MORANT WRIGHT
MANAGEMENT LIMITED

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Engagement Policy

Introduction

Morant Wright is an independent, employee-owned investment firm that invests exclusively in listed Japanese equities. We have operated with the same bottom-up, long-term, value investment philosophy since the firm was established in 1999.

Investment Approach

We invest in Japanese companies with strong balance sheets, sustainable business franchises, and low valuations. The investment approach focuses on achieving absolute returns and reducing the risk of permanent capital loss. Price to Book and Enterprise Value/Operating Profit ratios are given prominence. We seek to identify companies whose share prices offer potential for significant gains over a period of up to five years. We adopt an investment rather than a trading approach and tend to hold stocks for the longer-term. In some cases, we have been invested in companies since the firm was established.

Engagement Approach

We invest in financially strong companies with strong balance sheets and in some cases these balance sheets are excessively large for the needs of the business. Consequently, much of our engagement focuses on capital management and corporate governance. Given how much cash our companies have, even modest improvements in capital allocation can have a major impact on returns for our clients.

For 27 years we have engaged with companies, encouraging them to improve capital allocation in particular. Morant Wright seeks to engage on our clients' behalf in a constructive way with the companies in which we invest and with other institutions such as the Tokyo Stock Exchange. We engage directly with companies via face-to-face meetings, conference calls, video calls, letters to senior management, and through our voting. We regard the exercise of voting rights as an integral part of our engagement process.

Escalation

As we consider every company and every vote on a case-by-case basis, and because we prefer to be co-operative rather than confrontational, we eschew having a formal escalation policy.

Nevertheless, our standard practice, as it has evolved, is as follows:

- We will begin by raising concerns in regular meetings (face-to-face, conference call, or video calls) with companies.
- If insufficient progress is made in a reasonable timeframe after voicing our concerns, we will formally write to the board to ensure the board of directors of the company is aware of the issue.
- If insufficient progress is made in a reasonable timeframe following our written representation, we will consider voting against the board of directors at the AGM. We will always explain our reasons for doing so in a letter to senior management and we will make it clear what action would be required for Morant Wright to change its voting intention. Conversely, we will also communicate our satisfaction with companies on the areas where progress has been made.
- At this point we will continue our engagement in 1-on-1 meetings, letters, and voting whilst exploring other ways to escalate such as communicating our concerns to other stakeholders. We recognise that collaborative engagement, when conducted appropriately, can form a key escalation mechanism. We will consider our actions in this regard on a case-by-case basis.

Prioritisation

Although we vote on 100% of company resolutions where we have the ability to do so, issue-specific engagements are decided based on what we consider will best preserve client capital or deliver the greatest returns for our clients. This will include considerations of holding size, the period for which we have held shares in the company, our relationship with senior management, and the degree of risk and opportunity.

Collaborative Engagement

It is our preference to engage privately and constructively with the companies in which we invest through our regular meetings and calls. However, we have no objection in principle to collaborating with other investors, although opportunities for doing so have historically been limited due to the uncertainties around Japan's concert party regulations. We welcomed the 2025 revision to the Japanese Stewardship Code regarding investors' commitment to collaborative engagement as "an important option". We will use a bottom-up approach and consider collaborative engagement on a case-by-case basis to advance the interests of our clients.

Wider Stakeholder Engagement

As part of our broader efforts to encourage corporate governance improvements in Japan, we began financially supporting the Board Director Training Institute (BDTI) in 2022. The BDTI is a Japan-based NGO which offers director training while also campaigning for improved corporate governance standards. It also offers scholarships for women to undertake director training courses to address the poor representation of women on Japanese boards.

We also engage with policy makers and regulators, such as the Tokyo Stock Exchange, the Financial Services Agency and government ministries to encourage improvements in areas such as the legal protections afforded to minority shareholders and corporate governance standards.

Environmental and Social Factors

In terms of environmental and social factors, our focus is on assessing the opportunities and risks the most material issues present to the long-term growth and sustainability of a company. An experienced ESG specialist joined the investment team in July 2024, which has allowed us to significantly expand the breadth and depth of our engagement efforts including holding dedicated ESG meetings with portfolio companies in both Japan and London. Our engagements cover a wide range of environmental and social factors which may have significant impact on a company's performance, including climate change, biodiversity, water management, human capital strategy and local community relationships.

Review and Publication

This policy is reviewed and updated annually and is available on our website www.morantwright.co.uk or on request at enquiries@morantwright.co.uk. The Board of Morant Wright Management is responsible for monitoring execution of the Engagement Policy. We publish an Engagement Report for each calendar year which is available on our website at the beginning of the following year. Our voting and other relevant policies are also published on our website or on request.

Morant Wright Management Limited.

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