

# Sustainability Policy

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Japan Activation Capital Inc. (hereinafter, “JAC”), as a steward of sustainable capital, invests in listed Japanese companies (hereinafter, “Portfolio Companies”) whose executive management demonstrates a strong commitment to transformation and maintains a relationship of mutual trust with JAC. JAC supports such Portfolio Companies in their pursuit of “sustainable growth.”

Through its investment activities and ongoing engagement, JAC seeks to unlock the full potential of Portfolio Companies in terms of corporate valuation and, ultimately, to contribute to the sustainable development of the Japanese economy by fostering the growth of many outstanding companies. In doing so, JAC not only proposes strategies for sustainable value creation (the “What”) to Portfolio Companies, but also provides the resources, know-how, and experience necessary to support the execution of decisive and courageous management decisions (the “How”).

In response to changes in the external environment and the growing importance of sustainability, JAC has formulated this Sustainability Policy (hereinafter, “this Policy”) to further deepen the integration of sustainability and growth initiatives, with the objective of supporting sustainable growth and enhancing corporate value.

## 1. Principles

In light of rapid changes in the external environment surrounding corporate management, JAC believes it is essential to closely integrate sustainability with growth initiatives that support sustainable growth and enhance corporate value. Portfolio Companies are required to respond to external expectations regarding sustainability while also effectively leveraging a sustainability perspective in shaping their own strategic direction. This includes developing a clear understanding of how sustainability can contribute to long-term growth and corporate value enhancement, as well as identifying the specific areas in which, and the manner in which, sustainability initiatives should be applied.

JAC engages in ongoing dialogue with the executive management of Portfolio Companies, taking into account business sustainability and risks related to business continuity. Through this engagement, JAC seeks to assess the long-term strategic direction of Portfolio Companies and the depth of their efforts to

address sustainability-related challenges, particularly those that are central to business growth. The objective of this engagement is to promote sustainability and growth initiatives in an integrated and mutually reinforcing manner.

## **2. Definition of Sustainability**

JAC recognises that sustainability-related issues – including business models, social and environmental value, and governance – vary according to the industry, geographic context, and specific circumstances in which Portfolio Companies conduct their business. Accordingly, JAC does not adopt a uniform definition or approach to sustainability, but instead applies a tailored approach appropriate to each Portfolio Company.

JAC’s team members and advisors (hereinafter, “JAC Members”), drawing on extensive cross-industry experience and strong professional networks, collaborate closely with the executive management of Portfolio Companies that demonstrate a strong commitment to transformation. Through this collaboration, JAC Members work to identify material business sustainability issues and risks related to business continuity.

## **3. Sustainability Integration Process**

JAC supports the integrated execution of growth initiatives and sustainability, which underpin sustainable growth and the enhancement of corporate value, by identifying and addressing business sustainability issues and risks related to business continuity at Portfolio Companies. In doing so, JAC ensures that sustainability considerations are embedded within growth initiatives in a coherent and disciplined manner.

Each JAC Member shall understand the contents of this Policy and perform their respective duties in accordance with the principles set forth herein, as described below.

### **(1) Pre-investment Verification**

In selecting Portfolio Companies, JAC considers sustainability to be a prerequisite for the enhancement of corporate value. During the due diligence process, if any negative elements related to sustainability are identified with respect to a prospective Portfolio Company or its industry, JAC will conduct a thorough examination of such issues. Where JAC determines that “realising sustainable growth” and “actualising potential in terms of corporate valuation” are achievable through addressing these issues in collaboration with the executive management of the Portfolio Company, the investment review process shall be continued.

Furthermore, prior to making an investment, JAC shall, based on discussions with executive management and publicly available IR information, identify sustainability-related issues, opportunities,

and risks, as well as assess their relative importance. JAC will then examine how sustainability and growth initiatives can be promoted in an integrated manner to support sustainable growth and enhance corporate value.

## **(2) Value Creation after Investment**

Following an investment, JAC provides ongoing monitoring and implementation support for initiatives agreed with the executive management of Portfolio Companies. Where new material issues emerge as societal conditions evolve, JAC will raise such matters with the relevant Portfolio Company in a timely manner and offer specific support measures as appropriate. From a sustainability perspective, JAC also proposes strategies to support the further development of existing businesses, the creation of new businesses, and the upgrading of business models.

Through these activities, JAC seeks to encourage Portfolio Companies to position sustainability as an integral component of their business over the long term, thereby achieving sustainable growth and enhanced corporate value. In addition, JAC supports the effective communication of these initiatives through IR activities, with the objective of fostering market expectations for long-term growth.

## **(3) Reporting**

JAC will report to investors in JAC funds on the initiatives provided by JAC to Portfolio Companies, including initiatives related to sustainability-related issues.

## **(4) Skill Development**

JAC Members strive to continuously enhance their understanding of sustainability by engaging with the latest information and corporate case studies through internal and external study sessions, as well as external seminars.