

CODE OF CONDUCT REGARDING FIDUCIARY ▪ ESG PRINCIPLES

Fiduciary principles are at the heart of Nikko AM's asset management business, and the highest guiding theme behind Nikko AM's management philosophy for maximizing investor interests.

1. Higher-Quality Investment Management

[Basic Guidelines]

- High-quality asset management services provided by true investment professionals
- Efforts to enhance the governance structure and activities as an institutional investor fulfilling ESG, the Stewardship Code, and other responsibilities

[Detailed Measures]

- In relation to exercising voting rights in investment-target companies, setting up a supervisory committee with a majority of outside members, and monitoring to ensure that voting rights are exercised in line with true investor interests
- Taking measures to attract, grow and retain skilled investment management professionals to provide high-level investment management techniques and analytics, and to pursue investment opportunities
- Having a middle office structure in which monitoring, performance and risk assessment of investment management is conducted by departments that are separate from the Investment Fund Management Division, and to optimize investment management by providing constant feedback, etc. to the Investment Fund Management Division
- When engaging external investment management companies, ensuring strict monitoring and evaluation of performance and operations via a department specialized in monitoring of external investment managers

2. Product Development Always Aimed at Maximizing Investor Interests

[Basic Guidelines]

- High-quality product development that maximizes investor interests and responds to diversifying and changing investor needs

[Detailed Measures]

- Preparing documents for customers and providing explanations to investors, with emphasis on easy-to-understand investment policies, product risk characteristics and fee transparency, etc.
- Having a product development process that includes a system of rigorous checks from all appropriate angles, including risk analysis, compliance and operations
- Ensuring strict screening processes that reflect changes, etc. in relevant domestic and international laws, regulations and market environments, etc.
- Leveraging Nikko AM's investment management knowhow and international network of group companies to provide a customer-focused, solutions-based business

3. Stronger Corporate Governance

[Basic Guidelines]

- Cultivating a strong culture of compliance and establishing compliance processes

[Detailed Measures]

- Constantly working to have an organization that is structured around prioritizing investor interests and to have the highest standard governance in the industry
- Managing conflicts-of-interest
- Promoting early escalation and continuous information delivery
- Developing IT infrastructure for front office departments, using IT to improve business efficiency and guidelines as well as to eliminate administrative mistakes, and centralizing database development and report creation
- Ensuring appropriate management independence among group companies, and using outside directors to ensure the function of controls on management and management transparency
- Continued efforts to further strengthen corporate governance of overseas subsidiaries