

The Declaration of Active Fund Managers

【The Declaration】

- As active fund managers, we maximize investment returns of our equity portfolios by putting particular emphasis on the uniqueness of individual companies and focusing on what differentiates them from others.
- “The Guidance for Collaborative Value Creation” (“Guidance”) can be a useful tool for active fund managers such as ourselves who place importance on constructive dialogue with companies.
- If a company proactively makes its information disclosure following the Guidance in a clear manner, active fund managers who place importance on constructive dialogue like ourselves will carefully read such disclosure, and give it considerable thought, before we conduct our dialogue with the company.
- The company-investor dialogue should not be deemed an end in itself; nor should it be a formality without substance. Active fund managers share joint responsibility with other concerned parties to avoid such occurrence.

【Explanation】

- As active fund managers, we maximize investment returns of our equity portfolios by putting particular emphasis in the uniqueness of individual companies and focusing on what differentiates them from others.

For example, when asking questions to companies about their business models and strategies, or while discussing with companies, we are always asking ourselves, “What sets this company apart from other companies?” In that sense, we may share the same perspective as corporate management. In disclosing various kinds of information, we hope that companies consider such characteristics of active fund managers.

- “The Guidance for Collaborative Value Creation” (“Guidance”) can be a useful tool for active fund managers such as ourselves who place importance on constructive dialogue with companies.

The investment philosophy and management method of active fund managers are diverse; so is the expectation of the effect of dialogue with companies. However, we believe that the Guidance can be a very useful tool for active fund managers such as ourselves who are looking for sustainable value creation and emphasize constructive

dialogue with companies, because it raises important issues which help make the dialogue effective. In addition, if a company proactively discloses information based on the Guidance, we are convinced that many active fund managers will view it as very beneficial and welcome it.

- If a company proactively makes its information disclosure following the Guidance in a clear manner, active fund managers who place importance on constructive dialogue like ourselves will carefully read and understand such disclosure, and give it considerable thought, before we conduct our dialogue with the company.

We believe that it is extremely useful for many investors that the companies disclose clearly the main items contained the Guidance, such as business model, strategy and KPIs. Especially, active fund managers such as ourselves who are looking for sustainable value creation and emphasize constructive dialogue with companies have a strong interest in the issues raised in the Guidance, and if clear disclosure on these issues are made, we will read it carefully, understand it, and give it considerable thought before the dialogue. With such preparation, we can expect the dialogue to be more effective.

- The company-investor dialogue should not be deemed an end in itself; nor should it be a formality without substance. Active fund managers bear joint responsibility with other concerned parties to avoid such occurrence.

The dialogue should be mutually beneficial, so that its prevalence is sustainable, rather than a short-term boom. Therefore, it is unacceptable that the dialogue become an end in itself, or that the questions or issues raised by investors be part of a box-ticking exercise. Active fund managers share the responsibility with other actors in the investment chain to develop the expertise to conduct effective dialogue with companies.