

Kabouter Management Declaration of Acceptance of the Japanese Stewardship Code

Kabouter Management hereby states that it accepts the Japanese Stewardship Code (the “Code”).

Kabouter Management is an asset management company that seeks to invest in under-appreciated international companies in sustainable secular growth industries. Kabouter believes in the principles set forth by the Code and its operating practices already incorporate the tenets of the Code, as disclosed below.ⁱ

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

Kabouter generally seeks to fulfill its stewardship responsibilities in the following ways:

- Integrate environmental, social, and corporate governance (ESG) in the investment sourcing process.
- Recommend improvements to governance practices, including investor relations.
- Offer strategy and transaction recommendations.
- Promote ESG disclosure and sustainable business practices.
- Promote improved corporate governance and transparency.

[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.

Kabouter acknowledges that conflicts of interest may arise in the context of our corporate governance and corporate responsibility work. Kabouter understands the risks associated with conflicts of interest and has established internal control systems to minimize these risks. Kabouter has written proxy voting policies and procedures to help satisfy its duties relating to proxy voting. The Chief Compliance Officer will assess and address conflicts of interest and will seek to resolve conflicts of interest in the best interest of Kabouter’s clients.

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

Kabouter may monitor its investee companies through meetings with senior management, market performance, earnings reports, investor relations updates, analyst coverage, investor presentations, news flow, and in-house research and analysis. When communicating with the investee companies' senior management ("Management"), Kabouter may offer advice, recommendations, and contacts for business development and to inform of best practices with an aim toward the sustainable growth of the companies.

Kabouter generally encourages reporting on ESG metrics by the companies to investors and data providers. Kabouter may audit the quality of disclosure by both the reporting company and by the data aggregators, recommending corrections where appropriate. Kabouter believes that measuring and monitoring these metrics may create long term value for the company.

[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.

Kabouter attempts to understand the Management's strategy and vision. It is not generally Kabouter's aim to invest in companies that require operational guidance but rather to invest in companies that it believes have strong underlying businesses without the appropriate market recognition for the quality of the underlying earnings. Kabouter considers the strategy of the Management and may offer advice and resources for its execution, with the ultimate goal of generating long-term capital growth for the company, and hence, its investors.

[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.

As stated in the Kabouter's Proxy Voting Policy and Procedures, proxy voting decisions at Kabouter are made from the viewpoint of the best interests of Kabouter's clients. Kabouter will seek to vote proxies in the best interests of the applicable client, while managing environmental, social, and governance (ESG) risks. If a client directs Kabouter to vote a proxy in a particular way, Kabouter will vote the proxy in accordance with the client's directions.

Kabouter discloses voting activity to the extent required by any applicable regulatory authority.

[Principle 6] Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Through quarterly newsletters and investor presentations, Kabouter communicates to its clients and beneficiaries how it fulfills its stewardship responsibilities.

[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 judgments in fulfilling their stewardship activities.

Kabouter is an asset management firm that applies fundamental bottom-up analysis to select and manage its investments. Kabouter's analytical examination of companies encompass the environment in which they operate. Kabouter believes it has the necessary background, resources, processes and systems to be able to perform these functions.

Kabouter maintains knowledge of the companies it is invested in, and in their ongoing developments. Additionally, it has access to other resources to be able to make judicious interpretations and take informed decisions on complex issues and proxy voting matters, if they arise.

ⁱ <http://www.fsa.go.jp/en/refer/councils/stewardship/20140407.html>