

OASIS

Oasis Statement on its stewardship responsibilities under the Japan Stewardship Code – Updated August 2017

The Japan Financial Services Authority (“FSA”), Japan’s independent regulator, published the “Principles for Responsible Institutional Investors” (the “Japan Stewardship Code” or the “Code”) in February 2014 and issued a revised Code in May 2017.^[1] The Japan Stewardship Code seeks to promote sustainable growth of companies through investment and dialogue. The stewardship principles set out in the Japan Stewardship Code reflect the responsibility of institutional investors to engage constructively with invested companies with the aim of enhancing the medium- to long-term investment return for their clients and beneficiaries by improving and fostering the investee companies’ corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment. The Japan Stewardship Code reflects the roles of a company’s Board of Directors and of its institutional investors in ensuring high standards of corporate governance — stewardship activities of the institutional investor include proper monitoring of the investee companies and constructive engagement with them done to discharge the stewardship responsibilities to foster sustainable growth of the companies. The Japan Stewardship Code provides a framework for good practices in engaging with investee companies, and defines principles considered helpful to institutional investors in fulfilling their stewardship responsibilities with due regard to both their clients and to investee companies.

Oasis Management Company Ltd. (“Oasis”) is a private investment management firm established in 2002 with its group headquarters in Hong Kong since 2004. Oasis believes that companies should manage their operations in the best interests of shareholders. As a signatory to the Japan Stewardship Code, Oasis accepts its stewardship responsibilities seeking to enhance investment return for its clients by fostering and improving corporate value and the sustainable growth of investee companies, through constructive engagement, purposeful dialogue and in-depth knowledge of the companies and their business environments.

In accordance with the Japan Stewardship Code’s requirements to disclose how it proposes to fulfill its stewardship responsibilities, we set forth below the manner in which we implement the principles contained therein.

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

Oasis strongly supports the principles of the Japan Stewardship Code. Engagement with companies in which it invests forms an important component of the firm’s investment process and approach. This approach allows us to develop our understanding of a company’s business strategy, prospects, attitude (including its focus on Return on Equity (“ROE”) as well as growth, costs, and risk, and to assess whether the company adheres to standards of corporate governance that will support the company’s long-term business and sustainable growth, while fulfilling the best interests of its clients and investors.

Principle 2: Institutional investors should have a clear policy on how they manage conflicts on interest in fulfilling their stewardship responsibilities, and publicly disclose it.

Although Oasis is an independent investment management firm that does not belong to any business group of which business may be affected by Oasis's voting in its investee companies in the interests of Oasis's clients, Oasis understands that conflicts of interest may yet occur in the pursuit of stewardship responsibilities. Oasis maintains a robust set of compliance policies to identify, manage and monitor any such conflicts of interest, and to ensure that decisions are taken wholly in the interests of its clients. In compliance with US Securities & Exchange Commission ("SEC") rules, Oasis strives always to adhere to industry best practice to avoid conflicts of interest and to take these into consideration in the implementation of its management, investment, and compliance policies and procedures. Any conflicts of interest are disclosed in Oasis's US affiliate's Form ADV filed with the SEC as well as in the confidential offering documentation made available to Oasis clients and investors. These policies are subject to regular management review, including by the firm's Chief Compliance Officer, General Counsel, and senior management. The policies require, inter alia, that employees report to Oasis compliance in the event that they ever become aware of any material conflict of interest for appropriate handling and resolution.

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.

Oasis also considers regular monitoring of investee companies to be a key responsibility of fundamental investment management. Comprehensive and continuous research and regular constructive engagement with investee companies is an important characteristic of Oasis's investment philosophy and approach. Oasis conducts hundreds of meetings each year with company management both in Japan and overseas, as well as attending analysts' meetings, roadshows, and shareholder meetings. Detailed financial analysis incorporates regular monitoring and analysis of published company reports and accounts as well as other company announcements, together with assessment of publicly available information including but not limited to broker and independent, 3rd party research, independently-sourced original information and data, external data suppliers, and publicly disclosed information from suppliers, competitors and customers. All of this research and engagement help Oasis select appropriate investment opportunities.

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.

Throughout the investment process, Oasis seeks to research and learn from investee companies to ensure that they are pursuing strategies and processes that reflect the best interests of shareholders, while ensuring sustainable long-term growth. In the event that Oasis identifies issues or concerns regarding company management process, strategy, or the application of best standards of corporate governance, Oasis will seek to discuss its concerns with members of the investee company's management, as it considers appropriate under the circumstances. For such engagements, Oasis has internal policies and procedures for the escalation, if necessary, of any such issues in order to improve governance and resulting in positive improvements to investee company value. Oasis does not object in principle to collective action by investors, but normally seeks to engage individually with the companies in which it invests. Each action is considered individually on its own merits, taking into account the prevailing and relevant circumstances. While Oasis endeavors to reach a common understanding with its investee companies, Oasis believes that constructive engagement is valuable for both parties even if differences of opinion on specific points remain after such engagement.

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 the sustainable growth of investee companies.

Oasis seeks to discharge its responsibilities under the Japan Stewardship Code by means of the implementation of a clearly defined voting policy. Each vote is considered individually, taking into account all prevailing and relevant circumstances for the company. Oasis has a clear proxy voting policy, which provides transparency on our decision-making process in the event of any escalation of voting activities. Oasis's proxy voting policy can be made available to its clients and investors upon request.

Oasis's proxy voting policy is subject to regular management review by the firm's Chief Compliance Officer, General Counsel, and senior management. Proxy voting procedures and record-keeping are the responsibility of the Oasis compliance and operations teams. Voting decisions for non-routine matters are referred to the Oasis investment teams as appropriate.

Oasis endeavors to take all reasonable steps to vote proxies in the best interests of clients, applying prevailing best practices and codes and standards of corporate governance. When voting proxies, Oasis gives due consideration to the recommendation of a company's management, but will only support this if Oasis believes that to do so would be in the best interests of the company's shareholders. The use of proxy advisors will not simply mechanically depend on the advisors' recommendations but will exercise Oasis's voting rights at our own responsibility and judgment and based on the results of the monitoring of the investee companies and dialogue with them.

Oasis discloses Japanese investment voting results on an aggregated basis per each major kind of proposal. However, Oasis does not generally disclose voting results on an individual investee company basis because Oasis believes that the potential risks of such disclosure, including conflict with client confidentiality and the importance of confidentiality of its investment strategies, would outweigh the potential benefits to clients and investors. Where it does not conflict with client confidentiality or the pursuit of investment strategies, the manner in which voting rights have been executed may be disclosed to Oasis clients and investors or others deemed appropriate under the circumstances.

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.

Oasis's disclosure on how it fulfills its stewardship responsibilities under the Japan Stewardship Code is made available on its website, and updated as necessary, but no less than annually.

Oasis's proxy voting policy is available for its clients and investors upon request.

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 engage appropriately with the companies and make proper judgments in fulfilling their stewardship activities.

Oasis considers companies' business strategy and process in assessing sustainable long-term growth, taking into account capital structure, financial stability, and the application of appropriately high standards of corporate governance.

The execution of this process is the responsibility of the Oasis investment team. The Oasis Chief Investment Officer and Japan traders and analysts have extensive experience investing in Japan (in the case of the Chief Investment Officer, over 20 years' experience). Oasis investment team members engage regularly with Japanese corporate management, as described in Principle 3 above. The research process is supervised by the Chief Investment Officer.

Members of the investment team specializing in Japan are located in Oasis's operational headquarters in Hong Kong, as well as in Oasis's US office. Oasis's global presence adds further context and perspective in understanding the culture, supply chains, customer requirements and considerations, local and best practices, and competitive environments for many of the companies in which we invest.

Although Oasis undertakes its engagement with investee companies on an independent basis, the firm recognizes that discussions with other investors may foster better engagement with investee companies, and does not exclude the possibility of engaging in brainstorming, idea sharing, and dialogue in the event that this is likely to enhance the quality of Oasis's stewardship responsibilities.

Oasis will conduct self-evaluation with respect to the status of its implementation of its Stewardship responsibilities on a periodic basis but no less than annually. Disclosure of the results of the self-evaluation will be made available on its website.

Name and contact of person in charge of compliance with Oasis's Japan Stewardship Code obligations:

Phillip M. Meyer
General Counsel & Chief Operating Officer
T: +852 2847 7708
Email: pmeyer@hk.oasiscm.com

Oasis Regulatory Registration & Licensing Overview

Oasis Management Company Ltd. ("Oasis") has been registered as a Commodity Pool Operator with the US Commodities Futures Trading Commission and a member of the US National Futures Association (NFA ID: 0323361) since September 30, 2002. Oasis is registered as an "Excluded Person" under the Securities Investment Business Law (2011 Revision) of the Cayman Islands.

Oasis Management (Hong Kong) ("Oasis Hong Kong") has been licensed in good standing since 2004 with the Hong Kong Securities and Futures Commission to carry out Types 4 (advising on securities), 5 (advising on futures contracts) and 9 (asset management) activities (CE# AJJ190) under the provisions of the Hong Kong SFO (Cap.571).

Oasis Capital Partners (Texas) Inc. is registered with the US Securities & Exchange Commission ("SEC") as an investment advisor under the US Advisers Act (IARD/CRD # 171703). Oasis, Oasis Hong Kong, and Oasis Capital Advisors LLC are registered as relying advisors with the SEC.

Last Updated October 2019

*** [¹]<http://www.fsa.go.jp/news/25/singi/20140227-2/05.pdf> &

<http://www.fsa.go.jp/en/refer/councils/stewardship/20170529/01.pdf>