



Principles for Responsible Institutional Investors Japan's Stewardship Code

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

Incorporating environmental, social and governance issues into our investment selection process is a key element of our strategy and value proposition. We apply our proprietary ESG Methodology to manage risk and identify potential value-adding engagement issues in portfolio companies. A set of analytical and implementation tools hard-wires the Cartica ESG Methodology into Cartica's pre-investment research and post investment engagement process. A full description of our integration process can be found on our website. <https://www.cartica.com/our-approach/>

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.

Cartica has adopted a Code of Ethics and that upholds a strict commitment to integrity and high ethical standards. Our Code of Ethics is shared with all our investors. (Interests in Cartica's funds are not offered to the public.)

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.

We use fundamental bottom-up analysis to identify investment opportunities within our selected focus countries. In selecting "Cartica Companies" we perform a rigorous analysis of the company's financials, its business model, and environmental, social and governance risks and opportunities. We assess the integrity of management, board and shareholders, and we review the treatment of minority shareholders. These factors are continually assessed throughout the lifetime of the investment.

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.

Cartica takes an active but generally collaborative approach in our engagements with investee companies. Historically, Cartica has worked with our portfolio companies on a variety of subjects including balance sheet restructuring, sale of non-core assets, and governance enhancement, including adding important competencies to the board of directors. Cartica engagements include improvements in transparency, especially around environmental, social, and governance practices.



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.

It is Cartica's policy to vote all our shares at every shareholders meeting of our portfolio companies. Share voting is an integral part of our engagement strategy and hence we make voting decisions on a case by case basis consistent with our engagement objectives.

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.

We publicly disclose our major market and country level stewardship initiatives. We make more detailed disclosures available to our investors on company level engagements. Cartica's voting record is available in complete detail to our investors and we disclose aggregate figures as required by the UN Principles for Responsible Investment to which we are a signatory.

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.

Cartica was founded by a team of emerging markets and corporate governance experts, formerly executives of the International Finance Corporation (IFC), a member of the World Bank Group. Given our experience, we tailor our engagement strategies to the nuances of emerging markets companies and the capital markets in which they operate.