

Policies for Fulfilling Stewardship Responsibilities (Tentative)

Japan Science and Technology Agency, National Research and Development Agency (hereinafter “JST”), as an “asset owner,” hereby establishes the following basic policy to fulfill its stewardship responsibilities under the Japan’s Stewardship Code (Third Revision, dated June 26, 2025; hereinafter “Code”) and declares its acceptance of each principle of the Code, including its guidelines.

1. Basic Policy

(1) Approach to Stewardship Responsibilities

- JST aims to achieve target returns while appropriately managing risks from a long-term perspective, under the investment objective to secure financial resources to provide long-term and stable support for the construction of research infrastructures necessary to realize world-class research universities.
- To enhance long-term investment returns by promoting the improvement of corporate value at investee companies and the sustainable growth of both investee companies and the overall market, JST actively undertakes stewardship activities and initiatives that consider sustainability (mid- to long-term sustainability including ESG factors; hereinafter “sustainability”) as part of its investment strategy. These efforts include not only a deep understanding of investee companies and their business environments, but also conflict of interest management, constructive “purposeful dialogue” (engagement) with investee companies, and the exercise of voting rights.
- To secure long-term investment returns, JST will contribute to the sustainable growth of investee companies and the overall market through initiatives such as those outlined below.
- Since JST invests in individual companies through investment managers, it believes that stewardship responsibilities can be effectively fulfilled by having these investment managers, who have frequent opportunities to interact with companies and possess deep expertise in corporate management, carry out stewardship activities.
- As an “asset owner” under the Code, JST will fulfill its own stewardship responsibilities by appropriately monitoring and assessing the implementation status of stewardship activities and sustainability initiatives undertaken by investment managers, engaging in active dialogue (engagement) with them, and disclosing an overview of annual activities.

(2) Policy on Initiatives by Investment Managers

- JST requires its investment managers to comply with the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights.” However, if there are matters that are deemed inappropriate to implement considering the individual circumstances such as characteristics of investment assets or investment style, JST will request an explanation of the reasons for non-implementation.
- JST will appropriately monitor the status of stewardship activities undertaken by investment managers (including the exercise of voting rights where applicable) and engage in active dialogue (engagement) with them.

2. Response to Each Principle of the Code

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

- JST, as an “asset owner,” establishes and publicly discloses this policy to fulfill its stewardship responsibilities.
- JST formulates and publishes the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights” for investment managers. JST requires its investment managers to comply with the matters set forth in these principles and, where any matter is deemed inappropriate to implement, JST requests an explanation of the reasons for non-implementation. Both principles also require investment managers to take sustainability into consideration.
- JST will appropriately monitor the status of stewardship activities undertaken by investment managers (including the exercise of voting rights where applicable), including compliance with the matters set forth in the "Principles for Stewardship Activities" and the "Principles for Exercising Voting Rights," and will engage in active dialogue (engagement) with them.

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.

- As indicated in Principles 3 through 5, JST does not directly exercise voting rights or similar activities; therefore, no conflicts of interest arise in fulfilling its stewardship responsibilities. Accordingly, this principle will be implemented through investment managers. Specifically, the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights” set forth requirements for managing conflicts of interest at investment managers. JST evaluates these aspects during the selection of investment managers and in the comprehensive annual assessment and engages in active dialogue (engagement) with them.

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.

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.

- Since JST invests in individual companies through investment managers, this principle will be implemented through investment managers. Specifically, the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights” set forth requirements regarding stewardship activities and the consideration of sustainability.
- In addition, JST monitors the implementation status of activities at investment managers, such as understanding of the situation of investee companies and engagement with them, and actively engages in dialogue (engagement) with the investment managers.

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.

- Since JST conducts equity investments through investment managers and is an institutional investor with public nature, JST must take appropriate care to avoid distorting market price formation or private investment behavior. Accordingly, although JST clearly states its approach to exercising voting rights in the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights,” JST does not exercise its voting rights directly and delegates such decisions to investment managers. JST requires investment managers to submit their voting policies and guidelines to JST and disclose them.
- JST also requires investment managers that make voting decisions to disclose the results of voting on individual investee companies and each agenda item. JST further requests that investment managers disclose the reasons for their voting decisions when necessary or important.
- JST monitors the status of stewardship activities, including voting activities, on an annual basis.

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.

- JST reports on stewardship activities and the consideration of sustainability by publishing information that can be made publicly available on a regular basis.
- Specifically, JST publishes a dedicated stewardship activity report on its website and also

discloses the “Principles for Stewardship Activities” and the “Principles for Exercising Voting Rights” on its website.

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.

- JST appropriately monitors the stewardship activities of investment managers (including the exercise of voting rights where applicable) and their consideration of sustainability, and actively engages in dialogue (engagement) with them.
- JST regularly reviews the implementation status of each principle of the Code, examines ways to enhance the fulfillment of its stewardship responsibilities, and strives to ensure that future stewardship activities are carried out in an even more appropriate manner.