

1 . Philosophy on Responsible Investment

Trust is fundamental value for us. We believe, as investment firm, fulfillment of social responsibility to realize sustainable society through eternal prosperity of our investee companies shall ensure and outspread our trust. Besides we owe fiduciary duty to our investors as private equity fund manager. We wish therefore to fulfill our social responsibility while making investments that are trusted by all of our investors.

2 . Approach to Responsible Investment

- (1) Signatory of the United Nations-supported Principles for Responsible Investment (PRI)
- (2) ESG Policy

(1) Signatory of the Principles for Responsible Investment

Sharing a common understanding with the United Nations-supported Principles for Responsible Investment (PRI), we became a signatory to the principles in April 2013 as the very first time signer among all private equity fund managers in Japan .

The Principles for Responsible Investment were launched by former Secretary General of the United Nations, Kofi Annan, in April 2006. These, alongside the United Nations Environment Program and the United Nations Global Compact, provide a framework to incorporate environmental, social and governance (ESG) issues into investment decisions in a way that is consistent with fiduciary duties.

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

(2) ESG Policy

We have developed this ESG policy based on our Philosophy on Responsible Investment.

① Objective and Responsibilities

This policy applies, in general, to all investments that our managed funds hold majority stakes. ESG Committee shall be established within our firm as responsible body to implement this ESG policy and its related activities, including preparation of and revisions to ESG checklists. In addition, the ESG Committee shall be responsible for monitoring ESG activities in investee companies.

② ESG Implementation

a. ESG Criteria

We shall proactively undertake to monitor our investee companies, as our ESG activities, in terms of compliance with applicable laws and regulations relating to environment, occupational health and safety, enhancement of corporate governance, and exclusion of anti-social forces in the jurisdictions of investee companies.

b. Exclusions from Investment

We will not invest in companies that do not comply with public order and morality, such as anti-social forces, crime syndicates or companies residing in countries that economic sanctions imposed by the Japanese government.

c. Screening

During the investment decision making process, an ESG screening utilizing ESG checklists will be implemented to determine whether to undertake comprehensive ESG due diligence.

d. Due Diligence

Based on the results of ESG screening, in the event that comprehensive ESG due diligence is considered as appropriate, potential investee companies will be subject to further investigation of ESG issues based on ESG checklists. Consideration will be given to the use of external ESG specialists when performing comprehensive ESG due diligence.

e. Monitoring of Investee Companies

Following the investment, monitoring of ESG issue will be made in accordance with

the ESG checklist. In the event that serious ESG related issues are identified, we will endeavor to improve such issues in the investee companies by such as working with the board of investee companies.

f. Reporting to Investors

Information relating to the ESG performance of investee companies will be disclosed to our investors as we consider appropriate.

③ Other

This policy will apply to investments in companies made after the date on which this policy came into effect.

Effective Date : 27th March, 2015
Rivised Date : 30th September, 2019
Rivised Date : 31st July, 2020
Rivised Date : 1st November, 2021

ESG Committee Rules

An ESG committee has been established based on our ESG policy

1. Committee Members

The ESG Committee will be comprised of all managing partners , the compliance officer and the ESG officer (7 people in total). The President will be the Chairman of the ESG Committee.

2. Roles and Responsibilities

Based on the ESG checklist, at least once per year the ESG Committee will check if ESG issues identified by the Investment Committee during screening, due diligence and the holding period are being properly managed. In addition, the committee will be responsible for preparation of and revisions to ESG checklists.

3. Reporting

The ESG Committee Chairman will report to relevant parties on the activities of the ESG Committee as considered appropriate.