hold on behalf of clients. Third, thought-leadership and policy outreach: where we find that there are practices or policies that impinge on our companies' prospects for sustained performance, and where we believe we can contribute to change, we will seek to do so.

## 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**

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Sarasin & Partners seeks to act in the interests of all its clients when considering matters such as engagement and voting. Conflicts of interest may arise from time to time, which may include when voting on matters affecting our parent company or a client. We aim to identify and manage any conflicts objectively and details of the processes are described in our Conflicts of Interest Policy.

## 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**

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We monitor investee companies on an ongoing basis. Monitoring is undertaken by our in-house team of analysts, including our dedicated environmental, social and governance team. We meet regularly with company management, and where possible boards of directors. Our ultimate goal is to ensure companies deliver sustained – not short-lived – shareholder value.

## 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**

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We endeavour to engage with companies when appropriate in a constructive way with the aim of enhancing long-term value, capital efficiency and sustainable growth.

It is part of our engaged ownership process to consider carefully when it is appropriate to enter into an active dialogue with a company's board. There may be instances where it is necessary to escalate matters to protect and enhance our clients' long-term investment returns. These might include when minority shareholder rights are threatened, if the board shows a significant lack of independence or other governance conflicts arise, when the board structure is compromised or we otherwise have long-term strategic concerns.

We will normally raise our concerns through confidential discussions with the company's board and management. In some cases, it may involve collective action with other shareholders.

On nearly all occasions we will not wish to be made insiders and we seek to ensure that investee companies and their advisers do not convey information that could affect our ability to deal in the shares of the company without our agreement. When we do engage with companies we keep records of meetings.

## 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**

Sarasin & Partners has an independent voting policy drawn up to support our stewardship investment philosophy. We do not automatically support the board (see Corporate Governance and Voting Guidelines). We seek to vote all shares held. We do not engage in stock lending. We use an independent proxy advisor who votes on our behalf and according to our policy.

We monitor these votes and may depart from our policy where we judge that this will be in the interests of our clients. For instance, we may conclude that the spirit of our policy requires a different approach in certain circumstances. Likewise, where we have an ongoing dialogue with a company and we believe a vote against management could be counter-productive we may alter our vote.

Regardless of the market or listing of an investee company, we aim to vote our clients' shares by proxy unless the costs or administrative burden of doing some are excessive. In some exceptional circumstances we may attend general meetings (for instance where there is a particularly contentious issue and there may be advantage in attending rather than voting by proxy).

Our Voting Record is disclosed on our website. This provides a public summary of our voting activity. We also provide clients with quarterly reports which details key votes for the reporting period.

## 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**

As agents acting on behalf of our clients, we report regularly to clients on our stewardship activities. With respect to our voting and engagement activities we provide qualitative information describing key votes as well as quantitative data. We also disclose on our website a clear record of the number of votes cast with detailed commentary on any votes or engagements we feel to be of particular importance or interest. We update this publicly on a quarterly basis.

## Principle 7

**To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgements in fulfilling their stewardship activities**

Our approach to investing involves in-depth analysis of investee companies. We have dedicated environmental, social and corporate governance analysts whose core focus is stewardship, and who work closely with sector and thematic analysts as part of the asset management team. We meet regularly with company management and wherever possible company boards. We employ external research providers to enhance our understanding of investee companies' business models, governance structures and risk exposure. Our outlook is multi-year.

### Other information relating to the Japanese Stewardship Code

It should be noted that compliance with the Code does not constitute an invitation to manage the affairs of investee companies or preclude a decision to sell a holding, where this is considered in the best interest of end-investors.

For further information, please contact:

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**Please note that the prices of shares and the income from them can fall as well as rise and you may not get back the amount originally invested.** This can be as a result of market movements and also of variations in the exchange rates between currencies. **Past performance is not a guide to future returns and may not be repeated.**

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