

# Our Commitment to Japan's Stewardship Code

## INTRODUCTION

At Loomis Sayles, our goal is to deliver superior long term risk-adjusted returns and effective investment solutions to meet our fiduciary duty to our clients. We have long recognized the importance of responsible allocation, management and oversight of investment capital to create long-term value for our clients. We see effective stewardship as key to achieving our goal of delivering superior long-term risk-adjusted returns for our clients.

Loomis Sayles & Company, L.P., and its subsidiaries accepts the 2025 Principles for Responsible Investing (Japan Stewardship Code). This document illustrates how Loomis Sayles & Company, L.P. adheres to the principles of the Japan Stewardship Code globally and across multiple asset classes.

## PRINCIPLE 1

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

### Who we are as investors

As outlined in our public statement, our goal is to deliver superior long-term risk-adjusted returns and effective investment solutions to meet our fiduciary duty to our clients. Although we do not subscribe to a single investment process, a shared set of investment pillars and values, including financially material sustainability considerations, underpins each investment team's philosophy and process.

A sound philosophy	Proprietary research
A rigorous repeatable process	Integrated risk management
Disciplined portfolio construction	Incorporated ESG Factors

We take a practical, real-world approach, embedding risk analysis directly into the portfolio management process – every step of the way.

### Our Sustainable Investing Philosophy

We believe risks and opportunities associated with material ESG factors are inherent to investment decision-making and our clients' long-term financial success. In service of our fiduciary duty, we believe the best way to consider sustainability is through integration that aims to identify the financial materiality of ESG factors. Integration contributes to our ability to seek value and deliver superior, long-term results.

Our integration model focuses on four key facets:

- **Research:** We believe a proprietary research framework is the best mechanism for identifying and understanding material sustainability considerations. Forward-looking ESG analysis, customized data capabilities, curated ESG information and proprietary technology platforms are all critical tools that aid this understanding.

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- **Valuation:** As active managers responsible for enhancing returns and mitigating risks, we believe that integrating financially material ESG factors is necessary to fully value securities and understand opportunities and risks. Disciplined portfolio construction requires constant assessment of these considerations at the security and portfolio levels.
- **Engagement:** Engagement is an essential component of our proprietary analysis across all asset classes. Financially material ESG factors are an inextricable part of our engagement. We believe direct engagement promotes transparency, raises awareness of risks and opportunities, and can unlock investment value. Active engagement enhances our ability to analyze risk and reward potential and informs our forward-looking views. Exercising our proxy voting responsibility is an important component of engagement for our equity strategies.
- **Client Focus:** We believe it is important to meet clients where they are and to offer ideas and tools to help them realize their unique sustainability objectives. As client sustainability preferences evolve, we will continue to be nimble and flexible in providing customized solutions that reflect client-specified goals and values. Our goal is to be a trusted, rational advisor to our clients.

Crafted by a team of investment professionals representing the spectrum of asset classes across firm, our Loomis Sayles Sustainable Investing Philosophy was adopted by the Board of Directors. The Loomis Sayles Sustainable Investing Philosophy emphasizes the importance of proprietary research, valuation discipline, engagement, and our client focus in the service of our fiduciary duty in investment decision-making. It is the foundation to our approach to integration of sustainability at Loomis Sayles.

## 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.

[Our Conflicts of Interest Policy](#) sets out the principles and guidelines for identifying, managing, recording and, where relevant, disclosing existing or potential conflicts and protecting the interests of Loomis Sayles' clients.

We regularly review our business to identify potential conflicts of interest and ensure any identified conflicts continue to be managed effectively. When assessing a potential conflict of interest, we consider things such as whether Loomis Sayles:

1. is likely to make a financial gain, or avoid financial loss, at the expense of the client;
2. has an interest that is separate and distinct from that of the client in the outcome of the service provided to the client or of a transaction carried out on behalf of the client;
3. has a financial or other incentive to favor the interest of one client or group of clients over the interests of another client or groups of clients; or
4. receives or will receive, from a person other than the client, an inducement in relation to the service provided to the client, in the form of higher fees.

Each Loomis Sayles employee is responsible for:

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1. identifying actual or potential conflicts of interest and reporting them to the Chief Compliance Officer (CCO),
2. discussing any questions or concerns about possible conflicts with the CCO, and
3. managing and mitigating conflicts fairly and, in accordance with applicable policies and procedures.

## 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.**

Engagement is core to our rigorous investment research and to our duty of care in the responsible allocation of client assets. Direct engagement by our fixed income and equity investment professionals allows us, as active managers, to have an ongoing dialogue with management on all areas of strategic or material significance. Strong, long-term relationships and robust discussions with company management give us the opportunity to ensure alignment and influence strategy and behavior that will benefit our clients' investments (as well as helping to educate and inform ourselves).

Materiality is the key factor in prioritizing our engagement activities. As a long-term investor, we are particularly apt to engage on topics that affect issuers over the long term. We believe value for our clients can be realized by engaging with companies to align and enhance companies' strategic direction and to drive continuing improvement in performance (focusing on areas we have identified from the vast external and internal data sources Loomis Sayles has at our disposal). Our focus on materiality is driven by our understanding that engagement on material issues helps us achieve superior long-term investment results.

We monitor our engagement activity and outcomes through our proprietary Engagement Database, an application developed to systematically collect all of our investment teams' discussions with company management. Engagements in the database are categorized by: 1) topic, 2) meeting results, 3) level of seniority

Each of the investment teams embeds monitoring and reporting for their investments, including regular sustainability monitoring as appropriate to comply with their respective sustainable investing approach.

## 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.**

Engagement is core to our rigorous investment research and to our duty of care in the responsible allocation of client assets. Direct engagement by our fixed income and equity investment professionals allows us, as active managers, to have an ongoing dialogue with management on all areas of strategic or material significance. Strong, long-term relationships and robust discussions with company management give us the opportunity to ensure alignment and influence strategy and behavior that will benefit our clients' investments (as well as helping to educate and inform ourselves). We will generally respond to an issuer's request for information about the number of the issuer's shares held in client accounts managed by Loomis Sayles.

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## 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.

The Firm has established official Proxy Voting Policies and Procedures that are designed to ensure that investment teams vote in ways that they believe serve the best interests of long-term shareholder value creation. Exercising our proxy voting responsibility is an important component of engagement for our equity strategies. These procedures are intended to reflect the impact of ESG factors in cases where they are material to the growth and sustainability of an issuer.

[Loomis Sayles Proxy Voting Policies and Procedures](#) are designed and implemented in a way to ensure that proxy matters are handled in the best interests of clients. The general policy is to vote rather than abstain from voting on issues presented, unless the Proxy Committee determines, pursuant to its best judgment, that the client's best interests require abstention.

The Proxy Voting Procedures generally direct the Proxy Committee on how to vote on the most common proxy proposals. The Proxy Committee may use its discretion to vote differently from the default position in pre-determined policies, after taking the following steps: (1) conducting a review for any material conflict of interest Loomis Sayles may have and (2) if any material conflict is found to exist, excluding anyone at the firm who is subject to that conflict of interest from participating in the voting decision in any way.

Loomis Sayles publishes an annual proxy voting report. Further details of our Proxy Voting Policies and Procedures and annual reporting [can be found here](#).

## 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.

Client-specific reporting is addressed at the mandate level and tailored to address client-specific objectives, needs and requirements or regulations. Upon request, we will provide clients with a report of their account's proxy voting activities. For clients who have specific reporting requirements, each investment team develops customized data and reporting schedules catered to the client's individual requirements.

Loomis Sayles seeks to be transparent in our sustainability and stewardship-related activities. In support of this goal, as a firm we produce the following reports:

- Proxy voting records are available on our website.
- Firmwide climate disclosures aligned with the recommendations of the Task Force on Climate Related Disclosure (TCFD<sup>1</sup>) is published annually.

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<sup>1</sup> As of October 12, 2023 the TCFD has disbanded and transitioned the monitoring of the progress of companies' climate-related disclosures to the IFRS Foundation. The TCFD recommendations have been incorporated into IFRS guidance however companies can continue to use the TCFD recommendations should they choose to do so.

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- As a signatory to the Principles for Responsible Investment (PRI), we submit annual reporting on our investment integration activities.
- We publish an annual UK Stewardship Code Report documenting our activities and outcomes related to the stated principles.

## 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 based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.**

Each of the investment teams at Loomis Sayles, with guidance and support available from the Sustainability Team, implements its sustainability practices in a manner consistent with its specific investment thesis, client mandates, and regulatory requirements.

A seasoned, dedicated Sustainability Team is responsible for advancing the firm's sustainability initiatives, supporting sustainability efforts as part of Loomis Sayles' foundational governance structure, ensuring investment teams have access to ESG data and research, and helping to provide solutions for our clients' increasing sustainability needs.

Loomis Sayles is dedicated to ensuring investment teams have access to the training required to understand and integrate sustainability practices. Training is provided via multiple channels using a mix of internal and external resources. The Sustainability Team coordinates efforts to provide both live training and courses on the Loomis Sayles Learning Portal which reaches a broad range of employees on an ongoing basis.

The firm has several oversight committees that monitor our business practices and risks, including potential conflicts of interest. The Management Committee, which is chaired by our CEO and Chairman of the Loomis Sayles Board of Directors, is responsible for setting policy and strategy for the firm and overseeing the activities of Loomis Sayles' functional committees. It sets the tone at the top by articulating, implementing and overseeing the realization of the organization's strategy and values and by maintaining our culture of accountability, transparency and compliance.

## PRINCIPLE 8

**Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.**

The integration of our stewardship and sustainability practices are directed by each investment team and primarily handled in-house at Loomis Sayles. To the limited extent we use service providers to fulfill any activities on our behalf related to the integration of stewardship and sustainability issues, we provide them

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with clear written instruction. For example, Loomis Sayles uses the services of Glass Lewis to provide research and recommendations, and Institutional Services Inc. ('ISS') to provide proxy voting agent services for those accounts and funds for which Loomis Sayles has voting authority. We provide both of these vendors with written instructions on our proxy voting policies and procedures.

We do not rely on ESG scoring, frameworks, methodologies or optimization processes from external vendors to inform portfolio construction. Each analysts' assessment of an issuer combines many factors, including vendor ratings and other climate related data, which are ingrained in the bottom up research that teams use to drive portfolio allocation decisions. Given our focus on forward-looking fundamental analysis, potential risks from climate change are inherently integrated into our proprietary assessments of each issuer we consider, as well as the industry they operate within.