



VALUE SPECIALISTS SINCE 1974

**Brandes Investment Partners L.P.**

**Disclosure: Principles for Responsible Institutional Investors: Japan's Stewardship Code**

**October 22, 2015**

On February 26, 2014, the Financial Services Agency ("FSA") in Japan, published Japan Stewardship Code (the "Code") which is intended to create a set of best practices to which institutional investors should aspire. These practices are intended to promote sustainable growth of companies through investment and dialogue. The principles focus on the responsibilities of institutional investors to enhance the medium to long term investment return for their clients, by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on their in-depth knowledge of the companies and their business environment. The Code is aimed at firms that manage assets on behalf of pension funds, trusts and other collective investment vehicles in Japan, and is intended to be applied on a "comply or explain" basis.

Brandes has long been a champion of a best practices approach to corporate governance principles and embraces this opportunity to provide disclosure of our agreement with the principles set forth in the Code. Our firm will continue to assess and reassess our role and impact in the corporate governance landscape and explore how our own voluntary compliance with the Code can be enhanced.

**Clear and Publicly Disclosed Policies**

When making proxy-voting decisions, Brandes generally adheres to its proxy voting guidelines (the "Guidelines"), as revised from time to time by Brandes' Corporate Governance Committee. The Guidelines are described generally in an insert to our Form ADV, Part II and on our website, and are made available to clients on request.

**Managing Conflicts of Interest**

Brandes is sensitive to conflicts of interest that may arise in the proxy decision-making process. Brandes is committed to resolving all such and similar conflicts in its clients' best interests. Brandes has developed these policies and procedures to serve the best interests of its clients, and accordingly, will generally vote pursuant to its Guidelines when conflicts of interest arise.

**Monitoring Investee Companies**

Brandes believes that sound governance practices and responsible corporate behavior contribute significantly to the long-term performance of public companies, and the execution of proxies and voting instructions is an important mechanism by which shareowners can influence a company's operations and corporate governance. Our preference is for private engagement with portfolio companies when we perceive shortcomings in their governance practices, strategic or capital matters, or their long-term performance. We put significant effort into understanding the reasons for a company's poor performance and the appropriate course of action for the board and management team to take to rectify the situation. To be effective as responsible and active shareowners, we need to have constructive, informed discussions with boards and management teams based on a thorough understanding of the company's past and its future prospects. It is important to highlight that we believe in the delegated nature of corporate management; we are very clear that we do not want to micro-manage company



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affairs. Additional activities that we may undertake include, but are not limited to, submitting shareholder resolutions, withholding or voting against directors, collective engagement, and supporting an election contest or change in control transaction.

### **Constructive Engagement**

We generally prefer engagement strategies that can utilize private communication, minimize public confrontation, and attain a mutually beneficial resolution. While private communication remains our main strategy, Brandes' engagement policies and practices may involve many different activities and initiatives, including, but not limited to, reaching out to other investors for support on our initiative, engaging in collective action with other investors, and/or engaging in public dialogue and commentary.

### **Exercising and Disclosure of Voting Activity**

Where Brandes is given responsibility for voting proxies, we take reasonable steps to ensure that proxies are received and voted in the best interest of our clients, which means voting proxies with a view towards enhancing the value of the shares of stock held in client accounts. When making proxy-voting decisions, Brandes generally adheres to its Guidelines.

### **Periodic Reporting**

An insert to Brandes' Form ADV 2A and the Brandes website describe how clients may obtain information from Brandes about our voting history. If requested, Brandes provides clients with periodic reports on Brandes' proxy voting decisions and actions for securities in their accounts, in such forms or intervals as the clients reasonably request. In addition, we provide a general disclosure of our voting history for the trailing twelve months, which can be accessed on Brandes' public website.

### **Knowledge of Investee Companies**

Brandes' fundamental equity analysts are responsible for developing and maintaining knowledge of the companies which we invest in on behalf of our clients. Additionally, the Brandes Corporate Governance Committee, which establishes and oversees the firm's corporate governance policy, serves as a resource to the equity analysts in engagement activities and the interpretation of complex proxy issues. Brandes' Corporate Governance Committee includes members of the firm's senior investment personnel. Brandes enlists a number of external resources to increase its knowledge of business and governance practices at investee companies, including daily market news, proxy voting research, and the participation in external governance groups.

With the above disclosure, we are confident that our policies and focus on best practices will conform to the spirit of the Code. For inquiries please contact: [corporategovernance@brandes.com](mailto:corporategovernance@brandes.com).